

The Effects of Corporate Governance, Human Capital, Organizational Innovation, and Environmental Factors on the Success of Companies Listed on the Tehran Stock Exchange

Amin Emami¹, Yahya Kamyabi^{2*}, Javad Ramezani³

¹ Department of Accounting, No.C., Islamic Azad University, Noor, Iran

² Professor, Department of Accounting, Faculty of Economic and Administrative Sciences, University of Mazandaran, Babolsar, Iran

³ Associate Professor, Department of Accounting, No.C., Islamic Azad University, Noor, Iran

* Corresponding author email address: y.kamyabi@umz.ac.ir

Article Info

Article type:

Original Research

How to cite this article:

Emami, A., Kamyabi, Y., & Ramezani, J. (2027). The Effects of Corporate Governance, Human Capital, Organizational Innovation, and Environmental Factors on the Success of Companies Listed on the Tehran Stock Exchange. *International Journal of Innovation Management and Organizational Behavior*, 7(4), 1-14.
<https://doi.org/10.61838/kman.ijimob.6403>



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ABSTRACT

Objective: This study aimed to investigate the effects of corporate governance, human capital, organizational innovation, and environmental factors on the success of companies listed on the Tehran Stock Exchange.

Methods and Materials: This applied study employed a descriptive-correlational survey design. The statistical population consisted of financial managers, board members, certified public accountants, and capital market analysts associated with companies listed on the Tehran Stock Exchange. Using Cochran's formula, a sample of 320 participants was selected. Data were collected using standardized questionnaires measuring corporate governance, human capital, organizational innovation, environmental factors, and corporate success. Content validity and construct validity were assessed to evaluate the validity of the instruments, while Cronbach's alpha and composite reliability coefficients were used to confirm their reliability. The hypothesized relationships among the study variables were examined through structural equation modeling using SmartPLS software.

Findings: Structural equation modeling indicated that corporate governance had a positive and statistically significant effect on the success of companies listed on the Tehran Stock Exchange. Human capital also exerted a positive and significant effect on corporate success. Furthermore, organizational innovation significantly and positively predicted corporate success, indicating that greater organizational capacity for innovation was associated with higher levels of success. Environmental factors likewise demonstrated a positive and statistically significant effect on corporate success. Overall, the inferential findings supported all hypothesized direct relationships and showed that both internal organizational capabilities and external environmental conditions significantly contributed to explaining differences in corporate success.

Conclusion: Accordingly, strengthening corporate governance mechanisms, investing in the development and effective utilization of human capital, enhancing organizational innovation capacities, and improving responsiveness to environmental changes can contribute to sustainable corporate success. These findings provide practical implications for corporate managers, investors, and capital market policymakers seeking to improve organizational performance and investment decision-making.

Keywords: Corporate Success, Corporate Governance, Human Capital, Organizational Innovation, Environmental Factors, Tehran Stock Exchange

1 Introduction

Corporate success is a multidimensional concept that reflects an organization's ability to achieve its strategic, financial, operational, and competitive objectives while maintaining continuity and adaptability in changing environments. In contemporary business settings, corporate success can no longer be explained solely by traditional financial indicators or access to physical resources. Increasing market complexity, technological transformation, changing stakeholder expectations, regulatory pressures, intensified competition, and uncertainty in the external environment have shifted attention toward a broader set of organizational and environmental determinants. Consequently, organizations are increasingly required to develop governance mechanisms, human capabilities, innovative capacities, and adaptive strategies capable of supporting sustainable performance. Research on organizational success has therefore moved toward integrative perspectives that recognize the interaction between internal capabilities and environmental conditions as essential to achieving favorable outcomes (Rudiyanto & Prayitno, 2025; Zacca, 2026).

One of the central internal mechanisms influencing organizational outcomes is corporate governance. Corporate governance refers to the structures, processes, rules, and relationships through which organizations are directed, controlled, monitored, and held accountable. Effective governance establishes a framework for clarifying responsibilities, monitoring managerial decisions, protecting stakeholder interests, reducing opportunistic behavior, and improving transparency and accountability. In capital markets, the importance of governance becomes particularly pronounced because ownership and management are frequently separated, creating potential information asymmetries and agency problems. Sound governance mechanisms can reduce these problems by strengthening oversight, improving decision quality, facilitating responsible resource allocation, and increasing confidence among investors and other stakeholders. Governance is also increasingly viewed as an adaptive organizational capability rather than merely a set of formal control procedures, particularly in contexts characterized by rapid technological and institutional changes (Berkowitz & Souchaud, 2024; Zhang & Li, 2024).

The relationship between governance and corporate success is also closely connected to organizational trust and institutional capacity. Organizations that develop

transparent decision-making procedures, reliable accountability systems, and clear channels of communication are generally better positioned to establish confidence among internal and external stakeholders. Research on successful data governance and open-government initiatives, for example, emphasizes that trust and organizational capacity are fundamental conditions for the effective implementation of complex organizational initiatives (Zhang & Li, 2024). Similarly, technologically induced changes may produce new governance gaps that require organizations to develop innovative institutional arrangements and intermediary mechanisms to address regulatory and coordination challenges (Berkowitz & Souchaud, 2024). These findings have implications beyond public-sector and technological settings, suggesting that corporate governance can shape organizational success by strengthening accountability, adaptability, coordination, and the legitimacy of managerial decisions.

