

## **A Systematic Review on The Circular Economy Initiatives Through the Sustainability Reporting: A Socio-Cultural Approach**

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**Abstract:** In the last decades, sustainability has been involved in several businesses' policy statements. This study aims to review and summarize the related literature highlighting the relationship between cultural diversity (CD) and sustainability reporting (SR). This article conducts a systematic review of 612 papers in the association between CD and SR. The findings of the review were analyzed using 27 papers as a primary article. Reviewing the past studies shows that the accounting literature is opulent in studies discussed from many viewpoints in SR characteristics. However, studies have not yet provided a clear explanation of the international differences of SR level.

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**Keywords:** Sustainability Reporting; Corporate Social Responsibility; Cultural Diversity; National Cultural

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### **1. Introduction**

Rapid urban and industrial development have caused sustainability challenges globally, such as natural resource exhaustion, global warming, and economic problems like poverty and destitution[1]. Globalism, combined with growing uncertainties in the economy, forces companies to work in a competitive and diverse setting. Global warming has generated different business problems, too. All too often, their activities end up leaving a footprint with an economic, environmental, and social (EES) effect on human beings. Besides, international pressure for corporate governance and sustainability has risen following the USA subprime crisis of 2008, which triggered the global financial meltdown. For example, in the United Kingdom, the circular economy (CE) is seen as a necessary attempt to advance the country's development and produce and maintain a different competitive edge. European specialists rightly agree in this transformation process that the company has a critical role in CE, particularly by involvement in a sustainable working environment and by building networks to allow collaboration around the whole value chain[2, 3].

Consequently, company stakeholders are now seeking a superior comprehension of how ecological, social, and economic implications are taken into account into corporate strategy and actions while also ensuring disclosing on daily operations[4]. Stakeholders are interested in knowing how a company is operated, the possible risks to prospective businesses, and the effects on societies. Shareholders also want to recognize the company's environmental consequences practices, and most significantly, the financial situation. Therefore, for businesses to be sustainable and attractive in this competitive market world, they need to meet the demand of shareholders by reporting economic and non-economic information first by illustrating sustainable strategies[5, 6]. Since natural resources are increasingly declining and socioeconomic disparities and corporate social responsibility (CSR) are concerned, sustainability accounting and reporting have become more and more essential for economic studies in recent decades[7]. The idea of Circular Economy CE has evolved after years of debate in academia, industrial, and decision-making circles, so moving to incorporate it with concrete steps and initiatives is a concern in many countries and companies, all of which are persuaded that adopting CE is the right site for economic growth in extremely competitive conditions. Rapid urban and industrial development have caused sustainability challenges globally, such as natural resource exhaustion, global warming, and economic problems like poverty and destitution[1]. Globalism, combined with growing uncertainties in the economy, forces companies to work in a competitive and diverse setting. Global warming has generated different business problems, too. All too often, their activities end up leaving a footprint with an economic, environmental, and social (EES) effect on human beings. Besides, international pressure for corporate governance and sustainability has risen following the USA subprime crisis of 2008, which triggered the global financial meltdown.

Besides, grave concerns about environmental pollution, degradation of resources, climate change, global warming, and basic freedoms infringement have triggered a more socially cognizant work environment and pressured organizations to pay attention to these issues[8]. Therefore, among the most typical singularities of our age has become the interlinkage between corporations, the community, and the environment. Thus it has become essential that companies include CE strategies and EES disclosures in the disclosure process known as sustainability reports (SR)[9]. Moreover, stakeholders' transparency requirements outside the concerns of shareholders have led

businesses to understand the importance of sustainability issues, contributing to the issuance of unambiguous SRs, which has become an essential tool for presenting the facts on corporate ecological and social activities[10]. This new business path of CE considers communities' overall prosperity instead of merely economic growth[11]. Sustainability is described as meeting today's requirements without causing a cynical challenge to future generations' needs [12]. SR by the "Global Reporting Initiative" (GRI) is "the practice of measuring, disclosing, and being accountable to internal and external stakeholders for organizational performance toward the goal of sustainable development." Companies can raise translucency, improve trademark, standard against other companies, and prove competitiveness by involving SR practices[13]. SR involves economic, environmental, and social (EES) issues, not just for the present generation as well for the coming generations[14]. This reporting framework of EES aspects provides a thorough analysis of its performance [15]. Also, SR is an essential portion of maintaining sustainability efficiency[16]. SR aims to provide feedback to stakeholders on how they disclose sustainable growth[17]. Lozano et al.[18] argue that SR is a voluntary practice that aims to evaluate an organization's sustainability progress and communicate initiatives and efforts to stakeholders in the EES aspects.

