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Investigating the Impact of Organizational Culture and Corporate Governance on Sustainability Performance with Strategic Posture as Mediating Variable

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Abstract:

Given the interconnection between organizational culture and corporate governance, then there are in some a case of organizational culture, the strategy looks at the suitability of organizational culture for adopting the sustainability activities in the organizations, which can eventually lead to the improvement of company performance in general. Thus, this study aims to investigate the role of strategic posture as an intermediate variable between organizational culture, corporate governance, and sustainability performance. Whereas, Bursa Indonesia mandated all Indonesian publicly listed companies to report their corporate social responsibility as from 2007. Such as business, climate, workforce and community activities in their annual reports, which marked the issuance of the Corporation Law No. 40 of 2007 (Ridho, 2018). For this analysis, the population is all companies listed for Indonesia Stock Exchange Technique sampling in this research is a purposeful 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 technical analysis used is Eviews programs. Based on the analysis and discussion, the conclusion is: there is a direct effect on organizational culture on strategic posture and sustainability performance. Also, there is an effect of corporate governance on strategic posture and sustainability performance, and there is a significant effect between strategic posture and sustainability performance. Strategic posture can be mediating variable the relationship between organizational culture and corporate governance on sustainability performance.

Keywords: Organizational culture, corporate governance, strategic posture, sustainability performance

1. Introduction

Indonesia has been one of the largest economies in Southeast Asia as it has charted impressive economic growth since overcoming the Asian financial crisis of the late 1990s. Despite heightened global uncertainty, Indonesia's economic outlook continues to be positive, Indonesia's economic growth is forecast to reach more than 5.1% in 2020 (World Bank, 2020). Multinational enterprises and non-governmental organization activity provide critical sustainability to the business sector (Benedict et al., 2019).

Indonesia and other industrializing jurisdictions have begun to enact corporate sustainability and corporate social responsibility legislation to push businesses toward sustainability and making a more significant contribution to society (Waagstein, 2011). In the Indonesian legislation, corporate social responsibility has been described as taking note of 'environmental and societal interests of the communities in which the company operates' (Gingerich et al., 2002), a somewhat lower standard than required by the more substantial term 'sustainability' as used in this study (Sheehy, 2015). To appreciate the nature of corporate social responsibility and sustainability activities in Indonesia, it is necessary to understand economic factor, corporate governance mechanisms and cultural context. (Stiglitz, 2002).

According to the Financial Service Authority (2014), Indonesia has improved corporate governance through organization and regulation. The milestones of corporate governance in Indonesia are (1) Establishment of the National Committee on Corporate Governance Policy (2) Law on Limited Liability Company (3) Good Corporate Governance Codes (Herdjiono et al., 2017). 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.

Benedict and Cacik (2019) warned that the weakness in sustainable performance is due to significant problems in organizational design. And they have given the following example:

'As with the Kampoeng BNI case, this corruption of corporate social responsibility programs exposes flaws of regulatory design. Requiring investment in projects with limited prospects of profitability is a recipe for ill-structured and managed programs. Again, it draws attention to the challenges faced when operating in the context of corrupt culture but says little about the Indonesian corporate form itself'.

For this reason, sustainable performance and its consequences are manifestations of deep-rooted cultural issues in Indonesian corporations (Benedict & Cacik, 2019).

It is apparent today that sustainability in many companies is moving towards full integration with strategic management and organizational culture (Engert et al., 2016). Also, there is growing interest in the issue of corporate governance and its integration within the concept of sustainability in recent years, for e.g., (de la Cuesta et al., 2013; Galbreath, 2013; Hu et al., 2018; Mahmood et al., 2018; Ong et al., 2017).

Furthermore, environmental, societal, cultural, and governance issues are considered essential and integral aspects of company performance. According to Kandula (2006), the key to excellent performance is a strong organizational culture that may be varied in different organizations and locations. Corporate governance inherently demands transparency and accountability, which will lead to the improvement of sustainability performance (Mahmood et al., 2018) and the greater extent of sustainability disclosures (Ong & Djajadikerta, 2017). Furthermore, in this regard, the effect of corporate governance on sustainability performance has been mentioned in numerous studies (Appuhami et al., 2017; Haladu et al., 2016; Jaimes-Valdez et al., 2016; Mahmood et al., 2018; Ong & Djajadikerta, 2017).

Saffold III (1988) argued that the interactive nature of culture, process, and organizational outcomes needs to be considered when investigating the link between culture and performance. The underlying argument is that organizational culture affects performance outcomes through other mediating factors (Yesil et al., 2013). Based on the Contingency Theory, a company's outcome depends on the fit among different contingencies such as structure, strategy, and environment, among others (Thoumrungroje et al., 2005). The strategic process is a mediating factor between internal factors such as organization culture and performance in general (Eiadat et al., 2008; Menguc et al., 2010). Therefore, this study will adopt the strategic posture as an intermediate variable between organizational culture, corporate governance with sustainability performance.