Alongside governance, human capital represents one of the most important intangible resources underlying sustainable corporate success. Human capital encompasses the knowledge, expertise, competencies, experience, skills, creativity, and professional capabilities embedded in an organization's workforce. Organizations with stronger human capital are generally more capable of processing information, solving complex problems, developing innovative solutions, responding to environmental changes, and implementing strategic decisions effectively. The importance of human capabilities is particularly evident in knowledge-intensive and dynamic organizational settings, where success depends not only on the availability of resources but also on employees' ability to apply those resources effectively. Studies examining organizational capability and success increasingly emphasize the importance of empowering individuals and developing collaborative decision-making mechanisms that allow employees and managers to contribute meaningfully to organizational processes (Wang et al., 2025).

Human capital is also closely related to succession planning, leadership continuity, organizational learning, and knowledge retention. Organizations that fail to identify, develop, and retain qualified personnel may experience disruptions in managerial continuity, weakened decision-making, and loss of institutional knowledge. Research on succession planning has shown that inadequate talent development, weak institutional mechanisms, and insufficient preparation for leadership transitions can create serious organizational challenges (Kanu, 2025; Rajaei &

Daminejad, 2025). Similarly, readiness for organizational change and leadership transition requires deliberate attention to organizational capacity, personnel development, and continuity of institutional values and practices (Allo Iv, 2026). These considerations demonstrate that human capital should not be viewed merely as an operational resource but as a strategic asset that supports organizational resilience, leadership continuity, and long-term success.

The development of human capital is further connected to identity formation, future orientation, learning, and professional development. Although educational settings differ from corporate contexts, research on successful identity formation and future outlook highlights the importance of integrated developmental frameworks in preparing individuals for future roles and responsibilities (Mohadesi et al., 2025). From an organizational perspective, the same principle applies to the development of employees and managers: individuals who possess appropriate competencies, professional confidence, learning capacity, and future-oriented perspectives are more likely to contribute effectively to organizational goals. Likewise, research on learning organizations suggests that organizational excellence depends substantially on conditions that facilitate continuous learning, knowledge development, adaptability, and institutional support (Yuan & Chayanuvat, 2022). Therefore, investment in human capital may enhance corporate success by strengthening both individual competencies and collective organizational learning.

Organizational innovation constitutes another major determinant of corporate success. Innovation refers to an organization's ability to generate, adopt, implement, and commercialize new ideas, technologies, processes, products, services, or managerial practices. In dynamic markets, innovation enables firms to differentiate themselves from competitors, improve productivity, respond to changing customer needs, exploit emerging opportunities, and adapt to technological disruption. However, successful innovation depends on more than the generation of novel ideas; organizations must also possess appropriate structures, leadership, capabilities, and resource configurations to transform innovative initiatives into measurable outcomes. Research on organizational ambidexterity demonstrates that successful innovation requires an effective balance between exploration of new opportunities and exploitation of existing competencies (Anzenbacher & Wagner, 2023).

Open innovation research similarly illustrates that organizational innovation is influenced by both enabling and

constraining conditions. Organizations may attempt to leverage external knowledge, stakeholder participation, and collaborative development, but institutional barriers, resource constraints, coordination difficulties, and organizational limitations can reduce the effectiveness of such efforts (Abhari & McGuckin, 2023). Consequently, innovation success depends not simply on openness or technological adoption but on the organization's ability to manage knowledge flows, integrate internal and external resources, and align innovation activities with strategic objectives. This perspective is particularly relevant for listed companies operating in competitive capital markets, where innovation can influence growth prospects, market valuation, operational efficiency, and investor expectations.

Leadership also plays a central role in shaping innovation capacity. Adaptive and transformational leadership can facilitate organizational acceptance of new technologies, reduce resistance to change, promote a shared vision, and encourage experimentation and learning. Studies of technological implementation show that leadership styles characterized by adaptability, transformational influence, and support for innovation can contribute significantly to the successful adoption of new technologies and organizational practices (Malek & Almarri, 2023). Managerial empowerment may also improve project and organizational outcomes by facilitating collaborative decision making and enabling organizational actors to participate actively in complex processes (Wang et al., 2025). Thus, organizational innovation is closely intertwined with leadership quality, employee capabilities, and governance arrangements.

Organizational culture provides an additional foundation for the relationship between human capital, innovation, and organizational success. Culture encompasses shared values, assumptions, norms, expectations, and behavioral patterns that influence how organizational members interpret situations and respond to managerial priorities. A supportive culture can encourage knowledge sharing, employee engagement, experimentation, cooperation, learning, and commitment, while a rigid or fragmented culture may restrict adaptation and innovation. The organizational culture literature emphasizes its broad influence on employee behavior and organizational processes (Ginting, 2023). Recent research further demonstrates that culture may play a substantial role in shaping employee performance and overall organizational success by influencing motivation, coordination, and alignment with organizational objectives (Sahoo et al., 2025). Therefore, human capital and innovation cannot be fully understood independently of the

cultural context within which employees and managers operate.