Moreover, According to Crane & Glozer[19], SR contributes to influence and manage stakeholders' and consumers' behaviour, build relationships, enhance the company's reputation, frame the company's activities with legitimacy and accountability, and build it is identity. Accounting literature indicates an increase in companies that practising SR significantly since the publication of the first environmental reports independent of the financial report in 1989[20]. Likewise, SR's guaranty practice has expanded rapidly to meet stakeholders' requirements for disclosure and honesty of the published information in their SR by organizations[21]. SR reports over the last few years and discloser rates are rises in developed nations such as the "United States, Britain, France, Germany, and Japan." Just a few countries, such as "Japan, South Korea, China, India, Indonesia, Malaysia, and Singapore," disclose SR in Asia's region[22].

However, in recent years literature and empirical research on CE have risen enormously. The literature report that SR performance is still restricted and mainly fragmented, with very little enhancement in sustainable performance[23]. Also, the effectiveness of insurance practices in enhancing transparency and accountability remains in doubt. Prior researchers recognized and linked the lack of integrity of the assured SR and the gap of expectations—the performance gap between stakeholders in guaranteed SR and the variances in insurance procedures offered by various assurance providers[21]. Moreover, some arguments refer to the relatively low level of sustainability disclosure compared to other disclosure forms. Besides, SR is not widely guaranteed by an impartial verifier; developing countries provide further data on sustainability practices than developed-country firms[24-28]. Furthermore, studies show a large difference between nations in disclosing comprehensive sustainability, sustainability elements, and quality of SR[1, 22, 29-31]. Therefore, a lot of effort has been made to explain the reduced level of SR and the differences in the level of disclosure between countries. Many researchers argue that the different reporting levels among countries and organizations are due to the organization's management's different decisions to disclose this information. Also, organization leaders are affected by the culture of their community and the accounting systems (AS). S. Gray[32], is one of the pioneers who investigate the association between CD and differences in accounting and reporting practices. According to S. Gray[32], accountants anticipated being apply reporting regulations harmonious with their culture, and reporting decisions by accountants and management can vary between nations due to differences in CD among accountants. It refers in general to those financial reporting decisions requiring judgment to be applied[33]. This idea is endorsed by Hofstede[34]. In general, S. Gray[32] indicates that the higher the decision needed by an event, the more it is driven by values and therefore affected by CD. Consequently, he argues that accounting regulations must differ across cultural lines and how they are implemented. It is difficult for companies to evaluate and determine an acceptable standard to maintain a stable situation to the SR; this is due to SR practices' voluntary nature[35]. Also, Gray argues that the substantial matter to be mindful of is that company participation with the sustainability ideology is deeply rooted in a culture of disclosure practices and, in particular, in reporting effects besides an organization's traditional economic operations[36]. SR's voluntary nature makes it necessary to overcome culture as an issue and control SR by transferring it to mandatory SR. R. Gray[36] paved the way for many researchers to link CD to accounting practices. As far as the SR is concerned, many researchers examined the direct association between CD and SR[37-40] and others.

Therefore, to understand to what extent culture can affect sustainability reporting practice and the trend of the circular economy, this study conducted a systematic literature review to summarize studies whose highlight the relationship between CD and Sustainability reporting. In general, prior studies show different results for the relationship between CD and SR. Although most previous studies show that the relationship between them is strong and statistically significant, some studies indicate that the relationship is positive. In contrast, some studies show no statistically significant relationship, and others show that the relationship is negative.

## 2. Conceptual Framework

### 2.1 Sustainability Reporting

Production changes made by the industrialization development accounted for much of the early financial accounting and disclosure growth. Related significant factors include the advent of corporate structure and the concept of agency theory, the growth of competitive share markets, the establishment of professional accounting organizations, and accounting and auditing practices legislation[41]. Corporate reporting continually develops as a response to changes in the context in which it operates[42]. Financial reporting is one of the outcomes of this development. The purpose of financial reporting is to provide information that is effective in creating a positive and attractive ambience for investment, cash and attract resources of the presenting and future creditors and investors[43, 44]. Therefore, the financial reports are mainly intended for investors and funders. However, in accounting practices, the concept of agency theory leads to an extension of reporting objectives. Jensen & Meckling[45], and Watts & Zimmerman[46] argue that the information should control relationships between the agencies and give input into user decision models. The demands of governments, the public, and social and environmental pressure groups for more information beyond financial information and the emergence of initiatives aim to improve disclosure content and ensure their quality led to corporate reporting expansion.

SR concept emerged as a result of increasing the attention to sustainability issues in different dimensions. Daub [47] mentions an ever-increasing number of businesses that have acknowledged the sign of the times and are starting to pay more consideration in their reporting to environmental and social issues. The term 'SR' has been created as a designation for this new integrated form of reporting on financial, environmental, and social results, a language borrowing from the word 'sustainability.' Proceeding from this idea, Hernádi[48] mentions that the present organizations should stay up with the difficulties coming from this pattern also. In this manner, they should likewise execute monetary, social, and ecological goals. The bringing down of contamination, the reasonable circulation of resources, and improved social aims represent a test to the board, as the organization's worth must be rose for the partners in such a way that social and natural obligation ought not to be overlooked. Over the past four decades, sustainability was implicated in the policy statements of many companies. In recent years, environmental and social issues increasingly, sustainability ASs are performed by companies as a means to manage, control, and report their EES performance[49]. Increasing attentiveness and concern over companies' EES impact and the effect of social and ecological troubles on businesses led the commercial enterprise to account for and announce their sustainability contribution actively. Recently, assurance has been on integrating ethical, EES, and governance issues within the disclosure process[8].

