Influence of Culture on Financial Reporting

ERUDE, Shalom Ufuoma
Department of Public Administration, Faculty of Management Sciences
Delta State University, Abraka.
Email: shallomerude26@gmail.com
Orcid No: 0009-0006-3892-6361

ALIOGO, Rita Nwasom
University of Delta, Agbor.
+234 806 314 9160

MARK, Temitope
Department of Accounting, Faculty of Management & Social Sciences,
Novena University, Amai, Delta State
Email: topemark211@yahoo.co.uk

ODUYEMI Rachael Olufunmilayo
Lecturer 1
Chrisland University, Abeokuta, Ogun State.
roduyemi@chrislanduniversity.edu.ng

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Abstract

Financial reporting as a term is said to be the process whereby companies make open their financial activities, viz cash flow, expenses, investments and what have you. Culture on the other hand, is the way people behave in a given society. Organizational culture refers to how things are being done in the organization. Modus operandi varies from one Organization to another. This study therefore, focused on the concept of organizational culture vis-a-vis financial reporting. How do companies go about their report? To what extent can we say culture influence financial reporting? And etcetera. We made use of the secondary method of data collection, as such all our findings cum submissions were gotten from hitherto existing works viz books, journals (published and unpublished), newsletters and etcetera.

From our findings, it is crystal clear that determinants such as values, attitudes and etcetera are peculiar to individual organizations. In this regard, we can boldly say that culture in any regard, has a bearing on financial reporting. We therefore recommend that, organizations should learn to establish cum maintain, good organizational culture.

Keywords: *Influence, Organizational, Culture, Financial Reporting, Corporate Groups*

1.0 Background of the Study

Culture as a concept is filled with ambiguity and characterized with a plethora of definitions (Kroeber and Kluckhohn, 1952)). A household definition of culture was put forward by the Dutch researcher Geert Hofstede (1984): 'Culture is the aggregate programming of the mind that are peculiar to the members of one group and/or society from those of another. Culture comprised of the thinking patterns that parents pass on to their children, teachers to their students, friends to their friends, leaders to their followers, and followers to their leaders. Culture is manifest in the way and manner people attach meanings to varied dimensions of life viz the way they perceive the world as well as their role in it; in their idiosyncrasies, that is, in whatever they see as 'good' and 'evil'; in their general beliefs, what they see as 'true' and as 'false'; in their artistic manifestations, what they see as 'beautiful' and as 'ugly'.

As it is encapsulated in this definition, values must be understood and established as the major basic component of culture. Values are to be understood as the central characteristic feature of a culture and can stand as the basis of comparison between various cultures. This fundamental status of values is manifested in the functional chain of culture from values across attitudes towards behaviour. Value moulds attitudes that further shape the behaviour of people. This functional chain is verified empirically (Breuer & Quinten, 2008).

1.2 Objective of the Study

1. The major objective of this study is to carefully understudy the relevance of culture in the organization vis-a-vis financial reporting.
2. Also, to study culture and its characteristic features.
3. Finally, to understand the concept of Financial Reporting.

2.0 Literature Review

2.1 Organizational Culture

Organizational culture is a system of values, beliefs, and behavioural patterns that subconsciously moves cum influence members of the organization to take choices and decisions (Ortega-Parra & Sastre-Castillo, 2013). Schneider et al. (2013) revealed organizational culture as the norms that members of an organization see as their work environment, and these norms influence the way the members respond and adapt to achieve organizational goals. Organizational culture is simply the manner in which members of an organizational interact with one another, as well as other stakeholders (Simoneaux & Stroud, 2014). Yirdaw (2016), revealed organizational culture as the glue which combines the nonhuman resources to the human resources in an organization to build teamwork and good performance.

Weber and Tarba (2012), revealed that business managers use the organizational culture to differentiate their organization from other organizations. Though Apple Inc., International Business Machines Corporation (IBM), and Hewlett-Packard Corporation (HP) have almost same technologies and operating system, these organizations have different cultures (Schein, 2010). The culture of Apple involves the development of simple, innovative and elegant products (Toma & Marinescu, 2013). The priorities of IBM culture are long-term thinking, and highly committed employees (Flamholtz & Randle, 2011; Kotter & Heskett, 1992). The cultural goal of HP is innovation and autonomy of employees (Childress, 2013).

Organizational culture contributes immensely to corporate governance and management (O'Connor& Byrne, 2015).The influence of effective organizational culture on corporate performance is recognized by many business managers (Unger et al ., 2014). Warren Buffet, one of the world's wealthiest entrepreneurs, stated how organizational culture is important for organizational performance (Childress, 2013). Likewise, Howard Schultz, the founder of Starbucks Coffee Company, confirmed that corporate culture is a key factor in Starbucks' success (Flamholtz & Randle, 2012).