Moreover, the concept of culture as a system of socially transmitted behaviour patterns that serve to relate human communities to their ecological settings finds a close parallel in the contingency theory. Culture is often treated as an undefined, inherent characteristic of any organization, and as yet another contingency factor, with a varying and little-understood impact on the functioning of organizations (Allaire et al., 1984; Child, 1981; Meyer, 1986; Mitchell, 2017). Contingency theory can be applied to investigate how companies change their performance as a result of the prevailing culture and how they respond strategically.

Emerging markets show weaker measures of corporate governance and sustainability (Peters et al., 2012). Whereas, Senarathne (2018) suggests that organizational culture plays a vital role in shareholder risk management under corporate governance.

For 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).

The present study will examine the effect of the organizational culture and the mechanisms of corporate governance on a strategic posture to assess the indirect impact on sustainability performance. Regulation, social, cultural, and cognitive factors as drivers suggest that not all factors are in the interest of stakeholders. However, factors such as regulation, pressure from political groups and communities are of interest to stakeholders. Employee culture and strategic factors come mainly from within the organizations to fulfil altruistic aims for social ideals rather than originating from stakeholders.

Thus, the stakeholder and contingency theory side by side could be applied to investigate how companies change their performance as a result of the prevailing culture and how they respond strategically to stakeholder pressure.

Organizational culture and companies' corporate governance is expected to lead to the adoption of a particular strategic posture in the context of environmental and social issues, which influences the level of sustainability performance. However, it is difficult to evaluate the interaction between organizational culture, corporate governance mechanisms, and the extent of sustainability performance in emerging economies since little has been published on this issue.

More recently, countries in Asia have begun increasing their attention to sustainability policies and practices, and sustainability reporting has evolved to become a mainstream practice among Asian businesses. Sustainability disclosures reflect the extent to which companies integrate their sustainable performance into their core business strategy and subsequently communicate their sustainability initiatives. Malaysian listed companies scored the highest disclosure ratings in 2018, while Indonesia listed companies scored the lowest disclosure ratings in the same year (Lawrence, 2018). The poor sustainable performance in the Indonesian companies is very complex due to various aspects and circumstances, such as political issues, cultural differences, religion, control and lack of financial support (Kemp 2001). In Indonesia, the structure of corporate governance is less stringent compared to other East Asian countries (Wijayati et al., 2016).

As one of the major economic players in the world, many expect Indonesia to play an active role in sustainable implementation (Ridho, 2018). Many corporations are linked to natural resources, such as mining, plantations, and forestry, with considerable international demand, therefore, urging more Indonesian companies to improve corporate

social responsibility. There is a growing emphasis for companies, in Indonesia, to become sustainable and to optimize economic contribution, environmental performance, and social responsibility. Indonesia is one of the first countries in the world to make corporate social responsibility mandatory by law (Caesaria et al., 2017; Rosser et al., 2010).

At present, sustainability disclosure is mainly guided by the Global Reporting Initiative (GRI) sustainability reporting guidelines. GRI provides a framework to guide the sustainability disclosure process and performance metrics. It results in a sustainability report that conveys disclosures on companies' positive and negative impacts on the environment, society, and governance (Sullivan, 2016). Although there is an increasing level of interest for sustainability performance disclosure and the presence of international-level guidelines (Manes-Rossi et al., 2018), there is a scarcity of studies that addressed determinants of sustainability performance and shaped a unitary structure for the suitable sustainability performance (Goel et al., 2017). In other words, in Indonesia, very few companies and organizations have a 'holistic' approach to sustainability (e.g., based on the international concept). Most of them focus on single issues or certain elements of corporate social responsibility. Corporate social responsibility is treated as a charity and a cost issue (Agency, 2016).

Although some research has been conducted on the relationship between sustainability performance and organizational culture, the results have been inconsistent (Linnenluecke et al., 2010; Maignan et al., 2001). Thus, this research will explore whether the prevailing organizational culture has an impact on sustainability performance for organizations. In looking to enhance companies' transparency and accountability, this study will focus on identifying factors that may influence the sustainability performance in companies operating in Indonesia and whether organizational culture and corporate governance are relevant for social, environmental activities that have an impact on the company's sustainable performance.

In some cases of organizational culture, the strategy looks at the suitability of organizational culture for adopting the sustainability activities in the organizations, which can eventually lead to the improvement of company performance in general. Thus, this study aims to investigate the role of strategies posture as an intermediate variable between organizational culture, corporate governance, and sustainability performance. This mediating role is proposed and shall be analysed based on the conditions required to perform mediation analysis, see: Baron et al. (1986) and MacKinnon et al. (2002). The present study empirically analyses the effects of organizational culture and corporate governance on sustainability performance by analysing Indonesian companies. Dividing organizational culture by applying the Competing Values Framework (CVF) allows one to examine the impact of organizational culture on sustainability performance. Therefore, the objectives of this study are as follows:

- Firstly, to verify the direct effects of Organisational Culture and Corporate Governance on Sustainability Performance;
- Secondly, to empirically examine the effects of Strategic Posture on Sustainability Performance; and
- Thirdly, to examine the indirect effects of Organisational Culture and Corporate Governance on Sustainability Performance, by Strategic Posture mediation, in a sample of Indonesian companies.