Since the 1990s, the accounting community has been arguing the connection between accounting and sustainability and how accounting technologies can meet sustainable development cases[50]. Since "Triple bottom line accounting and reporting" (TBL) appears in the accounting environment, accountants began to consider the potential outcomes of new firms' disclosure models that incorporate non-monetary information[51]. The company case for such a change is linked to the cost-benefits of (1) having an incorporated disclosure and communications methodology ; (2) the necessity to report performance information that demonstrates the bad news and the good news ; (3) expansion to cover social and ecological and financial data; and (4) enhanced board and executive confidence in the new reporting system and station[52]. Changes in general accounting have taken the form of natural accounting as the basis for external reporting. TBL accounting presents distinct financial, social, and environmental focuses for organizations, and sustainability accounting with the primary focus on including social, environmental, and financial facts of organizational operations[53, 54]. This trend has led to the emergence of Sustainability Accounting, which is currently the expanded accounting and reporting zenith. The focus is on accounting for ecosystems and community accounting, considering eco-justice and focusing on efficiency and efficacy problems[55] and the emergence of the SR, which is more seen from an environmental perspective. However, now more and more, the social side of sustainability is gaining importance. This shows the importance of now concept of sustainability accounting and reporting[49, 56].

Companies have traditionally used annual reports as a means of informing stakeholders about accounting and economic performance, accountability, and transparency[57, 58]. However, nowadays, institutions are interested in reporting their financial and non-financial performance, either through one or more reports that add to their traditional financial reports related to the EES sustainability or reporting those issues in a unified report that takes into account non-financial information in different cases. An essential consideration was that companies equalize internal and external pressures from a wide range of stakeholders, some more influential than others. Corporate information can be beneficial in their decision-making and behaviour, vis-à-vis the company[59]. Pressure from social and environmental groups has led to a growing interest in RS. However, these issues focus on attention and reporting financial sustainability and information about corporate governance to satisfy the needs of a larger variety of stakeholders. Milne & Gray[60] point out that Rigorous disclosure of corporate sustainability has become a

critical corporate expectation. Increasing investor pressure to improve corporate disclosure of EES and governance hazards concerning the latest measures on compulsory disclosure by both the US and Canadian governments shows the increasing need to identify best reporting procedures.

## 2.2 Cultural Diversity

There are three meanings of the word 'culture': tilling the land: agriculture. The word is used metaphorically to train or refine the mind: civilization. However, a broader metaphorical significance, extracted from anthropology, has become common in recent decades: collective ways of working, thinking, and sensation. In this context, culture is the collective mind programming distinguishing members of one group or category of individuals from others[61]. In cultural heritage, the classification is the nation. The classification in the case of organizational cultures is the organization instead of other organizations, other factors being equivalent, such as citizenship. It is possible to different regional cultures, occupational cultures, gender cultural, and so forth, in addition to national and organizational cultures. However, for all these classifications, using the term 'culture' does not imply identical phenomena. Their 'cultures' are generally of a distinct type for different types of social systems. This applies to organizational societies versus domestic societies, if only because an organization's membership appears to be partial and more or less voluntary.

In contrast, a nation's membership is continuous and generally formed at birth[62]. From Schwartz's[63] point of view, culture affects the distribution of individual convictions, behaviour, objectives, and thinking styles through the media and expectations to which individuals are subjected. For instance, a cultural value that emphasizes modesty and obedience finds expression in many primes and expectations that cause extensive conformity and self-effacing conduct (in Thailand, for instance). The organization of social institutions, their policies, and daily procedures represent primes and expectations that emphasize the fundamental cultural significance. Competitive economic systems, legal systems of confrontation, and child-rearing-oriented accomplishment Demonstrate a cultural value emphasis on achievement and ambition (for example, in the United States)[64].

Hofstede served as Human Resources Manager at IBM from 1967-1973 to interview about 100,000 managers, workers and superiors at IBM to recognize behaviour trends through organizations in 40 countries. The Hofstede CD theory indicates that the decisions and decision-making of all beliefs and views held by members of society influence the people's behaviour. Professor Geert Hofstede created this hypothesis in 1980 with one of the largest research about how culture influences the workplace's beliefs[65]. These studies initially resulted in Hofstede's four cultural values as Power Distance PDI, IDV, MAS, and UAI[65, 66]. In 1991, Hofstede[65] introduced and adopted the fifth dimension, LTO. In 2010, the last cultural dimension in Hofstede's theory was introduced and adopted, IND. According to studies that have been conducted[67], an extensive set of 56 cultural-recognized individual values was first identified, containing all value dimensions that describe CD across countries. Therefore, he analyzed which of these values had corresponding national importance, decreasing the number of beneficial values to 45. Subsequently, He questionnaire educators and undergraduates across 67 nations and used smallest-specific studies to identify some important and interpretable aspects of different countries culture for each of the 45 value of importance for each country. These studies led to seven cultural dimensions, which he labelled finally in 1999 as 'conservatism,' 'intellectual independence,' 'affective independence," hierarchy,' 'equalitarian engagement,' 'mastery,' and 'harmony'[63].