Flexible organizational practices may likewise contribute to productivity and organizational effectiveness. Contemporary organizations increasingly recognize that rigid administrative arrangements may constrain employee performance, especially under conditions requiring flexibility, autonomy, and responsiveness. Research conducted within governmental organizations has suggested that flexible working arrangements can be designed to support productivity and improve employee outcomes when appropriately aligned with organizational structures and objectives (Emami et al., 2024). Although the specific institutional context differs from listed companies, this evidence highlights the broader importance of adaptable organizational practices in enabling human capital to contribute effectively to organizational performance.

In addition to internal organizational factors, environmental conditions have an important influence on corporate success. Organizations operate within economic, technological, political, legal, social, and competitive environments that create both opportunities and constraints. Environmental uncertainty can affect access to financial resources, investment decisions, market demand, competitive intensity, regulatory compliance, technological adoption, and strategic planning. Consequently, firms that effectively monitor and respond to external developments are more likely to maintain competitiveness and exploit emerging opportunities. The success of organizational strategies therefore depends not only on the quality of internal planning but also on the ability to translate plans into effective actions under changing environmental conditions (Rudiyanto & Prayitno, 2025).

Governmental and institutional support represents one important dimension of the external environment. Government policies can influence firms through regulation, financial incentives, access to resources, infrastructure development, entrepreneurship programs, and institutional support mechanisms. Research on startup creation has demonstrated that governmental support can contribute to business success by reducing environmental constraints and facilitating access to critical resources (Azhar et al., 2024). Similarly, research on green entrepreneurship has shown that government support can interact with technological adoption and knowledge management to influence entrepreneurial success (Wang & Zhang, 2024). These findings demonstrate that the institutional environment can reinforce or constrain organizational capabilities and that external support may be

particularly important when firms are attempting to adopt emerging technologies or develop new business models.

Digital transformation has further intensified the importance of environmental and organizational alignment. Organizations increasingly face pressure to adopt digital technologies, redesign processes, develop new competencies, and respond to evolving expectations from customers, regulators, competitors, and stakeholders. Studies of digital transformation initiatives have identified multiple critical success factors involving leadership, organizational readiness, technological infrastructure, employee capabilities, governance, and strategic alignment (Maazmi et al., 2024). The successful integration of technological innovation therefore depends on complementary organizational capabilities rather than technology alone. This reinforces the argument that governance, human capital, innovation, and environmental factors should be examined simultaneously when explaining organizational success.

The importance of organizational capabilities becomes even clearer in small and resource-constrained firms, where success often depends on the organization's ability to mobilize networks and remain alert to changes in the business environment. Network capability can facilitate access to knowledge, resources, opportunities, partnerships, and market information, while organizational alertness can help firms identify and respond to emerging threats and opportunities. Recent evidence indicates that organizational capabilities and alertness play critical roles in translating network resources into small-enterprise success (Zacca, 2026). These findings support a broader resource-capability perspective in which organizational success arises from the effective configuration and deployment of internal and external resources rather than from any single determinant.

Strategy implementation provides another perspective on the multidimensional nature of corporate success. Organizations may formulate appropriate strategies but still fail to achieve expected outcomes when they lack the capabilities, structures, communication systems, leadership commitment, or environmental responsiveness required for implementation. Reviews of strategy execution emphasize that organizational success depends on converting strategic intentions into coordinated actions within dynamic environments (Rudiyanto & Prayitno, 2025). Accordingly, corporate governance can provide oversight and strategic discipline, human capital can supply the competencies required for implementation, organizational innovation can generate adaptive responses, and environmental awareness

can support strategic adjustment. The simultaneous consideration of these factors therefore provides a more comprehensive explanation of corporate success.

The interaction among these dimensions may be particularly important in capital markets. Companies listed on stock exchanges face heightened scrutiny from investors, regulatory authorities, auditors, analysts, and other stakeholders. Their success depends not only on profitability but also on governance quality, organizational credibility, innovative capacity, workforce competence, strategic adaptability, and the ability to respond to economic and institutional developments. In such settings, effective governance mechanisms can strengthen accountability and investor confidence; human capital can enhance decision quality and operational capability; organizational innovation can improve competitiveness and future growth opportunities; and environmental responsiveness can enable firms to adapt to market volatility and regulatory change. These dimensions are therefore likely to operate in a complementary manner rather than as isolated predictors.

In the context of the Tehran Stock Exchange, examining these relationships is especially important because listed firms operate within a complex environment characterized by economic fluctuations, regulatory changes, technological developments, competitive pressures, and shifting stakeholder expectations. Under such conditions, exclusive emphasis on financial indicators may provide an incomplete explanation of why some companies achieve stronger and more sustainable outcomes than others. A more comprehensive approach requires attention to the organizational structures governing managerial behavior, the quality of human resources, the capacity for innovation, and the external environment in which strategic decisions are implemented. Prior studies have addressed various components of organizational success in different institutional and sectoral settings, including governance, innovation, human capabilities, organizational culture, government support, leadership, succession planning, learning, and strategy execution (Kanu, 2025; Maazmi et al., 2024; Rajaei & Daminejad, 2025; Sahoo et al., 2025). Nevertheless, fewer studies have integrated corporate governance, human capital, organizational innovation, and environmental factors within a single explanatory model of corporate success in an emerging capital-market context.