The other parts of this paper are laid out as follows. Next, will description of the study's theoretical history. Second, it developed the conceptual structure and formulated hypotheses. Later, this study's research approach was clarified, and the review has been published. Finally, the results were discussed and suggested consequences, drawbacks and possible potential studies.

2. Theoretical Review

2.1. Organizational Culture

The idea of organizational culture first entered organizational literature with The Evolving Culture of Factory by 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 organizational culture comprising organizational expectations, principles, beliefs and their manifestations in employee behaviours and attitudes could be related to achieving successful results (Denison et al., 1995). This approach focuses primarily on notions of community as a way of speeding up organizational change.

2.2. 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 (Berglöf et al., 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 et al., 2000).

2.3. Strategic Posture

The second dimension of Ullmann's model is a strategic stance. Strategic posture describes the rationale a company has for responding to the demands of its stakeholders. Strategic posture 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).

2.4. Sustainability Performance

The definition of corporate social responsibility has grown and is sometimes referred to today as 'corporate sustainability' or 'good business practices' to avoid confusion with conventional corporate social responsibility's limited and inaccurate meaning as charity events(Montiel et al., 2014). 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 sustainability performance. 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. Sustainability performance 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.

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.

3. Hypotheses Development

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 et al., 2016). Therefore, this work splits the hypothesis into two groups: null and alternative hypothesis. Typically, the null hypothesis (H₀) cannot be represented as a meaningful relationship between the independent and dependent variables. (H_a) Indicates that the relationship between an independent and dependent variable is important(Sekaran & Bougie, 2016). On the basis of the study's theoretical framework, to help create a more fine-tuned approach to the management of social and environmental problems, this study 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 study uses a theory of contingency in which the response of the firm to social questions (corporate social and environmental responsiveness) will depend on the kind of organizational culture. Based on the above topic, the following relations could be discussed.

3.1. The Impact of Organization Culture on Strategic Posture

The basic factors, which may shape strategic posture, include environmental factors (market turbulence, technology), organizational factors (organizational structure, organizational culture, and leadership) or institutional ones (government intervention, corporate governance). Hence, it reveals that organizational culture must be consistent and compatible with the strategic posture, and organizations should seek to adjust their activities to implement the adopted strategy.

Many researchers have analyzed organization culture, and strategic as important components of organizational performance (Cristian-Liviu, 2013; Denison, 2000; Fisher et al., 2000; Genç, 2017; Gupta, 2011; Hofstede, 1990; Jančićević, 2012; Tasgit et al., 2017)

As evidenced by Gupta (2011), strategy and organizational culture are mutually conditioning, which means that any organization with a change in strategy must adjust an appropriate organizational culture; otherwise, it is bound to fail in the implementation of the adopted strategy.

The cited empirical studies also demonstrate the existence of a strong interdependence between strategies posture and organizational culture, and that the way in which these relationships are formed affects the results of the organization. The relationship between culture and strategy is manifested in the fact that certain types of organizational culture determine the formulation and implementation of specific strategies, while particular strategies have an impact on the creation of specific types of organizational cultures. Organizational culture affects both the formulation of the strategy, and the process of its implementation through its impact on strategic thinking at the organizational level(Arayesh et al., 2017).

This impact on strategies posture remains relatively unexplored(Reddy, 2016). Be that as it may, only a small number of studies have, in fact, proven the effect of culture on strategy implementation(Ahmadi et al., 2012). Therefore, it is imperative to understand which types of cultures will enable the organization to execute its strategic objectives. It is also essential to understand the effect of the components that make up culture on strategy execution.

- H1a: The clan culture has a positive effect on the strategic posture
- H1b: Adhocracy culture has a positive effect on strategic posture.
- H1c:Hierarchy culture has a positive effect on strategic posture.
- H1d: Market culture has a positive effect on the strategic posture

3.2. The Impact of Organizational Culture on Sustainability Performance

The organizational culture concept has become popular within the sustainability literature as it provides an access point for the fields of Human Resources and Organizational Behaviour to enter as explanations for the organization's sustainability performance. However, there is little theoretical underpinning on what actually constitutes a

sustainability-oriented organizational culture. Furthermore, there exist only generic prescriptions on how organizations can realize and implement sustainability-oriented culture change (Halme et al., 1997). Extant models and theories on sustainability-oriented culture change have been criticized for an over-reliance on simplified formulae for cultural change, and a lack of insight into how culture change might occur (Harris et al., 2002; Newton et al., 1997). These models do often not specifically address how culture change should be initiated, monitored and become subject to managerial intervention and control. In this section, we will look at how this relationship can be explained based on previous theories.

Previous research conducted in the area of sustainability and organizational culture attempts to establish a relationship between cultural types and the integration of sustainability. For instance, Lee et al. (2017) study use the CVF culture types to establish a relationship between corporate social responsibility and company performance. The survey of 164 Korean companies shows that when either clan or market culture dominates in a company, this may strengthen the relationship between corporate social responsibility and financial performance. However, if a company is mostly drawn to an adhocracy or a hierarchy culture, the positive financial effects of corporate social responsibility tend to decrease.