Despite a generation gap between them, both the Hofstede and Schwartz theories maintain their utility. Each model's dimensions carry some conceptual resemblance and empirical convergence, yet they do not overlap completely. Individualism may display meaningful relationships in specific research, whereas autonomy may not, whereas egalitarianism may be high in another research, whereas PDI may not be high. Thus, each dimension probably captures a somewhat distinct institutional social characteristic[68]. However, Hofstede has developed his theory based on institutional and organizational questionnaires by questioning many employees and executives in distinct nations. While Schwartz's[63] work was based on information at the individual level of culture, Hofstede's theory seems to be more appropriate for the organizational and institutional environment.

Furthermore, the majority of accounting studies have used Hofstede's theory as an independent variable. In the Social Science Citation Index (SSCI), Geert Hofstede is among the most referenced author. His research on culture is the most considerable cross-cultural influential work to date. Hofstede developed a dominant paradigm with which a generation of international management scholars and professionals were educated[69]. Hofstede developed six cultural dimensions:

- 1- Power Distance PDI: The assumption of this aspect explores how much a nation prefers equal or unequal authority distribution in relationships, institutions, and organizations. Therefore, it concerns how societies perceive inequality in individuals' allocation of authority. Cultures of small PDI are cultures less tolerated by inequality. The privileges associated with the positions are not readily accepted[70]. Hofstede defined the distance of power as the degree to which individuals in society could accept the unequal distribution of power.

It affects hierarchical and reliable relationships in the family and organizational context. In essence, PDI cultures are focused on a small and large continuum of PDI[71].

- 2- Individualism versus collectivism IDV: Human behaviour is both the individual and the community's physical and social function. However, individuals vary in the degree of inclusion with others and the social environment. Some, regardless of others, do their work. Some people share other people's problems and joys. Some identify the ego separately from organizations on one side of the scale and only occur as people. They think they can sit or collapse alone and endure alone. On the other hand, some see the identity as a collective component and interdependence of value, even to the extent that the individual is in the group. These people see the community as the necessary survival unit (whatever it may be). This difference is at the root of some fundamental differences in personal behaviour. The first group can be described as individualists conveniently; the latter group, collectivists[72].
- 3- Masculinity versus Femininity MAS: when the emotional gender roles are different, society is masculine: males should be firm, tough, and material, while females should be humbler, more modest, more tender, and more conscious of their quality of life. Society is called female when it comes to emotional gender roles in the same trend: men and women are expected to be humble, gentle, and worried about their lives[61]. MAS is the extent that a community emphasizes traditional male cultures such as competitiveness, achievement, and ambition. The difference between MAS and femininity societies is as opposed to femininity societies such as nurturing, helping others, and valuing life quality[73].
- 4- Uncertainty Avoidance UAI: It investigates the appreciation of society for ambiguity. It reveals to what level culture is programming its members in unstructured circumstances to feel uncomfortable or comfortable. Situations that are unstructured are new, unfamiliar, shocking, and rare. Via stringent codes of ethics, laws, and regulations, rejection of deviant beliefs, and confidence in absolute reality, ambiguity avoiding societies seek to mitigate the likelihood of such situations; "there can be only one truth, and we have it"[71]. The opposite type is more forgiving of alternative viewpoints than what they are accustomed to, allowing instability; they are seeking to get fewer rules. They are logical, relativistic, at the metaphysical and theological level, encouraging different currents to move side by side. Individuals are more phlegmatic and contemplative within these cultures and are not supposed to communicate emotions in their environment[71].
- 5- Long Term versus Short Term Orientation LTO: "Confucian dynamism" or LTO points to forward-looking ideals such as saving and perseverance. Short-term orientation, on the other hand, refers to historical and current ideals, such as reverence for tradition and the fulfilling of societal responsibilities[74].
- 6- Indulgence IND: IND refers to a community where obligatory and normal human desires regarding loving life and entertainment are relatively free to be lived. Restraint is an environment that holds and manages the satisfaction of needs through stern social criteria. This value understood as the extent to which individuals attempt to grip their willingness and stimulus based on how they have been brought up. Weak monitoring is called IND, and restraint is called strong monitoring[71].