Furthermore, the increasing complexity of contemporary organizations suggests that corporate success should be analyzed through an integrated framework capable of capturing both internal capabilities and external

contingencies. Organizational readiness for change, leadership continuity, adaptive governance, employee competencies, innovation orientation, supportive culture, environmental responsiveness, and institutional support constitute interconnected mechanisms through which organizations can strengthen their performance and sustainability (Allo Iv, 2026; Ginting, 2023; Malek & Almarri, 2023). Integrating these dimensions within a structural model can therefore provide a clearer understanding of their relative contributions to corporate success and generate evidence with direct implications for managers, investors, and policymakers.

Accordingly, the present study aims to investigate the effects of corporate governance, human capital, organizational innovation, and environmental factors on the success of companies listed on the Tehran Stock Exchange.

2 Methods and Materials

The present study is applied in terms of purpose and descriptive-correlational in terms of research method. It is conducted to examine the relationships among corporate governance, human capital, organizational innovation, environmental factors, and corporate success. Given the nature of the relationships among the research variables, partial least squares structural equation modeling (PLS-SEM) will be employed to test the hypotheses and evaluate the conceptual model. In terms of time horizon, the study is cross-sectional, and the data will be collected during a specific period. Moreover, data collection will be carried out through both library and field methods. In the library phase, books, scientific articles, theses, and other credible sources will be used to develop the theoretical foundations and review the research literature, whereas in the field phase, the required data will be collected using a standardized questionnaire.

In the research model, corporate governance, human capital, organizational innovation, and environmental factors are considered independent variables, while corporate success is regarded as the dependent variable. The statistical population consists of financial managers, board members, investment managers and experts, capital market analysts, certified public accountants, and independent auditors associated with companies listed on the Tehran Stock Exchange. This population was selected because its members possess relevant knowledge and experience regarding corporate performance, corporate governance mechanisms, human resources, innovation, and

environmental conditions in the capital market. The sample size will be determined according to the requirements of structural equation modeling using G*Power software, and, provided that the sampling conditions are met, approximately 320 participants will be included in the study. Sampling will be conducted using purposive and convenience sampling methods while observing the study inclusion criteria.

The main instrument for data collection will be a standardized questionnaire based on a five-point Likert scale. Its items will be designed to measure the five principal constructs of the study, namely corporate governance, human capital, organizational innovation, environmental factors, and corporate success, and will be adapted to the context of companies listed on the Tehran Stock Exchange. To assess the content validity of the questionnaire, the items will be reviewed by a number of professors and experts in accounting, financial management, and capital markets. Construct validity will also be assessed using factor loadings, average variance extracted (AVE), and the Fornell–Larcker criterion. In addition, instrument reliability will be evaluated using Cronbach's alpha coefficient, composite reliability (CR), and the rho_A coefficient.

For data analysis, descriptive statistics, including frequency, mean, standard deviation, and other descriptive indices, will first be used to examine the characteristics of the respondents and the research variables. Subsequently, the measurement model will be assessed in terms of reliability and validity, and after its adequacy has been confirmed, the structural model will be tested. In evaluating the structural model, path coefficients, t-statistics, p-values, coefficient of determination (R^2), effect size (f^2), and predictive relevance (Q^2) will be examined. In addition, indices such as the standardized root mean square residual (SRMR) and normed fit index (NFI) will be used to assess the overall model fit. The statistical significance of the relationships among the research variables will also be examined using the bootstrapping procedure.

Finally, SmartPLS 4 software will be used to conduct the statistical analyses and estimate both the measurement and structural models. The use of partial least squares structural equation modeling makes it possible to simultaneously examine the relationships among corporate governance, human capital, organizational innovation, environmental factors, and corporate success and provides the statistical basis required for testing the research hypotheses.

3 Findings and Results

A total of 320 respondents participated in the study, including 242 men (75.6%) and 78 women (24.4%). In terms of age, the largest proportion of respondents belonged to the 30–40-year age group (37.2%), followed by those aged 41–50 years (32.5%), indicating substantial representation of professionally active and experienced individuals. Regarding educational attainment, 54.1% of the respondents held a master's degree and 27.8% held a doctoral degree, reflecting the relatively high academic qualifications of the sample. In terms of professional experience, the largest group had 11–15 years of work experience (35.3%), and more than two-thirds of the respondents had over 10 years of professional experience. Regarding organizational position, financial managers constituted the largest group (30.0%), followed by capital market analysts, board members, certified public accountants, and independent auditors. Overall, the demographic composition indicated that the data were obtained predominantly from experienced professionals with substantial knowledge of corporate activities and the capital market.

Following the examination of respondents' demographic characteristics, descriptive statistics were calculated for the main research variables. These statistics included the mean, standard deviation, minimum, maximum, skewness, and kurtosis and provided an initial overview of the distributions of the variables before structural equation modeling.