A somewhat similar study was performed in Japan, where Sugita et al. (2015) investigated the organizational culture of 109 companies and how the different culture types were linked to performance on environmental management. The survey suggests that an adhocracy culture might provide a positive relationship with environmental performance and that a very dominant hierarchy culture may create obstacles to effective implementation of environmentally friendly practices. Sugita and Takahashi (2015) suggest that adhocracy and hierarchical cultures could embody a good combination to increase environmental performance. Further, del Rosario et al. (2017) studied a sample of 130 hotels in Mexico in an attempt to investigate the relationship between organizational culture and eco-innovation in the hotel industry. The study found that the adhocracy culture tends to be linked to greater Eco advantage, as an external- and flexible-oriented culture encourages innovation, radical change and adaptability, which helps to go beyond existing processes and procedures to generate new ideas of eco-innovation.

Moreover, the concept of culture as a system of socially transmitted behaviour patterns that serve to relate human communities to their ecological settings finds a parallel Path in the contingency theory. Thus, the contingency theory could be applied to investigate how companies change their performance as a result of the prevailing culture and how they respond strategically. Based on the above discussion, it could be set the following hypothesis.

- H2a: Clan culture has a positive effect on sustainability performance.
- H2b: Adhocracy culture has a positive effect on sustainability performance.
- H3b: Hierarchy culture has a positive effect on sustainability performance
- H1d: Market culture has a positive effect on sustainability performance

3.3. The Impact of Corporate Governance on Strategic Posture

Corporate governance as a set-in order to maintain the company good conduct consists of board size, board independence, ownership concentration, institutional ownership and audit committee. Institutional shareholders or investors are more likely to have strategic goals in mind for their investment, which placed pressure on the board of directors and management to adopt an aggressive plan to meet the needs of these investors (Welford, 2007). Accordingly, the assumption is that the governance structure of an entity will affect the adoption and execution of a specific strategy (Baysinger et al., 1991). Better implementation of good corporate governance will imply the higher or better strategic posture also. The following theory may be formulated in the light of the above discussion.

- H3a: Board size has a positive effect on the strategic posture
- H3b: Board Independent has a positive effect on the strategic posture
- H3c: Ownership Concentration has a positive effect on strategic posture.
- H3d: Institutional Ownership has a positive effect on the strategic posture
- H3e: Audit Committee has a positive effect on the strategic posture

3.4. The Impact of Corporate Governance on Sustainability Performance

Corporations, these days, are increasingly under pressure for good governance and sustainability. Corporate governance and sustainability performance are contemporary business issues and an emerging research area (Aras et al., 2008). Under stakeholder theory, Michelon et al. (2012) argue that good corporate governance enhances firm-stakeholder relationships by fostering corporate sustainability. They consider good governance and sustainability as complementary mechanisms for better stakeholder management. They further note that stakeholder theory provides a link between governance mechanisms and sustainability initiatives for aligning long-term management-stakeholder goals.

Aras and Crowther (2008) argue that both corporate governance and sustainability are essential for the continuous operation for any corporation and that therefore much attention should be paid to these concepts and their applications. They also pointed out that the concept of sustainability is less clear than the concept of corporate governance, and they call for empirical research that explores the relationship between these two concepts. According to them, these two concepts are fundamentally related to each other. Good corporate governance is generally expected to have a positive impact on sustainability performance and disclosure (Gul et al., 2017). Based on the above discussion, it could be set the following hypothesis.

- H4a: Board size has a positive effect on sustainability performance.
- H4b: Board Independent has a positive effect on sustainability performance.
- H4c: Ownership Constitutional has a positive effect on sustainability performance.

- H4d: Institutional Ownership has a positive effect on sustainability performance.
- H4e: Audit Committee has a positive effect on sustainability performance.

3.5. The Impact of Strategic Posture on Sustainability Performance

A strategic posture, which is the second dimension of Ullman's model, relates to how an organization responds to social demands. An organization which adopts a passive strategies posture does not make any attempt to monitor and manage their relationship with their stakeholders. In contrast, those organizations by adopting an active strategies posture infers that organizations will continuously monitor and manage their relationship with their key stakeholders. Because of these actions, organizations exhibiting an active strategies posture are anticipated in their annual reports to disclose more environment and related social information.

Furthermore, several studies found a positive relationship exists between a strategic posture and the disclosure of environmental reporting. Prado-Lorenzo et al. (2009), in their study, indicated that the stakeholders' influence on a strategic posture has a crucial impact on the provision of a corporate social responsibility report. Also, the finding indicated that an active posture towards environmental and social concerns could lead to a higher level of environmental reporting. A study conducted by Elijido-Ten (2004a) investigated the determinants for environmental reporting. The study indicated that astrategicposture is the main determinant for the establishment of sustainability reporting. Based on the above discussion, the following hypothesis could be formulated.