2.1.1 Strong and Weak Organizational Culture

Strong organizational culture is sine qua non to an effective organizational performance (Nwibere, 2013; Sharma & Good, 2013). Raza et al. (2014) admitted that a very strong organizational culture plays a crucial role in aligning the future business trajectory of the organization. Organizational members are therefore in unison towards actualizing corporate goals in a strong organizational culture and are consistent with organizational values (Flamholtz & Randle, 2011). Kotter and Heskett (1992) revealed that strong organizational cultures is characterized by shared organizational values and goals across the organization, thereby expediting the rapid adaptation of these values to new employees.

Business managers empower their employees to take part in the critical decision making process within a healthy organizational culture. Miguel (2015) revealed that the involvement of the employees in the organizational decision-making process is essential to enhancing performance. When engaged in the organizational decision-making process, employees may establish a sense of ownership and obligation (Engelen et al, 2014). As employees develop a culture of ownership and obligation, their loyalty cum commitment towards the organization increases drastically despite the absence of close supervision (Denison, 1990; Nwibere, 2013; Pinho et al., 2014). When employees as well as business managers build respect and integrity among themselves, they can support each other and integrate their expertise and experience to enhance corporate performance (Miguel, 2015).

Business managers with a strong organizational culture subscribe to a style of open cum transparent communication to inspire employees and enhance performance (Kohtamaki et al., 2016; Senaji et al., 2014). In organizations where there is an open communication, members of such organizations easily share relevant information across the organization (Simoneaux & Stroud,

2014). Transparent communication includes a high level of participation by all and sundry within the organization. When organization members are engaged in transparent communication, all members of the organization have a high degree of engagement (Miguel, 2015).

Establishing a set of organizational standards and trends mainly involves developing a well-defined cum effective communication channel between managers and employees (Schein, 2010). Cao et al. (2015) reveals that business managers may use the communication channel in order to create transparent communication to promote a culture of sharing and teamwork among organizational members.

A good organizational culture is sine qua non to motivating employees of the organization (Schein, 2010). Motivated employees are the key drivers to achieving organizational goals as well as enhancing organizational performance (Fiordelisi & Ricci, 2014; Simoneaux & Stroud, 2014). An employee that is motivated make productive use of their time to perform their daily tasks (Flamholtz & Randle, 2011).

Business managers and employees with a strong organizational culture have a topnotch professional quality that leads to the enhancement of organizational performance (Pinho et al., 2014). According to Busse (2014), professional quality involves three main elements: respect and dignity between managers and employees, strong commitment to customer services, and motivation and moral engagement for achieving organizational goals.

In a strong organizational culture, business managers may develop a set of formal rules and trends of doing business (Denison, 1990; Flamholtz & Randle, 2011; Simoneaux & Stroud, 2014). Customers and other stakeholders may perceive and use the culture and work trends of members of the organization to distinguish the organization from other organizations (Childress, 2013; Cian & Cervai, 2014).

On the other hand, management with weak organizational culture has a significant ability to affect business profitability of the organization (Shahzad et al ., 2012). If the organizational culture is weak, the existence of the organization is at risk since the members of such organization have varied values cum beliefs, where they may work against the priorities of the management (Eaton & Kilby, 2015). Childress (2013) indicated that in a week corporate culture, there is always a need for employees to understudy the values of the organization in order to establish the appropriate business process so as to achieve organizational goals. Flamholtz and Randle (2011) indicated that employees with a weak organizational culture may act in a way that is inconsistent to organizational goals due to inadequate communication and lack of clear direction from the leadership.

2.1.2 Positive Organizational Culture

Business managers may create and sustain a positive organizational culture to enhance corporate performance (Childress, 2013; Fiordelisi & Ricci, 2014; Flamholtz & Randle, 2011; Melo, 2012). Founders of Google and Apple recognized their positive organizational culture as the

primary source of enduring competitive advantage (Simoneaux & Stroud, 2014). Walmart and Southwest Airline's founders also asserted that their positive organizational culture as a vital factor for the success of their business (Flamholtz & Randle, 2011). Inabinett and Ballaro (2014) found that positive organizational culture and corporate performance are having a positive relationship.

In a positive organizational culture, business managers deploy a transparent leadership style to build and endure confidence towards the leadership. Transparent leadership involves steady processes of decision-making and transparent communication across the organization (Andish et al., 2013; Miguel, 2015; Simoneaux & Stroud, 2014).