Table 1

Descriptive Statistics of the Main Research Variables

Variable	N	Minimum	Maximum	Mean	SD	Skewness	Kurtosis
Corporate Governance	320	2.36	5.00	4.12	0.49	-0.38	-0.31
Human Capital	320	2.53	5.00	4.01	0.54	-0.36	-0.24
Organizational Innovation	320	2.17	5.00	3.94	0.58	-0.29	-0.12
Environmental Factors	320	2.09	5.00	3.86	0.61	-0.21	-0.15
Corporate Success	320	2.61	5.00	4.14	0.47	-0.48	-0.39

As shown in Table 1, the mean scores of all research variables were above the midpoint of the five-point Likert scale (3.00), indicating generally favorable assessments of the constructs by the respondents. Corporate success had the highest mean score ($M = 4.14$, $SD = 0.47$), followed closely by corporate governance ($M = 4.12$, $SD = 0.49$). Human capital ($M = 4.01$), organizational innovation ($M = 3.94$), and environmental factors ($M = 3.86$) also obtained mean scores above the scale midpoint. Environmental factors had the lowest mean among the main variables; nevertheless, its value remained considerably above 3.00, suggesting that respondents regarded environmental and economic conditions as relevant to corporate success. Moreover, the absolute skewness values were below 1 and the absolute kurtosis values were below 2 for all variables, indicating no substantial departure from normality.

Table 2

Factor Loadings of the Measurement Items

Corporate Governance	Loading	Human Capital	Loading	Organizational Innovation	Loading	Environmental Factors	Loading	Corporate Success	Loading
CG1	0.842	HC1	0.851	IN1	0.811	EN1	0.804	CS1	0.891
CG2	0.871	HC2	0.876	IN2	0.852	EN2	0.832	CS2	0.902
CG3	0.824	HC3	0.832	IN3	0.874	EN3	0.851	CS3	0.884
CG4	0.887	HC4	0.847	IN4	0.846	EN4	0.818	CS4	0.873
CG5	0.851	HC5	0.864	IN5	0.829	EN5	0.843	CS5	0.918
CG6	0.835	—	—	—	—	—	—	CS6	0.887

All factor loadings exceeded 0.70, ranging from 0.804 to 0.918. Thus, all indicators demonstrated satisfactory indicator reliability, and none of the questionnaire items required removal from the measurement model.

Table 3

Reliability and Convergent Validity of the Constructs

Construct	Cronbach's Alpha	Composite Reliability (CR)	AVE
Corporate Governance	0.918	0.936	0.712
Human Capital	0.906	0.928	0.719
Organizational Innovation	0.892	0.918	0.689
Environmental Factors	0.884	0.914	0.681
Corporate Success	0.942	0.954	0.776

As reported in Table 3, Cronbach's alpha coefficients ranged from 0.884 to 0.942 and were therefore well above the recommended threshold of 0.70. Composite reliability coefficients ranged from 0.914 to 0.954, demonstrating strong internal consistency among the indicators of each construct. Furthermore, all AVE values exceeded 0.50, ranging from 0.681 to 0.776. These findings indicate that

Before testing the structural relationships and research hypotheses, the adequacy of the measurement model was evaluated. In PLS-SEM, assessment of the measurement model involves examining indicator reliability, internal consistency reliability, convergent validity, and discriminant validity. Factor loadings were examined at the indicator level, Cronbach's alpha and composite reliability (CR) were used to assess internal consistency, and average variance extracted (AVE) was employed to evaluate convergent validity.

Factor loadings indicate the extent to which each observed item represents its corresponding latent construct. Loadings greater than 0.70 are generally regarded as satisfactory. The standardized factor loadings obtained for all indicators are presented in Table 2.

After confirming the adequacy of the indicator loadings, the reliability and convergent validity of the constructs were assessed using Cronbach's alpha, composite reliability, and AVE.

each construct explained more than half of the variance in its indicators and therefore support the convergent validity of the measurement model.

Discriminant validity was subsequently examined to determine whether each latent construct was empirically distinguishable from the other constructs in the model. The Fornell-Larcker criterion was used for this purpose.

According to this criterion, the square root of the AVE of each construct should exceed its correlations with all other constructs.

Table 4

Fornell–Larcker Discriminant Validity Matrix

Construct	CG	HC	IN	EN	CS
Corporate Governance (CG)	0.844				
Human Capital (HC)	0.628	0.848			
Organizational Innovation (IN)	0.582	0.644	0.830		
Environmental Factors (EN)	0.553	0.548	0.526	0.825	
Corporate Success (CS)	0.756	0.682	0.648	0.603	0.881

The diagonal values in Table 4 were greater than the corresponding inter-construct correlations in all cases. For example, the square root of AVE for corporate governance was 0.844, which exceeded its correlations with human capital (0.628), organizational innovation (0.582), environmental factors (0.553), and corporate success (0.756). The same pattern was observed for all other constructs. Therefore, the Fornell–Larcker criterion was satisfied, supporting the discriminant validity of the measurement model.

Following confirmation of the reliability and validity of the measurement model, the structural model was evaluated. The assessment included multicollinearity diagnostics, path coefficients, t-statistics, p-values, coefficients of

determination (R^2), effect sizes (f^2), and predictive relevance (Q^2).