- H5: The strategic posture has a positive effect on sustainability performance.

3.6. The Impact of Organizational Culture on Sustainability Performance Mediated by Strategic Posture

The literature indicates that the presence of a variable to mediate the association between organizational culture and performance, in general, is necessary (Yesil & Kaya, 2013).

The contingency management views of organizational culture reflect a motivation to understand culture as a lever or tool to be used by managers to implement strategy and to direct the course of their organizations more effectively, to make culture and strategy consistent with and supportive of one another (Deshpande et al., 1989).

Based on contingency theory, a company's performance depends on the fit among different contingencies such as structure, strategy, and environment, for example (Donaldson, 2001). The concept of fit as a mediating variable demonstrates 'the existence of a significant intervening mechanism between the antecedent variable and the consequence variable'(Venkatraman, 1989).This study puts forward a proposal that a strategic posture mediates the relationship between sustainability performance and organizational culture. It is because an strategies posture is influenced by organizational culture as established by several studies (Ahmadi et al., 2012; Baird et al., 2007; Cristian-Liviu, 2013; Tasgit et al., 2017), with astrategic posture or response influencing sustainability performance(Bateman et al., 1993; Crant, 2000; Özgener et al., 2009; Roberts, 1992; Ullmann, 1985; Zhou et al., 2007).

Saffold III (1988) argued that the interactive nature of culture, process, and organizational outcomes need to be considered when investigating the culture - performance link. The argument underlying this line of research is that organizational culture affects performance outcomes through other mediating factors(Tseng, 2010; Zheng et al., 2010). According to the contingency framework, a company's outcome depends on the fit among different contingencies such as the structure, strategy, and environment, among others (Thoumrungroje & Tansuhaj, 2005). The literature shows that a strategy could be considered to mediate the association between culture type and business performance in general. However, it is slightly understood about the impact of organizational culture types on strategies posture, and the mediating role of strategies posture to stimulate sustainability performance. As a result, this study provides an understanding regarding the impact of organizational culture on sustainability performance with an examination of the mediating role of strategies posture. By referring to the previous effects, the following hypothesis could be formulated.

- H6a: Clan culture positively effects sustainability performance mediated by strategic posture.
- H6b: Adhocracy culture positively effects sustainability performance mediated by strategic posture.
- H6c: Hierarchy culture positively effects sustainability performance mediated by strategic posture.
- H6d: Market culture positively effects sustainability performance mediated by strategic posture

3.7. The Impact of Corporate Governance on Sustainability Performance through the Strategic Posture as an Intermediate Variable

As stated earlier, the concept of fit as a mediating variable shows 'the existence of a significant mediating effect between the antecedent variable and the consequence variable'(Venkatraman, 1989). In this current study, corporate governance is considered as the second antecedent variable with sustainability performance as the consequence variable. Meanwhile, astrategic posture is an intervening mechanism. The existing literature has revealed that the relationship between corporate governance and strategy is vital to enhance the profitability and for the ultimate survival of an organization (Hill, 1995; Judge Jr et al., 1992; Kamau et al., 2018; Stiles, 2001). Furthermore, as mentioned above, there is extensive literature that examines the association between astrategic posture and sustainability reporting, which indicates that astrategic posture has a vital role in enhancing sustainability performance(Bateman & Crant, 1993; Crant, 2000; Roberts, 1992; Ullmann, 1985).Based on the above discussion, the following hypothesis could be formulated.

- H7a: Board sizeeffects positively to sustainability performance mediated by strategic posture
- H7b: Board Independent effects positively to sustainability performance mediated by strategic posture
- H7c: Ownership Constitutionaleffects positively to sustainability performance mediated by strategic posture
- H7d: Institutional Ownershipeffects positively to sustainability performance mediated by strategic posture

- H7e: Audit Committee effects positively to sustainability performance mediated by strategic posture

Figure 1. Theoretical Framework

4. Method

4.1. Population and Sampling Method

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

- The company that are listed in IDX and the data are available and can be accessed
- The data related to the proxies used to measure the types of organizational culture, corporate governance, strategic posture, and sustainability performance is available.
- The company that does not use the dollar as a currency for their annual report.
- The companies that their financial year-end on December 31.

4.2. 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 sustainability performance 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.

4.3. Operational Definition and Measurements Variables

There are some variables in this analysis, such as organizational culture and corporate governance as independent variables and sustainability performance as dependent variables, strategies posture as mediating variable, with various proxies and measurement scales and scale measurement forms for each variable.

4.3.1. Organizational Culture

It is the values and behaviours which contribute to an organisation'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 et al., 2011; Wahid ElKelish et al., 2014).