Positive organizational cultures encourage business managers to explain and convey corporate goals and values to employees and other stakeholders of the organization (Flamholtz & Randle, 2012; Simoneaux & Stroud, 2014). Once employees understand and share the corporate goals and values, they may effectively engage with value-added activities (Childress, 2013).

2.1.3 Sources of Organizational Culture

There are various sources organizational culture may be derived from, these include the beliefs cum assumptions of the founders, as well as the learning experience of members of the organization (Ruiz-Palomino & Martinez-Canas, 2014; Schein, 2010; Uddin et al., 2013).

Flamholtz and Randle (2012) revealed that those who found the organization are the prime source for the establishing of a new culture for their organization. The founders can make an important impact to the organization culture as they are opportuned to introduce the strategy cum direction at an early stage of the organization (Andish et al., 2013). The starting business strategy and direction are majorly based on the operational assumptions of the founders, which may be drawn from their life experience and cultural history (Toma & Marinescu, 2013). The founders may enforce their life experience and culture on their employees and partners (O'Reilly et al ., 2014). For instance, the founder of Apple Inc., Steve Jobs, enforced his personal experiences and assumptions on employees, which contributed to build an effective organizational culture at Apple Inc. (Kaliannan & Ponnusamy, 2014; Toma & Marinescu, 2013). Apple's organizational culture added to turn the vision of the founder into realities. Schein (2010), revealed that Apple Inc. is an ideal example to buttress how the personal culture and assumptions of founder greatly influence the culture of the organization.

On the other hand, the learning experience is another source of organizational culture, which is derived from the social trends and the dynamics of the business environment (Nguyen & Aoyama, 2014). Members of the organization may adapt some attributes from the community as well as from the business environment (Uddin et al., 2013). Gibbs (2012), revealed that community may enforce its cultural attributes on the organization through members of the organization.

2.2 The Role of Organizational Culture in Corporate Group

A corporate group is the combining of two or more legal independent member organizations with different business groups under one entity with the power of control, governance, and leadership (Eukeria & Favourate, 2014; Gajewski, 2013). In a corporate group business structure, member companies may be associated with familiar or diversified products and services from different business sectors and geographical locations (George & Kabir, 2012). Organizational culture is a major element for the unification of different units and divisions in the corporate group structure (Kenny, 2012).

The organizational culture must be in concomitant to the corporate business strategy. Eaton and Kilby (2015) revealed that 68% of corporate business managers in the world believe that their organizational culture do not align with the strategy they adopted in the business. Various empirical evidences in the area of corporate groups showed that without the support of an effective organizational culture, managers fail to implement and maintain their strategy (Eaton & Kilby, 2015; Weber & Tarba, 2012).

Cultural integration between the corporate office as well as member companies is also a major determinant of the performance of the corporate group (Idris et al ., 2015). Weber and Tarba (2012) showed that 89% of newly acquired businesses in the United States of America fail to break even because of a lack of cultural integration between corporate office and member companies. Whalen (2014) indicated that organizational culture that change their initiatives in corporate groups have more than 50% failure rate.

Business managers believe that establishing an effective organizational culture in the corporate groups is needed to manage and lead diversified companies under the corporate group (Lee & Gaur, 2013; Neffke & Henning, 2012). Alot of the topnotch business managers attested to the benefits of deploying diversified business strategy with an effective organizational culture to increase the performance level in the organization (Kenny. 2012). Research findings also show that, when diversification meets with effective organizational culture, diversified companies outperform the other companies (Gajewski, 2013; George & Kabir, 2012; Lee & Gaur, 2013). On the the other hand, Coad and Guenther (2013) indicated that diversification activities contribute less financial return in the short-term, but high financial return and competitiveness in the long-term. Business managers with a diversified business strategy may benefit from many opportunities in an effective organizational culture (George & Kabir, 2012). The key benefits are: sharing limited resources, economies of scale, taking the advantages of cost saving, strategic adjustments and financial economics, and experience sharing among managers of member companies in the group (Flamholtz & Randle, 2011; Hashai & Delios, 2012; Man & Luvision, 2014).

In a business acquisition and merger process, it is vital for management to integrate with the different cultures of merging companies (Eaton & Kilby, 2015). Hirsch (2015) revealed that 70% of newly acquired businesses have failed to integrate with the culture at play in the organization of the corporate group, and 83% have failed to increase the shareholder's value. Tarba et al (2017),

indicated that potential synergy between high-tech merging companies, and effectiveness of post-acquisition integration of organizational culture positively influence the overall acquisition performance of merging high-tech companies.