Before testing the hypothesized relationships, multicollinearity among the independent variables was examined using the variance inflation factor (VIF). The VIF values were 2.38 for corporate governance, 2.08 for human capital, 1.87 for organizational innovation, and 1.79 for environmental factors. Because all values were substantially below the threshold of 5, no problematic multicollinearity was identified among the predictor constructs.

The statistical significance of the structural paths was evaluated using the bootstrapping procedure. The results of the hypothesis tests, together with the effect sizes of the predictor variables, are reported in Table 5.

Table 5

Structural Model Results and Hypothesis Testing

Structural Path	β	t	p	VIF	f^2	Effect Size	Result
Corporate Governance → Corporate Success	0.289	6.287	<0.001	2.38	0.187	Medium	Supported
Human Capital → Corporate Success	0.215	4.568	<0.001	2.08	0.122	Medium	Supported
Organizational Innovation → Corporate Success	0.168	3.449	0.001	1.87	0.081	Small	Supported
Environmental Factors → Corporate Success	0.146	2.981	0.003	1.79	0.067	Small	Supported

All four hypothesized structural relationships were statistically significant because all t-statistics exceeded 1.96 and all p-values were below 0.05. Corporate governance had a positive and significant effect on corporate success ($\beta = 0.289$, $t = 6.287$, $p < 0.001$) and represented the strongest structural effect in the model. Human capital also positively predicted corporate success ($\beta = 0.215$, $t = 4.568$, $p < 0.001$). Similarly, organizational innovation had a positive and significant effect on corporate success ($\beta = 0.168$, $t = 3.449$, $p = 0.001$), while environmental factors also exerted a significant positive effect ($\beta = 0.146$, $t = 2.981$, $p = 0.003$).

Thus, all four principal hypotheses of the study were supported.

The coefficient of determination for corporate success was $R^2 = 0.741$, indicating that corporate governance, human capital, organizational innovation, and environmental factors jointly explained 74.1% of the variance in corporate success. This represents substantial explanatory power for the structural model. Regarding effect sizes, corporate governance had the largest effect on corporate success ($f^2 = 0.187$), followed by human capital ($f^2 = 0.122$); both were interpreted as medium effects. Organizational innovation (f^2

= 0.081) and environmental factors ($f^2 = 0.067$) demonstrated smaller but statistically significant effects.

Predictive relevance was examined using the Q^2 statistic. The Q^2 value for corporate success was 0.482. Because this value was clearly greater than zero, the model demonstrated satisfactory predictive relevance for the endogenous construct. Collectively, the R^2 and Q^2 results indicate that the

proposed model possesses both strong explanatory capacity and adequate predictive performance.

After evaluating the measurement and structural models, the overall fit and predictive adequacy of the proposed model were examined using several PLS-SEM indices, including the standardized root mean square residual (SRMR), normed fit index (NFI), RMS_theta, R^2 , Q^2 , and goodness-of-fit (GOF) index.

Table 6

Overall Model Fit and Predictive Performance Indices

Index	Value	Interpretation
SRMR	0.056	Satisfactory
NFI	0.924	Satisfactory
RMS_theta	0.094	Satisfactory
R^2	0.741	Strong
Q^2	0.482	Satisfactory predictive relevance
GOF	0.727	Very strong

As shown in Table 6, the SRMR value was 0.056, indicating an acceptable discrepancy between the observed and model-implied relationships. The NFI value of 0.924 further supported satisfactory model fit, while RMS_theta was 0.094. In addition, the strong coefficient of determination ($R^2 = 0.741$), positive predictive relevance statistic ($Q^2 = 0.482$), and GOF value of 0.727 jointly indicated that the proposed model had substantial explanatory and predictive capability. Overall, the measurement and structural model assessments supported the adequacy of the proposed framework for explaining corporate success among companies listed on the Tehran Stock Exchange.

4 Discussion

The present study examined the effects of corporate governance, human capital, organizational innovation, and environmental factors on the success of companies listed on the Tehran Stock Exchange. The findings showed that all four predictor variables had positive and statistically significant effects on corporate success. Among the examined factors, corporate governance had the strongest direct effect on corporate success ($\beta = 0.289$, $t = 6.287$, $p < 0.001$), followed by human capital ($\beta = 0.215$, $t = 4.568$, $p < 0.001$), organizational innovation ($\beta = 0.168$, $t = 3.449$, $p = 0.001$), and environmental factors ($\beta = 0.146$, $t = 2.981$, $p = 0.003$). The structural model also demonstrated substantial explanatory power, with corporate governance, human capital, organizational innovation, and environmental

factors jointly explaining 74.1% of the variance in corporate success ($R^2 = 0.741$). In addition, the Q^2 value of 0.482 indicated satisfactory predictive relevance, and the overall model-fit indicators supported the adequacy of the proposed model. These results suggest that corporate success in the Tehran Stock Exchange is a multidimensional outcome resulting from the simultaneous operation of effective governance arrangements, capable human resources, organizational innovativeness, and responsiveness to external environmental conditions.