4.3.1.1. Clan Culture

The company emphasizes the long-term benefit of individual growth, with a high degree of unity and morale (Cameron, Quinn, 1998). Fiordelisi 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:

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

4.3.1.2. 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 and 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:

$$\text{Adhocracy} = \frac{\text{Operating income}_t - \text{Operating income}_{t-1}}{\text{Operating income}}$$

4.3.1.3. 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:

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

4.3.1.4. Market Culture

4.3.1.4.1. 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).

$$\text{Market Share} = \frac{\text{Company's Revenue}}{\text{Entire Market Revenue}}$$

4.3.2. Corporate Governance

This study focuses on board composition and concentration of ownership, such as certain metrics (board size of members, independence of boards, the concentration of ownership, institutional ownership). The calculation for these indicators will also decrease to one by the analytical factor, as shown later in this paper.

4.3.2.1. 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.

$$\text{Number of Commissioners} = \text{Number of Commissioners}$$

4.3.2.2. Board independence

The proportion of members of Independence division on the total Members.

$$\text{Board independence} = \frac{\text{Independence Member}}{\text{Total Member}}$$

4.3.2.3. Ownership Concentration

Considering ownership concentration as an internal governance method, this work differentiates two situations: high proprietary dispersion (low concentration of ownership) and a high concentration of ownership (low dispersion of ownership). Such variations in concentration (or dispersion) of ownership decide corporate governance 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:

$$55\% \leq \text{percent of shares owned by the largest shareholder} \leq$$

4.3.2.4. 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 exception of the company's director and commissioners. The previous research using this calculation is by Chen et al. (2012):

$$\text{Institutional ownership} = \% \text{ Institutional}$$

4.3.2.5. Audit Committee

An audit committee is a committee consisting of 3 or more members, one of them is an independent company commissioner listed at the same time is 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.

$$\text{Audit committee} = \sum \text{Audit committee}$$

4.3.3. 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.

4.3.4. Sustainability Performance

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

4.4. Method of Analysis

4.4.1. 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 study.

4.4.2. Hypothesis testing

Hypothesis testing in this research use is t-test and F-test for analyzing the effect of independent variables toward 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.

4.4.3. Regression Analysis

Technique data used in this research is regression analysis. Regression analysis is one analysis that aims to determine the effect of a variable against another. In regression analysis, the variables that effect the so-called independent variable and the variable that is effected is called the dependent variable. The formula or equation of regression analysis as follows:

$$SP = a + b_1 \text{ Clan} + b_2 \text{ Adhocracy} + b_3 \text{ Hierarchy} + b_4 \text{ MC} + b_5 \text{ BS} + b_6 \text{ BI} + b_7 \text{ OC} + b_8 \text{ IO} + b_9 \text{ AC} + e \dots (1)$$

Whereas :

SP = Strategis Posture

a = contanta

b1-b9 = coefficient beta

Clan = Clan culture

Adhocracy= Adhocracy culture

Hierarchy = Hierarchy culture

MC = Market culture

BS = Board Size

BI = Board Independent

OC = Ownership Concentration

IO = Institutional ownership

AC = Ausit Committe

e = error

$SPF = a + b1Clan + b2Adhocracy + b3Hierarchy + b4MC + b5BS + b6BI + b7OC + b8IO + b9AC + b10SP + e \dots (2)$

SP = Strategis Posture

SPF = Sustainability Performance

a = contanta

b1-b9 = coefficient beta

BS = Board Size

BI = Board Independent

OC = Ownership Concentration

IO = Institutional ownership

AC = Ausit Committe

e = error

Based on table 1. below, note that the mean value for Clan culture variable has the mean value 0.149410, and the minimum value is 4.663966; meanwhile, the maximum value is 2.934750, with standard deviation is 0.451986. The standard deviation is higher rather than mean value, and this indicated that the data have high variation data. Adhocracy is 0.236724 and for 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 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 2.211139. The standard deviation is higher rather than mean value, and this indicated that the data have high variation data. For the Market culture variable, the mean or average is 0.104820 and for the maximum value is 9.160340, and the minimum value is 0.000420 with standard deviation is -0.41950 The standard deviation is lower rather than 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 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 mean value, and this indicated that the data have low variation data. The mean showed that the average of 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 mean value, and this indicated that the data have high variation data. For the 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 mean value, and this indicated that the data have low variation data. The mean indicated that 39.23489% from 969 company of observation in this research had been owned by outside or institutional ownership. Audit committee variable has mean 2.445 with a standard deviation vale 0.234. The mean higher than standard deviation showed that the data 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 standard deviation value 0.491256. The standard deviation is lower rather than 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.

5. Results

5.1. Descriptive Statistic

Parameters	CLAN	Adhocracy	Hierarchy	Market	Board Size	Board Independence	Ownership Concentration	Institutional Ownership	Audit Committee	Strategic Posture	Sustainability Performance
Mean	0.14941	0.236724	0.5624	0.10482	4.25598	0.40827	15.77949	39.23489	2.445	0.15091	0.594427
Median	0.073566	0.127688	0.087151	0.0176	4.33539	0.4	0	41	2.136	0.146341	1
Maximum	2.93475	12.06072	16.33699	9.16034	10	0.8	99.99999	100	1	0.963415	1
Minimum	4.663966	-3.99844	-28.266	0.00042	2	0.166667	0	0	4	0.02439	0
Std. Dev.	0.451986	0.888611	2.211139	-0.4195	1.803491	0.096865	30.40062	31.39405	0.234	0.080328	0.491256
Skewness	0.188812	6.353996	-1.45124	13.61116	0.514331	1.051625	1.496934	0.132047	0.236	1.402786	-0.38463
Kurtosis	22.06708	71.10294	49.60996	253.2687	3.322457	4.039576	3.45981	1.685537	2.148	13.05363	1.147941
Observations								969			