Business managers utilize united organizational culture in making a successful integration amongst member company's culture as well as corporate culture (Gajewski, 2013; Kenny, 2012). Latif and Ullah (2016), showed that collaborative culture and internal service quality are directly and positively impactful to the performance of organizations, while internal service quality partially interfaces with the relationship between collaborative culture and organizational performance.

The corporate group leadership supports an organizational culture that is decentralized to authorize general managers of different company, as well as to share power and responsibility (Kenny, 2012). To Weber and Tarba (2012), the disjointed organizational structure is expedient for assigning power as well as accountability at the levels of the companies of members. Zahavi and Lavie (2013), also revealed that within the corporate group, there is the need for general managers as well as divisional managers to perform like small business owners. General managers of member companies are responsible for the profitability and return on capital employedateach company level (Cian& Cervai, 2014). Managers of business units have to understand their customer demands in delivering a competitive service at the business unit level (Kenny, 2012).

It is necessary to incorporate an appropriate and consistent performance measurement tool to evaluate the role of organizational culture and performance of each division and member company within the corporate group (Eukeria & Favourate, 2014; Zahavi & Lavie, 2013). Effective corporate groups typically use return-on-capital, net profit, or earnings per share to evaluate the performance of member companies (Eukeria & Favourate, 2014).

2.3 Financial Reporting

Financial disclosure is a statement issued by a firm, business, or corporation that defines the financial strategies being employed and provides information such as expenses and earnings for a specific period (Alslihat et al ., 2017). Organizations are now coerced to completely reveal all financial and non-financial transactions. Investors are the major receivers of the disclosures of accounts (Stocken, 2012). Other stakeholders, including employees, the government, distributors, customers, suppliers, and society, also gain from the information transparency (Zamil et al, 2021). However, there is growing disagreement over the optimal method of delivering financial information to users (Khatib,Abdullah, et al, 2022, AlAmosh et al., 2022; Linciono et al., 2018). The financial report had grown to suit numerous users and objectives, making it challenging for businesses that intend to customize it to the perceived demands of institutional and other more specialized users (Holland, 1999). After the 2008 global financial crisis, financial institutionsparticularly those required to report to numerous countries-were confronted with a higher volume, more specificity, and a greater frequency of regulatory reporting. Considering the short period of time for implementation and rulemaking indeterminacy, these organizations are

coerced to support the quality of their data and integration of other business units and product lines. In this regard, the impediment to funding management as well as, corporate governance responsibilities is as a result of the poor quality of public information vis-a-vis reports in financial institutions (Holland, 1999).

Moreso, the indices of accounting disclosure by researchers and publications has exponentially increased in the last two decades. Further studies revealed the forms of disclosure themes in accounting that have been carried out. Owing to this, the field of accounting disclosure determinants has developed and currently, is undergoing rigorous investigation. Series of studies in this field has revealed the breadth of the domains, associated with accounting disclosure, showing the importance of examining contemporary data as well as suggestions for future studies. Only a few works had thoroughly evaluated earlier studies, and most of these works focused on specific aspects of accounting disclosure (Arora, 2021; Waris & Rizwan, 2013). For example Gosselin et al. (2021), conducted a review that focused solely on the readability of accounting disclosures, and Arora (2021) conducted a review of human resources accounting disclosure practices. Other review studies covered a specific number of years, settings, or factors (Amernic, 1988; Rodrigues et al, 2021; Tsolavoutas et al., 2020). In this regard, a meticulous cum systematic evaluation of the variables of accounting disclosure is much needed so as to make provision for a revision to the present state of hitherto existing studies and also to highlight the potential future study agenda. In contrast to prior reviews, this study did not confine its scope to specific time frames, nations, or factors.

In this regard, a systematic review article on financial reporting seems important for tackling the prevalent challenges characterized with the power of and adherence with financial reporting principles and laws, as they have continued a major cause of concern regardless of the continuous policy initiatives. Related studies are useful for organizing the different aspects of research concerns, not necessarily because they reveal the various nature of the information but also, provide the conceptual frameworks for creating an understanding of the topic. Corporate financial reporting generally has to do with any deliberate release and/or presentation of financial information either through informal or formal platforms, voluntary or required, or in a qualitative or numerical form. Organizations provide financial information to external users vis-a-vis different platforms viz websites, press releases, interim reports, conferences,and annual reports. Financial disclosure is sine qua non to both businesses and stakeholders as it is the major channel for management to communicate with outside investors cum market participants. The body of research on financial disclosure is enormous and captures a very wide range of topics, such as the factors influencing voluntary release, how regulatory changes affect the amount of disclosure, as well as the effects of disclosures on the economy (Hassan & Marston, 2019).