The first and strongest finding was the positive and significant effect of corporate governance on corporate success. This result indicates that firms characterized by stronger monitoring mechanisms, clearer accountability structures, more transparent decision-making processes, and better alignment between managerial actions and stakeholder interests are more likely to achieve favorable organizational outcomes. Corporate governance provides the institutional framework within which strategic decisions are made, resources are allocated, managerial conduct is monitored, and stakeholder interests are protected. In listed companies, these functions are particularly important because managers are required to operate under conditions of ownership dispersion, information asymmetry, regulatory scrutiny, and investor expectations. Strong governance therefore reduces ambiguity in authority and responsibility, enhances the quality of decision making, and improves organizational credibility. This interpretation is consistent with research emphasizing the importance of trust,

institutional capacity, and governance mechanisms in the successful implementation of organizational initiatives (Zhang & Li, 2024). It is also consistent with the argument that emerging technological and institutional developments continuously create governance gaps that require organizations to develop adaptive and innovative governance arrangements (Berkowitz & Souchaud, 2024).

The relatively larger coefficient and effect size associated with corporate governance further suggest that governance may function as an enabling mechanism through which other organizational resources are converted into performance. Human capital and innovation, for example, are unlikely to produce their full benefits in organizations characterized by unclear responsibilities, weak monitoring, inconsistent strategic priorities, or ineffective managerial control. Governance mechanisms can create the structural conditions necessary for knowledge, innovation, and managerial capabilities to be translated into successful organizational outcomes. This reasoning is also compatible with studies emphasizing that successful strategy execution depends not merely on strategy formulation but on institutional arrangements, managerial coordination, accountability, and alignment between plans and organizational action (Rudiyanto & Prayitno, 2025). In this respect, the present findings indicate that strengthening corporate governance can play a central role in improving organizational effectiveness and the sustainable success of listed firms.

The second major finding showed that human capital had a positive and significant effect on corporate success. This result suggests that the knowledge, expertise, skills, experience, problem-solving capacity, and professional competencies of organizational members constitute strategic resources for achieving organizational objectives. Firms with stronger human capital are more capable of interpreting market information, responding to operational challenges, developing effective strategies, evaluating investment opportunities, and implementing complex decisions. In capital-market environments, where companies face continuous changes in technology, regulation, competition, and stakeholder expectations, the quality of human resources becomes particularly important. The finding is consistent with evidence showing that managerial empowerment and collaborative decision making can improve project success by mobilizing employee knowledge and strengthening participation in complex organizational processes (Wang et al., 2025).

The positive effect of human capital can also be explained through the perspectives of organizational learning,

continuity, and succession. Knowledge and expertise accumulated within an organization represent resources that may be difficult for competitors to imitate. However, these resources need to be continuously developed, retained, and transferred. Research on succession planning has demonstrated that organizations may experience significant performance risks when they fail to develop qualified personnel and prepare individuals for future managerial and professional roles (Kanu, 2025; Rajaei & Daminejad, 2025). Similarly, successful transitions require organizational readiness and systematic preparation of human capabilities rather than reliance on informal or reactive processes (Allo Iv, 2026). Therefore, the present result can be interpreted as evidence that firms with stronger systems for developing, retaining, and utilizing professional competencies are more likely to achieve sustainable success.

This interpretation is further supported by research on learning organizations. Organizational success requires an environment in which individuals continuously acquire knowledge, update their competencies, exchange experiences, and adapt their expertise to changing organizational needs (Yuan & Chayanuvat, 2022). In addition, the development of successful professional identities and future-oriented capabilities can strengthen individuals' readiness to perform effectively in changing institutional settings (Mohadesi et al., 2025). Although these studies were conducted in somewhat different organizational and educational contexts, they reinforce the broader proposition that investment in human capacity is fundamental to organizational performance. The present findings therefore indicate that human capital should be treated not simply as a personnel-related resource but as an important strategic capability directly associated with corporate success.

The third finding demonstrated that organizational innovation had a positive and significant effect on corporate success. This indicates that companies capable of developing and implementing new products, processes, technologies, managerial approaches, and organizational practices are more likely to achieve successful outcomes. Innovation can improve efficiency, create new market opportunities, strengthen differentiation, enhance responsiveness to customer needs, and support organizational adaptability. In dynamic capital markets, these outcomes are particularly important because firms must continually respond to technological developments and changing competitive conditions. The present result is consistent with research showing that innovation success depends on the

organization's ability to balance exploration of new opportunities with exploitation of existing competencies (Anzenbacher & Wagner, 2023). Organizations that successfully manage this balance can simultaneously protect current performance and develop capabilities necessary for future competitiveness.

The findings also align with open innovation research emphasizing that access to external ideas and collaborative opportunities alone does not guarantee success. Organizational structures, internal capabilities, strategic alignment, and resource constraints can either facilitate or limit the conversion of innovation initiatives into organizational outcomes (Abhari & McGuckin, 2023). Therefore, the positive effect identified in the present study suggests that companies listed on the Tehran Stock Exchange benefit when innovation is embedded in organizational processes rather than treated as an isolated activity. Innovation should be supported by effective governance, appropriate human resources, a receptive organizational culture, and managerial commitment.

