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1. Introduction

Strong corporate culture enhances financial statement comparability through two channels. First, corporate culture provides clarity about corporate goals and practices. When firms face unexpected events, such clarity reduces uncertainties. This aspect of corporate culture is particularly relevant for financial statements, as accountants and managers frequently face unexpected events and make choices that affect accounting numbers. When firms have a strong corporate culture, it enables them to make consistent decisions under similar economic events. This enhances inter-firm comparability. Second, strong corporate culture reduces incentives for dishonest reporting. In strong culture firms, corporate executives are unlikely to act in opportunistic ways that risk breaching trust or norms. In firms where agency conflicts are absent, corporate executives make homogeneous financial reporting decisions when faced with similar economic events. Such homogeneous decision-making results in greater financial statement comparability. Sudden CEO turnovers also influence comparability. Firms with sudden CEO turnovers may exhibit greater comparability if the change strengthens corporate culture. This study examines the impacts of strong corporate culture and sudden CEO turnovers on financial statement comparability.

2. Hypotheses

The research hypotheses are as follows:

H1: Strong corporate culture positively affects financial statement comparability.

H2: Strong corporate culture positively affects financial statement comparability during sudden CEO turnovers.

3. Methods

This applied research uses descriptive data collection. Strong corporate culture was measured using five values (innovation, integrity, quality, respect, teamwork), with synonyms from Dehkhoda and Moeen dictionaries, validated by experts. The weighted frequency ratio in board reports was calculated and quartiled; companies in the fourth quartile were classified as having strong culture. Sudden CEO turnovers were evaluated using factors like death, illness, personal issues, and new opportunities, with financial choice comparability measured via Dimaggio, Kothari, and Verdi (2011). Data from 110 companies listed on the Tehran Stock Exchange (2013–2022) were analyzed using systematic elimination sampling. Hypotheses were tested using multivariate panel data regression. This post-event research is inductive. Excel was used for variable preparation and calculation, with data transferred to EViews for analysis.

4. Results

Higher levels of strong corporate culture enhance financial statement comparability. Thus, H1 is supported. Even during sudden CEO turnovers, strong corporate culture positively affects comparability, supporting H2. These findings align with Afzali (2023), indicating that sudden CEO turnovers may alter culture, but strong culture remains resilient.

5. Conclusion

Organizational culture and sudden CEO turnovers can cause comparability issues. Effective organizational structure and strong culture enable comparable financial reports. These results assist standard-setters and regulators in evaluating comparability’s role, formulating standards based on user needs, and ensuring decision-usefulness. Comparability is supported by evolving accounting standards and quality characteristics, though influenced by managerial judgment. Thus, the findings guide managers and provide feedback for the accounting standards committee. Future research could explore strong culture’s role in other reporting contexts.

Keywords: Sudden CEO turnovers, strong corporate culture, financial statement quality, financial statement comparability.