In recent times, scholars cum academics have become very much interested in understanding the determinants of accounting disclosure owing to a plethora of factors, such a major move toward increased globalization, the relaxation of financial laws, the development of technology, and the economic as well as financial crises that have forced businesses to meet the high demand for information from external users by disclosing information clearly and intelligibly so as to keep up

with rapid expansions and strong competition (Setiyawati & Doktoralina, 2019). Several characteristic features, including the capacity for change, management dynamics, political cum bureaucratic support, professional and academic support, and communication have reportedly been documented in the archives to significantly determine how organizations disclose information (Mnif & Znazen, 2020). Irrespective of that, the past work's submissions on most of these characteristic features remain equivocal. The discrepancy that exist between past research findings and current research has necessitated a very thorough analysis of the components of the accounting disclosure literature. Several authors have carefully looked at the theoretical frameworks and financial reporting components that had been covered both previously and contemporary, most especially, those on financial institutions, in addition to the financial disclosure drivers.

Financial reporting plays two major roles in economies that are market-base. First, it decreases information asymmetry and enables capital providers to value businesses, with the attendant of fostering the transparency that is necessary for an efficient capital market operation. This is known as the valuation role of accounting information. Second, financial reports helps external capital suppliers to assess management performance, and thiisis known as the stewardship role of accounting information (Pinnuck, 2012). Outsiders use accounting information for these two reasons. Whether the financial statements that are best for valuing businesses are also the greatest for assisting shareholders and boards in hiring CEOs to reduce the agency conflict is a crucial question.

Firms are increasingly devoted to social responsibilities, and they include the implications of their actions on these issues in their operational management and worldwide strategies (Rodrigues et al., 2021). In this setting, the financial report has become too complicated, difficult, and lengthy for many users. It is seen as a source of information overload for inexperienced users, and some fund managers hove reacted negatively to the sheer quantity and complexity of financial reporting. While quite a number of studies have shown the financial disclosure of private sector companies, others have studied that of the public sector as well as other NGOs. However, relatively limited research hos been conducted on financial institutions, including the banking, investment, and insurance industry (Attio et al, 2019; Oberson, 2021). This study therefore reviewed the existing research pertaining to financial reporting in this sector and provides some guidelines for further research using systematic literature review.

2.4 Financial Reporting on Corporate Governance and Auditing

The financial sector is a vital, competitive, and high-profile business; its top firms must preserve their market credibility in the face of exposures of unethical or illegal conduct and a lack of accountability. In the last two decades, the financial crisis in 2008, which almost crippled the banking industry as well as the failure of the financial reporting of several banks (e.g., National Australia Bank in 2004) to make provision for a genuine depiction of their activities revealed the arbitrariness of audited financial reporting and buttressed the increasing necessity for a well operational corporate governance measures. Moreso, the globalization of financial markets as well as the impact of investors who need accurate information concerning the economic and financial

state of organizations have given rise to the harmonization of corporate governance as well as accounting (Gras-Gil et al., 2012). These occurrences indicate that financial institutions have been able to preserve their credibility within the arbitrary institutional context in which they operate that necessitates the tightening of corporate governance measures to avoid fraud and mismanagement (Abraham et al, 2008; Gros-Gil et al., 2012).

Prior studies have emphasized the roles of internalexternal audits and audit committees in improving the quality of financial reporting (Aanu et al., 2016; Bratten et al., 2019; Coffie & Bedi, 2019; Gros-Gil et al, 2012; Krishnan & Zhang, 20140). Although, few works have highlighted the functions of other monitoring mechanisms, i.e., the board of directors (Abraham et al., 2008; Higson, 2013; Holland, 1999). It is widely accepted that audit rules matter and that the influence of audit regulations on the reporting quality of a financial institution varies based on thekind of audit regulation. Scholars have suggested that the quality of financial reporting is improved with more experts on the audit committee (Aanu et al., 2016), audit firm tenure (Brotten et al., 2019), internal audit involvement (Gras-Gil et al., 2012), audit committee disclaimer language (Naaman et al., 2021), and audit fees (Kanagaretnam et al., 2010; Krishnon & Zhang, 2014b). Moreso, Aanu et al. (2016) argued that the reliability and relevance of financial reporting are enhanced by the presence of an accounting expert on the audit committee, suggesting that the presence of an accounting expert on the audit committee has a more favorable impact on the financial report quality thon on financial and supervisory expertise. Gros-Gil et al. (2012) discovered that enhanced financial reporting resulted from improved internal and external communication during the annual audit. However, does the alliance with other mechanisms for monitoring (including the audit committee) serve to strengthen accountability, leading to better disclosure? Do these effects speak to all types of financial institutions? These questions remain unanswered. Bratten et al. (2019), maintained that the quality of financial reporting improves with the tenure of audit firm, especially in banks that are more complex in their operations. A short tenure would have a detrimental effect on audit firms' investments in client-specific knowledge, especially in circumstances where this information is most needed.