Subsequent, the GLOBE project by "House Global Leadership and Organizational Behaviour Effectiveness Research" took the initial results of Hofstede's[65] research and devoted a whole academic effort to explore differences in culture[65]. Originated in 1991 by "Robert J. House" of the "Wharton School of the University of Pennsylvania" and drove by "Professor House", the "GLOBE Project" straight associated with 170 investigators based in 62 cultures around the world as well as a group of 14 groups of coordinators and research helpmates. This global group gathered information from 17,300 top executives in 951 organisations, using qualitative methods to help in their scientific instrument development. In 2004, The study identified nine cultural competencies which are: "Performance orientation, Assertiveness orientation, Future orientation, Humane orientation," "Collectivism I: Institutional collectivism," "Collectivism II: In-group collectivism, Gender egalitarianism, PDI, UAI" and divided the 62 nations into ten comfortable societal groups[75]. GLOBE Project is the recent research in which CD is identified. However, this project has information for only 62 nations, while the Hofstede project has information for more than 100 nations around the world, providing wider CD and options.

### 3. Planning and Methodology of the Review Process

Per this paper's aim, we follow a systematic literature review approach to analyze existing academic papers on the relationship between (CD) and (SR). This approach has been commonly applied in business and management[76-78]. Following these studies, we determined the article plan, as illustrated in Figure 1. In the first place, we restrict our analysis to the papers written between 1960 and 2020. This duration was considered suitable because of the irregular and spotty indication of the related papers previous to 1960. Then, we seek for English-academic publications in the following databases: "Google Scholar", "Scopus", and "Web of Science", the most considerably utilized in business and accounting research as academic sources[78].

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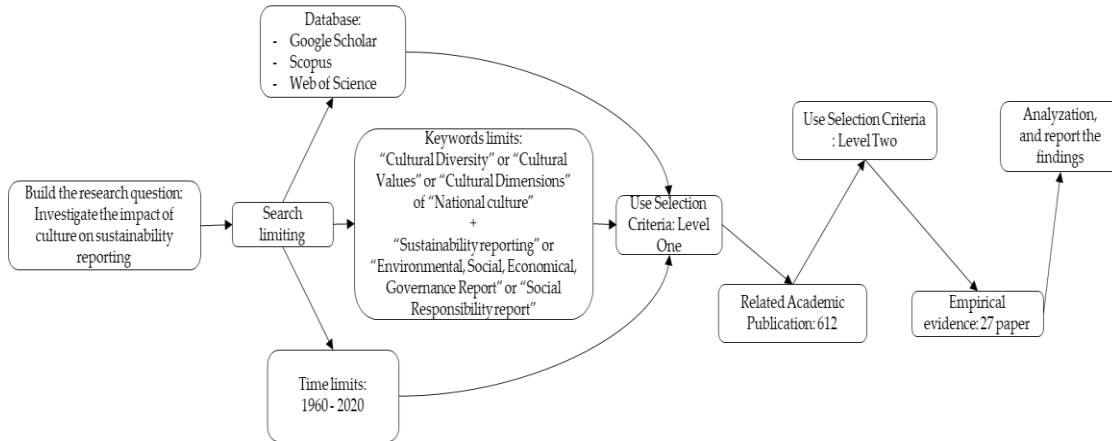


Fig 1. The methodology of the Review Process

Secondly, to narrow down the search process, we use the following keywords to pick the most relevant academic publications: "Cultural Diversity" or "Cultural Values" or "Cultural Dimensions" of "National culture," plus "Sustainability reporting" or "Environmental, Social, Economical, Governance Report" or "Social Responsibility Report." Using these keywords in the search process helps find only the papers that highlight the influence of CD on SR.

In line with the research objectives and guided by Macpherson & Holt[77], the selection criteria were divided into two levels:

Table 1. Papers' selection criteria

First level: Selecting related papers	The title contains SR and/or CD The paper must be related to the field of business and accounting
Second level: Identify papers with theoretical and experimental evidence	The abstract must highlight the relationship between CD and SR reporting Deep searching inside the research paper on the relationship between CD and SR

In line with the first level of the selection criteria, the search process produces 612 papers related to our phenomena of interest. These references were filtered using the second stage of selection criteria. During this stage, we conducted a deep analysis of these papers, where the articles are reviewed for the second time versus the selection criteria in a repeated process using searching and inspect title and abstract. This process yielded 73 papers related to theoretical evidence and 27 papers related to empirical evidence. Further review of the entire text of these publications was conducted and considered as primary data.

## 4. Report the empirical findings

AS vary from country to country. Indeed, almost every country in the world has specific features that distinguish accounting reports produced in that nation from reports in others[79]. National accounting models analyze similarities and differences concentrated mainly on economic and political factors. Although extensive, classification research has failed to answer some important questions, as economic or political phenomena cannot explain all accounting distinctions. Recently, a culture-friendly study has usually emerged as having a strong impact on accounting development[80]. A rational assessment of the justification for variations in international accounting theories and financial reporting should be an important main phase in a global harmonization program of accounting principles and practices. Few groups think that as part of a random process, national accounting variations have occurred. Rather all the proof would suggest that each of the different national AS has developed within the nations involved in the reaction to societal needs and requests. If this is accepted as an explanation and justification for distinction, identifying those factors that may have contributed to each national AS and reporting would be helpful[81]. Researches illustrate that the AS in the different nation of the world follows different patterns. Claims argue that environmental variables determine national AS. Cultural factors were not fully regarded in this context. S. Gray[32] hypothesizes four perspectives regarding the association between CD and AS development, accounting career rules, financial management, and disclosure attitudes. The hypotheses have not been operationalized, and