Tabel 1: Descriptive Research Results
The Source: Secondary Data Processed (2020) with Eviews

5.2. Hypothesis Testing Result

Dependent Variable: Strategic Posture Method: Panel Least Squares Date: 17/07/20 Time: 16:20 Sample: 2009 2018 Periods included: 10 Cross-sections included: 108 Total panel (unbalanced) observations: 969					
Variable	Coefficient	Std. Error	t-Statistic	Prob.	Hypothesis
C	0.78171	0.150270	2.895265	0.0050	

CLAN CULTURE	0.012652	0.005740	2.206430	0.0286	Accepted
ADHOCRACY CULTURE	0.001670	0.002919	2.075909	0.0476	Accepted
HIERARCY CULTURE	0.001102	0.001176	2.138700	0.0331	Accepted
MARKET CULTURE	0.002415	0.006184	2.388973	0.0254	Accepted
BOARD SIZE	0.015078	0.021031	2.699298	0.0312	Accepted
BOARD INDEPENDENCE	0.032043	0.017867	1.929515	0.0468	Accepted
OWNERSHIP CONCENTRATION	0.015628	0.004711	2.896116	0.0375	Accepted
INSTITUTIONAL OWNERSHIP	0.001588	0.000019	3.168443	0.0285	Accepted
AUDIT COMMITTEE	0.012658	0.031295	2.126548	0.04594	Accepted

Table 2: Hypothesis Testing Results Model 1
Source: Secondary Data processed (2020) with Eviews

Based on table2. above, it can be said that organizational culture that consists of clan culture, adhocracy culture, hierarchy culture, and market culture have a positive effect on strategic posture. Corporate governance dimensions that consist of board size, board independence, ownership concentration, institutional ownership and audit committee also has a positive effect on strategic posture, so the hypothesis (H1a, H1b, H1c and H1d accepted; also, H3a, H3b, H3c, H3d and H3e accepted).

Dependent Variable: Sustainability Performance Method: Panel Least Squares Date: 17/07/20 Time: 17:21 Sample: 2009 2018 Periods included: 10 Cross-sections included: 108 Total panel (unbalanced) observations: 969					
Variable	Coefficient	Std. Error	t-Statistic	Prob.	Hypothesis
C	0.225240	0.040890	4.508501	0.0015	
CLAN CULTURE	0.126540	0.012365	2.032156	0.0328	Accepted
ADHOCRACY CULTURE	0.326592	0.032689	3.031241	0.0216	Accepted
HIERARCY CULTURE	0.236589	0.012681	2.125461	0.0295	Accepted
MARKET CULTURE	0.465281	0.026598	2.032695	0.0451	Accepted
BOARD SIZE	0.012652	0.005740	2.486430	0.0386	Accepted
BOARD INDEPENDENCE	0.001670	0.002919	2.759091	0.0275	Accepted
OWNERSHIP CONCENTRATION	0.001102	0.001176	2.387028	0.0434	Accepted
INSTITUTIONAL OWNERSHIP	0.004530	0.835005	2.542858	0.0364	Accepted
AUDIT COMMITTEE	0.032688	0.231512	2.362881	0.03985	Accepted
STRATEGIC POSTURE	0.045162	0.221687	4.126585	0.01108	Accepted

Table 3: Hypothesis Testing Results Model 2
Source: Secondary Data processed (2020) with Eviews

Based on the table3.Above, it can be said that organizational culture that consists of clan culture, adhocracy culture, hierarchy culture, and market culture have a positive effect on sustainability performance. Corporate governance dimensions that consist of board size, board independence, ownership concentration, institutional ownership and audit committee also has a positive effect on sustainability performance, so the hypothesis (H2a, H2b, H2c and H2d accepted; also, H4a, H4b, H4c, H4d and H4e accepted). There is also a positive effect on the strategic posture on sustainability performance (H5 accepted).

	T statistic	p-value
a = 0.048078	2.1105135	0.04606718
b = 0.052665		

sa = 0.001032		
sb = 0.001025		

Table 4: Sobel test 1

Based on table 4. above, it can be concluded that the p-value of Sobel test $0.04606718 < 0.05$ and this showed that strategic posture could mediate the relationship between organizational culture and sustainability performance, so the hypothesis H6a, H6b, H6c and H6d accepted.

	T statistic	p-value
a = 0.079042	2.197558	0.0364272
b = 0.036201		
sa = 0.017868		
sb = 0.001025		

Table 5: Sobel test 2

Based on table5. above, it can be concluded that the p-value of Sobel test $0.0364272 < 0.05$ and this showed that strategic posture could mediate the relationship between corporate governance and sustainability performance, so the hypothesis H7a, H7b, H7c, H7d and H7e accepted.