Other scholars discussed the effect of IFRS adoption on auditing fees. They reported that higher fees are paid after the switch to the new standards (Cameron & Perotti, 2014; Coffie & Bedi, 2019). suggesting that the implementation of IFRS increases auditors' efforts in terms of time and the complexity of some aspects of the standards.

Strikingly, few studies have actually focused on the characteristics of boards and committees regardless that, the financial mess of 1998 and 2008 almost brought about the collapse of the financial industry and were tied to ineffective governance roles. The development of corporate governance may be substantially hampered by a lack of understanding of financial statements, which are seen as a crucial component of accountability (Higson, 2013). The public publication of financial statements and the financial reporting cycle are fundamental to corporate governance (Holland, 1999). Public and private information sources are used to establish a financial institution's knowledge advantage. Institutions used this information to highlight issues areas in strategy, quality of management, as well as board effectiveness, and their relevance to financial

performance. The accountability of directors and the effectiveness of corporate governance are in question in the absence of a complete understanding of the boundaries and restrictions of the financial statements. Abraham et al (2008) stated that only disclosures concerning corporate governance processes have a significant legitimizing function, boosting the view that financial reports are consistent with the organization's reality. Karajeh [2022), focused on the monitoring mechanisms individually and discovered that nationality and the presence of women on the board had a significant moderating impact on managers' incentives to boost the quality of financial disclosure processes and bank dividends.

2.5 Online Financial Reporting

Financial transparency and disclosure are two cornerstones of corporate governance that communicate a corporation's financial situation and performance to capital markets. Online financial disclosure has been consideredone of the main channels utilized by corporations worldwide to communicate with decision-makers. Financial information disclosure online is one kind of voluntary disclosure based on trading of products, shares inclusive. In recent times, the internet has passed through exponential growth and is increasing accepted among its users. This development has a great impact on the ways information is to be communicated. Businesses have started employing a new form of voluntary disclosure, referred to as online financial disclosure, since conventional paper-based disclosure procedures are costly and constrained.

Empirically, although some researchers have discussed the variables and consequences of reporting online by financial institutions, their findings are not yet decisive. For example, inconsistent conclusions regarding the relationship between online financial transparency and corporate success were published (see, Al-Sartowi & Reynd, 2019; Bin-Ghanem & Ariff, 2016). Even the degree and breadth of internet reporting have little effect on stock returns (Hussein & Nounou, 2021). However, in a study that focused on Islamic banks, Musleh Al-Sartowi (2018) showed a correlation between the degree of online financial transparency and performance measures.