there have been no empirical tests as a first step in developing a theory of cultural impact on the growth of AS. In 1995, In an international context, Gray[32] provides the outcomes of experiential testing of the association between CD and disclosures. The findings supported the hypothesis suggested by Gray[32] that secrecy and its effect on disclosure behaviour is a function of the cultural (societal) values identified by Hofstede (1980), using an extensive database of disclosure methods covering 27 nations and implementing linear regression analysis. However, this relationship was discovered to be more important in terms of the values of IND and UAI associated with the values of PDI and MAS[82]. With several organizations striving to harmonize international accounting regulations across different industries of the world. Zarzeski[83] research wonders if accounting is so culturally motivated that harmonization is impossible to achieve. The research also questioned what could alter the culture concerning the conduct of data disclosure, if anything. To determine whether the market and CD influence the level of disclosure geared towards investors, two hundred and fifty-six annual corporate reports from France, Germany, Hong Kong, Japan, Norway, the United Kingdom, and the United States were examined. The main results of Zarzeski's[83] research indicate that culture's secretiveness is underpinned by its company enterprises' disclosure procedures. Findings also indicate that local firms, but not global firms, reveal economic data commensurate with their local culture's secretiveness. On the other side, companies working in worldwide culture appear to disclose greater information concentrations than their values dictate, probably to acquire funds at a sensible worth.

Hofstede's culture has been commonly used for understanding business practices[84]. Criticism was nevertheless expressed in Hofstede's cultural studies; for instance, the data that Hofstede obtained from IBM workers were criticized by McSweeney[85], which argues that noting can reflect national CD. However, Williamson[86] sided with Hofstede and dismissed the critique of McSweeney[85]. Williamson[86] asserted that national culture could be reflected in organizational culture, coupled with CD. Besides local CD, Williamson argued that organizational cultures could represent a national culture and stated that Hofstede's model could explain "proportional, not ultimate measures of CD". In accounting studies, the cultural framework most commonly used is Hofstede 'in 1983. It deconstructs the cultural dimension of domestic culture and offers country-by-country quantitative measures. These quantitative methods can, therefore, be used in statistical analyses as independent variables[38].

Table 2. Summary of the impact of Hofstede's CD on SR

Author and Year of Publication	Sustainability related conceptualization \ Data source \ sample	Findings
Husted, 2005[87]	Environmental sustainability\Environmental Sustainability Index (ESI). pollution perspective\ Economic Development\Population Growth	IDV+,MAS-,PDI-,UAI+, nonsignificant.
Park et al.[88]	Environmental sustainability\Environmental Kuznets Curve\ 43 countries	IDV+,MAS-,PDI +/-,UAI + nonsignificant.
Haxhi & van Ees, 2009[89]	Governance\ECGI (2008), ICAEW (2008) and OECD (2002) \ 67 countries\2007	IDV+ and nonsignificant, MAS- and nonsignificant,PDI+, UAI- and nonsignificant .
Vachon, 2010[90]	Environmental report by firms\ The Global Competitiveness Report 2004–2005 dataset\ 55 countries	IDV+ and – nonsignificantMAS- nonsignificant, PDI- and – nonsignificant, UAI –
Ho et al., 2011[91]	Company EES performance\ KLD Database, the FR index, and CSID databases\ 49 countries	IDV-,MAS +,PDI +UAI +
Ioannou & Serafeim, 2012[92]	Company EES performance\different databases\ 42 countries\2002–2008	IDV+nonsignificant ,PDI+
Peng et al., 2014[93]	Firm's CSR commitment (sustainability)\DJSI and CompStat Global Vantage databases.\ 1189 firms	IDV+,MAS -,PDI-,UAI +
Thanetsunthorn, 2015[94]	Company's CSR (EES-related\KLD Database, the FR index, and CSID Database \ 3055 corporations from 28 countries	IDV-, MAS- and +/- nonsignificant. PDI-,UAI+ and + nonsignificant.
(Hartmann & Uhlenbruck, 2015[95]	EES performance\Number of global ecological treaties approved by a specified country\ 2724 companies in 42 different nation.	IDV+MAS + non-sig, PDI+ significant.UAI+ significant.