6. Discussion and Conclusion

Based on the result, it can be said that there is a positive effect of clan culture on strategic posture. 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 behaviour. This result also supported by the previous study 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 which 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 (Cameron Kim et al., 1999; Kangas, 2009). Based on the results of this study, it has been shown that culture of adhocracy has a positive impact on the strategic posture. This was also supported by a prior study (Ahmadi et al., 2012). Based on the results of this research, it has been shown that the Hierarchy culture has a positive effect on the strategic posture. This finding was also backed by the previous study performed by Tasgit et al. (2017) and Hynes (2009). Tasgit et al. (2017) concluded that the hierarchy culture 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 behaviour, achieving targets and objectives, growing market share and market penetration (Cameron Kim & Quinn Robert, 1999). Moreover, 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 positive effect on strategic posture. This also supported by the previous study done by Tasgit et al. (2017). From the result and analysis, it is observed that the board size variable has a significant value of less than 0.05 so that the fourth hypothesis is acknowledged (board size has a major positive impact on strategic posture and sustainability). In addition, this is consistent with the findings of Abeysekera (2010), Allegrini et al. (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 low cost to get a variety of resources and result in better results. In addition, a board of directors' decisions often play an 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 board independence variable is below 0.05, this hypothesis (Board independence has a major positive impact on strategic posture and sustainability performance) was acknowledged. according to these findings, independent directors are likely to take further steps to improve the sustainability efficiency of the business sector, this is in line with what Ibrahim et al. (2003) reached. 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 corporate social responsibility 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 corporate social responsibility disclosures. In the Indonesian context, our results support the study 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 posture 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 posture 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. Evidence from previous research Adams et al. (1998) confirms the presence of a negative relationship between the concentration of ownership and the level of voluntary disclosure in annual reports, where disclosure of corporate social responsibility was part of sustainability success in the research. Ghazali (2007), however found that the concentration of ownership does not influence the disclosure of corporate social responsibility. Shwairef et al. (2019) also concluded that there are no clear and indirect impacts of ownership concentration on environmental reporting, which means that these two definitions are not related. It is also not compatible with the results of this study; therefore, future focus on this field is worthwhile.

Whereas, the vector for institutional concentration, the p-value is less than 0.05, so accept the fourth hypothesis. So there is a major impact on sustainability efficiency and strategic posture within institutional ownership. Thus the findings suggest that the success of institutional ownership has a direct impact on sustainability. Besides, the influence of institutional ownership on strategic posture was supported, and institutional ownership through strategic posture has an indirect effect on sustainability efficiency. Jiang et al. (2009) and Shan (2009) discovered a significant association between institutional ownership and sustainability success in other studies. Nonetheless, the results of this study expand Donnelly and Mulcahy's findings (2008) by suggesting strategic posture as a possible explanation that brings about a positive relationship between institutional ownership and sustainability. When large institutional shareholders better understand customers' expectations for sustainability practice and its effect on companies' financial results when opposed to small shareholders, they are forcing managers to concentrate publicly on sustainability practice (Mallin et al., 2013). It is also necessary to consider the influence large organizations have in shaping the decisions of managers as opposed to small investors. Therefore, by increasing the percentage of shares owned by institutional stakeholders, companies will affect the sustainability success attitude of the managers.

The p-value is less than 0.05 for the strategic posture variable so it means the fifth hypothesis in this analysis is accepted. So there's a major impact on sustainability success amongst strategic posture. A strategic focus that is the second aspect of Ullman's model has to do with how an organization reacts to social and environmental demands. An organization that adopts a passive sustainability performance makes no attempt at tracking and managing its relationship with its stakeholders. By comparison, by pursuing an active sustainability strategy, such organizations infer that organizations can track and manage their relationship with their main stakeholders on an ongoing basis. Because of these acts, organizations which show an active sustainability performance are required to concentrate more on environmental and social performance in their annual reports.

Another result also confirmed the strategic posture could be mediating variable the relationship between the organizational culture that consists of clan culture, adhocracy culture, and hierarchy culture, market culture toward sustainability performance, and this means sixth hypothesis accepted. This indicated that the better implementation of organizational culture would affect the better strategic posture and effect on higher sustainability performance. The p-value is less than 0.05 for the strategic posture variable mediating 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 Eljido-Ten (2004b) looked at the environmental reporting determinants. The study suggested that the key determinant for setting environmental coverage is strategic orientation. As such, this study extends the results of Abeysekera (2010) and Allegrini and Greco (2013) by incorporating strategic posture 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 mediating impact of the strategic posture of managers can also help researchers understand the essence of the relationships between these variables. At the other hand, and from an administrative perspective, the results of this research will help firms 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 study has also explained some of the contradictions that had been found in previous studies. In order to require sustainable practices, however, future research are 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 posture 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 direct 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 study. The findings showed that managers' strategic posture mediates the impacts of organizational culture and corporate governance that consists of board size, board independence, and 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 a direct 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.

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