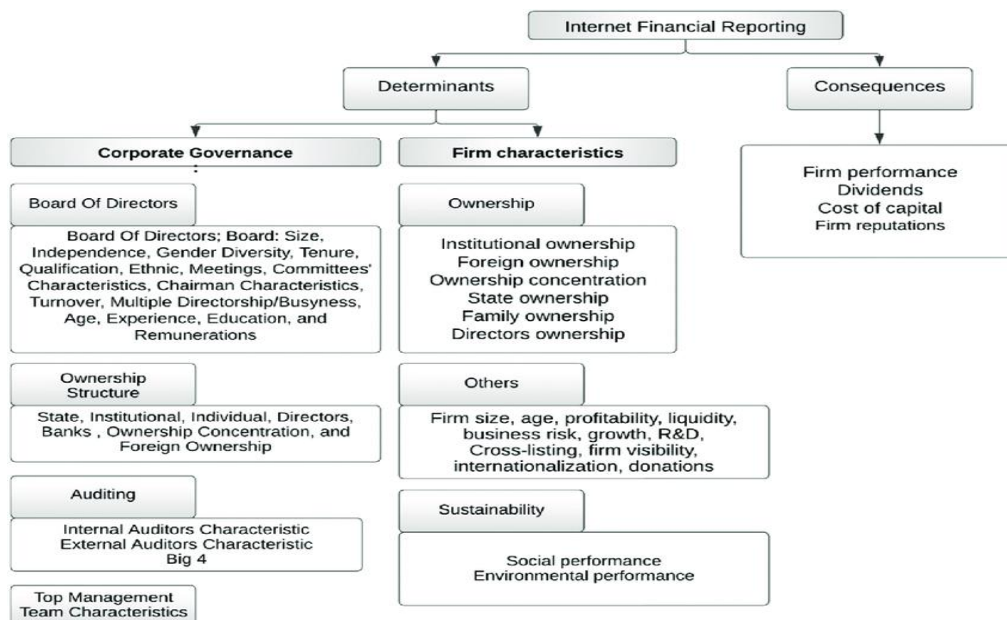

Figure 1 is the online financial reporting quality.

These mixed findings, seek to enquire whether the consequences of online reporting varies among different forms of financial institutions.

As Figure 1 shows, among the determinants of internet financial reporting practice, it was found that profitability, size, ownership structure, liquidity, and leverage are under firm characteristics (Adugno & Kumar, 2021; Elsayed et al, 2010; Sarea et al., 2021). Various factors that pertains to online disclosure that are yet to be considered by hitherto researchers could be looked into in the future. Online financial reporting standard is another interesting aspect. The disclosure requirement stipulates that organizations must disclose sufficiently standardized business-related information to enable current and prospective shareholders, creditors, and other users to make meaningful comparisons of crucial facts.

2.5.1 Transparency and timeliness

The timeliness of financial reporting is the amount of time between the end of the corporation's fiscal year and the publication date of the audited annual report. Providing using information for external users to make informed decisions is one of the most relevant goals of financial reporting. Data used for accounting must be relevant, dependable, comparable, timely, and easy to comprehend for it to be useful. Information must be readily accessible, so as not to lose its economic worth. Although, few scholars have revealed reporting timeliness in the financial sector (A. A. A. Ahmed, 2010; Aloli & Elder, 2014; Ben Rejeb Attia et al ., 2019; Huang et al ., 2017; Mohsin et al, 2021). For example, Attia et al. (2019) maintained that the association between stock price and reporting timeliness varies across bigger and riskier banks operating in an active

stock market. However, these research were carried out mainly in the banking sector, with no studies on to other forms of firms within this industry (i.e., insurance, investment, or certain types of banks).

Transparency in financial reporting is viewed as relevant to enable people comprehend as well as form their opinions about organizations. In an attempt to understand the drivers of transparency of financial institutions, scholars reported important determinants such as regulatory oversight (Costello et al, 2019), financial literacy (Jin et al, 2021), and top management and gender diversity (Anahi et al, 2021).

2.5.2 Determinants of financial reporting quality

Prior studies on the quality of financial reporting have mostly focused on the effects of nonfinancial business governance elements (Garcia-Meca & Garcia-S?nchez, 2018). Due to management's opportunistic actions, if the supervision of major financial institutions weakened, the quality of financial reporting would decline. Non-financial firms have fewer informative inconsistencies and a more distinct capital structure than financial companies.

Empirical studies (Almutairi & Quttainah, 2019; Garcia-Meca & Garcia-S?nchez, 2018) have reported that the quality of financial reporting by banks is significantly influenced by managerial skills and governance standards, and competent bank managers are less likely to participate in opportunistic profit management. Also, Altomuro and Beatty (2010) found that, in the case of affected rather than unaffected banks, internal control requirements increased the issues of loon loss provision, cash-flow predictability, and earnings persistence while lowering benchmark-beating and accounting conservatism. However, some studies failed to link the level of financial disclosure to firms' specific characteristics, including profitability and size (Shill & Chowdhury, 2012).

On the macroeconomic level, Konagaretnom et al. (2014) maintained that all five of the analyzed indicators of earnings quality were greater in economies with more effective political, extralegal, andjudicialinstitutions. Also, loan loss provisions were slightly disclosed in countries with stronger institutions. Amidu and Issahaku (2019) explained cross-country reporting variations, maintaining that banks with relatively good profit quality in emerging nations might be linked to the use of IFRS and the nature of its interaction with globalization, as well as the banking industry's aim of diversifying its revenue streams to include both interest- and non-interest bearing ones.