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Cai, Pan, & Statman, 2016[96]	Corporate social performance (EES and governance) \Intangible Value Assessment (IVA) database\ 36 countries\more than 2600 report\2006 through 2011	Hofstede: PDI- Schwartz: Harmony+, Egalitarianism+ and +significant. Intellectual autonomy+, Affective autonomy+
Gallego-Álvarez & Ortas, 2017[37]	Corporate SR\((GRI) G3\ 20 countries\comprises 3917 companies	IDV+/- significant, ND- significant, MAS-,PDI-,PRA+,UAI +

Although Hofstede framework provided the most distinctive and frequently used method in research papers around the world, the GLOBE framework is one of the alternative options that provide indicators for CD around the world. The GLOBE Framework provided nine CD: performance orientation (PO), assertiveness orientation (AO), future orientation (FO), human orientation (HO), collectivism I, collectivism II, gender egalitarianism (GE), PDI, and UAI. The GLOBE framework has gained significant importance in academic research despite the overlap with Hofstede's CD framework. Even if some of those cultural aspects connect with the Hofstede CD, recently, the GLOBE project featured prominently[39]. The Globe Project is the latest study that identifies CD. However, this project has data for only 62 countries, while the Hofstede project provides data for more than 100 countries worldwide, offering broader CD and choices.

Table 3. Summary of research gap for the effect of GLOBE's CD on sustainably reporting

Author and Year of Publication	Sustainability related conceptualization \ Data source\ sample	Findings
Waldman et al., 2006[97]	CSR toward shareholder, stakeholders, community \surveys\ 15 countries\561 firms	ING +/- nonsignificant, ISC+, PDI-
Ringov et al., 2007[98]	Corporate social and environmental Performance\Innovest Group dataset\ 463 companies from 23 countries.	Hofstede: IDV+/- nonsignificant, MAS-, PDI-, UAI+ nonsignificant. GLOBE: GEN+, ING- nonsignificant, PDI-, UAI+ nonsignificant.
Parboteeah et al., 2011[99]	support sustainability initiatives\ "World Values Study Group", "World Values Surveys", and "European Values Surveys", from 1999 to 2001\ 33 countries\face-to-face interviews\aged 18 and over	ASV-,FUT+,HOR+,ISC+, POR-,UAI- nonsignificant.
Roy & Goll, 2014[100]	environmental performance, human development, and the avoidance of corruption\Environmental Performance Index (EPI)\ 57 countries	PO +/- and +nonsignificant, HO- and +/-nonsignificant, GE+ and +/-nonsignificant.
(Miska et al., 2018[40]	EES sustainability\Thomson Reute SR's ASSET4 database\ 1924 firms in 36 nations\2014	GE+, UAI-, PDI-, PO+, CD SR beyond nation limits

Note: -, is a negative relationship, + is a positive relationship

Although previous researches show that the association between CD and SR is statistically significant, Some studies found that the correlation between Power Distance (PDI) and SR is positive[40, 88, 89, 91, 92, 95]. In contrast, others show that the relationship is negative[37, 87, 90, 93, 96-98]. In term of Masculinity (MAS), Some studies found that the relationship between MAS and SR is positive [91, 94, 95]. In contrast, others show that the relationship is negative[37, 87-90, 93, 98].

Table 4. Gaps in prior studies of the direct relationship between Hofstede's CD and SR.

SR	Hofstede's CD					
	PDI	IDV	MAS	UAI	LTO	IND
Environmental	-/+	-/+	-/+	-/+	-/+	-/+
Social	-/+	-/+	-/+	-/+	-/+	-/+
Economical	?	?	?	?	?	?
Governance	?	?	?	?	?	?

Note: -, is a negative relationship, + is a positive relationship, ? is not examined

Besides, researches also show inconsistent results regarding Individualism IDV. Some studies indicate that the relationship between IDV and SR is positive[37, 87-89, 92, 93, 95, 98]. Other researches indicate that the relationship is negative[90, 91, 94]. Similarly, studies found that the correlation between Uncertainty Avoidance



UAI and SR is positive[37, 40, 87, 88, 91, 93, 94, 98]; however, other researches indicate that the relationship is negative[89, 90, 99]. Regarding Long Term Orientation LTO, there are seven studies indicate a positive relationship between LTO and SR [40, 99, 101-105], and five study shows the relationship between LTO and SR is negative [106-110]. Similarly, Studies on Indulgence also show contradictory findings, studies[37, 101, 104, 107, 110, 111] demonstrate a strong relation between IND and SR. Conversely, other studies show a negative association between IND and SR[102, 108]. Table 5 shows a Summarization of the relationship between SR and the CD based on authors.

Table 5. Summarization of the relationship between CD and the SR based on authors

PDI		IDV	
Positive	Negative	Positive	Negative
(B. H. Park et al., 2007; Haxhi & van Ees, 2010; Ho et al., 2011; Ioannou & Serafeim, 2012; Hartmann & Uhlenbruck, 2015; Miska et al., 2018)	(Husted, 2005; Vachon, 2010; Ringov et al., 2007; Waldman et al., 2006; Peng et al., 2014; Thanetsun-thorn, 2015; Gallego-Álvarez & Ortas, 2017; Cai et al., 2016)	(Husted, 2005; Ringov et al., 2007; B. H. Park et al., 2007; Haxhi & van Ees, 2010; Ioannou & Serafeim, 2012; Peng et al., 2014; Hartmann & Uhlenbruck, 2015; Gallego-Álvarez & Ortas, 2017)	(Vachon, 2010; Ho et al., 2011; Thanetsunthorn 2015)
MAS		UAI	
Positive	Negative	Positive	Negative
(Ho et al., 2011; Hartmann & Uhlenbruck, 2015; Thanetsunthorn, 2015)	(Husted, 2005; Ringov et al., 2007; B. H. Park et al., 2007; Haxhi & van Ees, 2010; Vachon, 2010; Peng et al., 2014; Gallego-Álvarez & Ortas, 2017)	(Husted; 2005; B. H. Park et al., 2007; Ringov et al., 2007; Ho et al., 2011; Peng et al., 2014; Thanetsunthorn, 2015; Hartmann & Uhlenbruck, 2015; Gallego-Álvarez & Ortas, 2017; Miska et al., 2018)	(Haxhi & van Ees, 2010; Vachon, 2010; Parboteeah et al., 2011)
IND		LTO	
Positive	Negative	Positive	Negative
(Coulmont, Loomis, Berthelot, & Gangi, 2015; Fuhrmann, 2019; Gallego-Álvarez & Ortas, 2017; Gallego-Álvarez & Pucheta-Martínez, 2020; Sannino et al., 2020; Vitolla et al., 2019)	(Gallego-Álvarez & Pucheta-Martínez, 2019; Gallén & Peraita, 2018)	(Gallego-Álvarez & Pucheta-Martínez, 2020; Gallén & Peraita, 2018; Miska et al., 2018; Parboteeah et al., 2011; Rosati & Faria, 2019; Sannino,	(Avram, Calu, Dumitru, & Dănescu, 2019; Fuhrmann, 2019; Gallego-Álvarez & Pucheta-Martínez, 2019; Raimo, Zito, &

Lucchese, Zampone, & Lombardi, 2020; Wang & Bansal, 2012)	Caragnano, 2019; Vitolla, Raimo, Rubino, & Garzoni, 2019)
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#### 4. Conclusion

This article conducts a systematic review of 612 papers in the field of the association between CD and SR. The findings of the review were analyzed using 27 paper as a primary article to identify empirical evidence. Our analysis reveals that contrasting trends and paths are evolving in research on sustainability reporting. In this respect, a systematic analysis will be informative in tracking the progression of thinking that these patterns reflect. Such a study will add greatly to our comprehension of the theoretical synthesis and growth prospects. Furthermore, provided that the purpose for the use of systematic reviews is the collection of looks for potential study, our results indicate a certain irony to discover a plethora of often asymmetrical connections between CD and SR which cannot be constrained by a simple collection of categories or suggestions.

Indications show that AS vary from country to country. In addition, almost every country in the world has specific characteristics that distinguish accounting reports produced in that country from accounting reports in other nations. The list of these characteristics is virtually endless. The study of similarities and differences in international accounting practice mainly focused on economic and political factors. Classification research, while comprehensive, has not been able to answer many important questions, as not all variations in accounting can be explained by just economic or political phenomenon[80]. Based on the above argument, it can be stated that the CD of a nation influences its accounting practices. In addition, reporting ecological, societal, and financial information within the context of corporate SR is still framed by voluntary disclosure. Consequently, the different levels of reporting among countries and organizations are due to the different decisions taken by the management of the organization to disclose this information. Organization leaders are also affected by the CD of their community as well as the accounting system. Consequently, their culture is embodied in SR practices. Besides, all internal stakeholders (investors, workers, consumers, and suppliers, and so forth) and external stakeholders (government, environmental protection groups, trade unions, human rights groups, economic groups, and so forth) are also influenced by CD. Pressure from specific stakeholder groups (suppliers, customers, staff, and environment) impacts the quality and visibility of SR[112]. They are therefore expected to pursue sustainability information at different levels according to their culture.

However, outcomes from the majority of recent experimental research are reasonably not absolute, with a limitable prosaic interpretation of the positive or negative effect on SR of cultural aspects. Previous researches usually produced incoherent and conflicting findings. Therefore, the association between CD and the SR is not clearly outlined. In comparison, most current research experiments are based on whether or not the association is statically significant, while overlooked the true underlying logic of the discrepancies in the CD-SR correlation among related studies. Although the justification for the studies is based on shareholder theory and agency theory, all the reviewed papers have neglected the possibility of a mediator or moderator variable effect. The studies only used control variables such as sector, size, and region and examined the linear relationship between CD and SR. It also failed to shed light on SR in developing countries in the Middle East and Africa, as well as in Soviet Union countries.

This article suggests that prospective academics should give more heed to SR in developing countries and regions. Besides that, cultural practices and ideals are permeating each other with the growth of foreign migration. Therefore, a new cultural factor measurement scale can also be established in future research in order to quantify the cultural features of distinct societies as well as individuals and ethnicities with a cross-cultural context. Finally, the trend of Countries to impose environmental, social as well as economic taxes, led to suggest the usage of taxes as a mediating variable between CD and SR.

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