2.5.3 Consequences of financial reporting quality

A portion of the sample literature demonstrates the positive effects of financial disclosure for business firms, especially after a financial crisis, which sparks discussion on how to improve the transparency of financial institutions. Researchers agree that financial statements reflect a corporation's real performance at a specific point in time (Aladwan & Shatnowi, 2019). Hence, it is expected that the content of financial statements will accurately speak to the economic state of a corporation. Palea and Scagnelli (2017) showed that IFRS enhanced the predictability of

projected cash flows based on net income. Others supported risk-taking reduction (Balakrishnan & Ertan, 2018) and cost reduction influences on reporting quality (Chen & Zhu, 2013; Nahar et al., 2016; Yamani et al., 2021).

However, there is a dearth evidence that financial disclosures could increase firms performance and evaluation. Abdallah et al. (2018) found that the majority (but not all) of the factors that contributed to the adoption of IFRS were well received by investors in the insurance industry. Interestingly, some scholars found that the full implementation of IFRS hod a detrimental impact on net foreign direct investment due to the comporability effect (Nnadi & Soobaroyen, 2015). Du et al. (2016) found that if banks had higher financial statement transparency, their stocks' equities had less stock return synchronization and lower negative returns. Previously, Lefanowicz and Mclelland (2002) found no linear association between equity returns and financial reporting. Similarty, Uzoma et al. (2016) discovered that banks' increased profits were not due to their disclosure of a set of financial statements that adhered to IFRS, suggesting that such performance might have been prompted by other variables such as recapitalization and cross-border listing. Some studies (Le ., ElKelish, 2021; Lefonowicz & Mclelland, 2002) highlighted the potential for a nonlinear relationship between information disclosure quality and economic consequences.

Moreso, are these consequences caused by the institutional and protection environment? Armstrong et al. (2010) observed a progressively unfavorable response for businesses based in codelow notions, consistent with shareholders' concerns over the implementation of IFRS in such jurisdictions. In a similar vein, regimes with lower depositor insurance and external supervision, as well as regimes with stronger capital markets, might have superior reporting quality results.

3.0 Methodology

This study made ample use of the secondary method of data collection, were books, journals, and online sources were consulted.

3.1 The Influence of Culture on Financial Reporting

Drawing from the various works and practice, Gray (1988) highlighted four accounting value dimensions that can be used to define a country's accounting (sub) culture. They are: statutory control versus professionalism; conformity versus uniformity; optimism versus conservatism, and; transparency versus secrecy. The first two dimensions are associated with authority and enforcement of accounting practice at the level of a country, whilst the second two is associated with the measurement and disclosure of accounting information at a country level. Gray (1988) improved on Hofstede's model by overlaying accounting principles and systems as well as their links to societal values and institutional norms. Gray asserts that accountants' value systems are related to and derived from the unique societal values in each country.

Essentially, accounting values, in turn, affect accounting systems; therefore cultural factors directly influence the development of accounting and financial reporting systems at a country level (Doupnik & Tsakumis, 2004).

A corporate group is a combination of two or more legal independent member companies with different business segments under one corporation with the power of control, governance, and leadership (Eukeria & Favourate, 2014; Gajewski, 2013). Under a corporate group business structure, member companies may involve with similar or diversified products and services from a different business sectors and geographical locations (George & Kabir, 2012). Organizational culture is an important element to unify various units and divisions in the corporate group structure (Kenny, 2012).

The organizational culture must align with the corporate business strategy. Eaton and Kilby (2015) indicated that 68% of corporate business managers in the world believe that their organizational culture does not align with their business strategy. Several empirical evidences in the area of corporate groups showed that without the support of effective organizational culture, managers fail to implement and maintain their strategy (Eaton & Kilby, 2015; Weber & Tarba, 2012).

4.0 Conclusion

In a corporate group, organizational culture can be considered as an essential ingredient of organizational performance and a source of sustainable competitive advantage. This paper presented a synthesis of various renowned literature concerning the role of organizational culture on business performance in a perspective of the corporate group. It was found that organizational culture has a strong impact on the organizational performance. Empirical evidences further showed that lack of cultural integration between member companies was a primary cause of failure in corporate groups. Therefore, it is ascertained that cultural enhancing would result performance enhancement.

Business managers are recommended to establish an effective organizational culture in order to enhance corporate performance. 68% of corporate business managers in the world believe that their organizational culture does not align with their business strategy.

Whilst 72% of corporate leaders acknowledged the importance of organizational culture to organizational performance, only 25% identified an effective organizational culture for their organizations. Therefore, how an effective organizational culture is established to enhance the corporate performance can be recognized as a needed research scope.

Moreover, this paper highlighted the prevailing theoretical and empirical gaps in the area of organizational culture towards corporate performance, and hence the findings may be useful for future similar studies. More research can be done in this area to determine the nature and ability of organizational culture in manipulating corporate performance.

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