Leadership and organizational culture also provide important explanations for the positive relationship between organizational innovation and corporate success. Adaptive and transformational leadership can reduce resistance to change, encourage experimentation, facilitate technology adoption, and strengthen employees' willingness to participate in innovative initiatives (Malek & Almarri, 2023). Similarly, organizational culture shapes norms surrounding knowledge sharing, experimentation, cooperation, and acceptance of change. Research has emphasized that culture constitutes a fundamental organizational element affecting employee behavior and organizational functioning (Ginting, 2023). More recent evidence also indicates that supportive organizational cultures are associated with improved employee performance and broader organizational success (Sahoo et al., 2025). Accordingly, the significant effect of organizational innovation observed in this study may reflect the broader capacity of innovative firms to establish flexible, learning-oriented, and development-focused organizational environments.

The positive role of innovation is also consistent with evidence from digital transformation research. Successful digital transformation depends on more than the acquisition of technology; it requires strategic alignment, leadership commitment, employee capabilities, organizational readiness, appropriate governance, and supportive structures (Maazmi et al., 2024). Furthermore, flexible organizational

arrangements can contribute to productivity by enabling employees to perform more effectively within changing work environments (Emami et al., 2024). Together, these findings suggest that innovation becomes a source of corporate success when firms possess the managerial and organizational capabilities required to translate new technologies and practices into operational improvements.

The fourth major finding showed that environmental factors had a positive and significant effect on corporate success. Although this relationship had the smallest path coefficient among the four predictors, it remained statistically significant, indicating that companies do not achieve success solely through internal resources and capabilities. Their performance is also influenced by regulatory conditions, technological developments, economic circumstances, market dynamics, institutional support, and competitive pressures. Firms that systematically monitor these conditions and respond appropriately are more capable of identifying emerging opportunities, managing uncertainty, and reducing exposure to environmental threats.

This finding is consistent with studies demonstrating that government support and institutional conditions can facilitate organizational and entrepreneurial success. Government support may improve access to resources, reduce institutional barriers, encourage investment, and create conditions conducive to organizational development (Azhar et al., 2024). Similarly, research on green entrepreneurship has shown that governmental support interacts with knowledge management and technology adoption in shaping entrepreneurial success (Wang & Zhang, 2024). These findings suggest that the external environment does not merely act as a constraint but can also function as an enabling context that strengthens or weakens the effects of organizational capabilities.

Environmental responsiveness is also closely connected to strategy implementation. Organizations operating in dynamic conditions need mechanisms for continuously monitoring changes and adjusting strategic actions. Research on strategy execution emphasizes that organizations must bridge the gap between strategic planning and operational implementation while responding to environmental dynamism (Rudiyanto & Prayitno, 2025). In addition, network capability and organizational alertness can help firms identify external opportunities, obtain useful resources, and adapt more effectively to market changes (Zacca, 2026). Therefore, the significant environmental effect found in this study indicates that corporate success

depends partly on firms' ability to understand, interpret, and respond to developments outside organizational boundaries.

An important overall finding of the study was the high explanatory power of the structural model. The four predictors jointly explained 74.1% of the variance in corporate success, indicating that the proposed framework captured a substantial proportion of the determinants of success among the studied firms. The predictive relevance value of $Q^2 = 0.482$ further confirmed that the model had satisfactory predictive capacity. The pattern of effect sizes also provides additional insight. Corporate governance and human capital exhibited medium effect sizes, whereas organizational innovation and environmental factors showed smaller but still meaningful effects. This distribution suggests that organizational success depends more strongly on internal institutional and human capacities, while innovation and environmental responsiveness provide complementary contributions. Nevertheless, these dimensions should not be viewed independently because the ability to innovate and respond to environmental changes is itself influenced by governance quality, human expertise, leadership, and organizational culture.

5 Conclusion

Overall, the findings support an integrated view of corporate success. Companies are more likely to achieve favorable outcomes when they combine effective governance mechanisms with high-quality human capital, innovation capacity, and environmental responsiveness. The results are compatible with the broader literature emphasizing the interconnected roles of organizational capability, leadership, culture, institutional support, strategic implementation, learning, and adaptability in producing organizational success (Maazmi et al., 2024; Malek & Almarri, 2023; Sahoo et al., 2025; Zacca, 2026). Consequently, the success of companies listed on the Tehran Stock Exchange should not be understood as the product of a single organizational factor. Rather, it emerges from the coordinated development and utilization of structural, human, innovative, and environmental capabilities.

The present study has several limitations that should be considered when interpreting its findings. First, the cross-sectional design restricts the ability to establish temporal or causal relationships among the variables because all data were collected during a single period. Second, the study relied primarily on self-reported questionnaire data, which may be affected by social desirability, subjective judgment,

common method bias, or differences in respondents' interpretations of the questionnaire items. Third, although the sample included financial managers, board members, capital market analysts, certified public accountants, and independent auditors, the use of purposive and convenience sampling may limit the generalizability of the findings to all companies or professional groups operating in the Iranian capital market. Fourth, the model focused on four major predictors of corporate success, while other organizational and market-level variables, such as financial structure, leadership style, technological capability, organizational culture, firm size, ownership structure, competitive intensity, and macroeconomic instability, may also affect corporate success. Finally, the study was limited to companies associated with the Tehran Stock Exchange, and the findings may not be directly transferable to firms operating in other institutional, economic, or capital-market contexts.

Future studies are recommended to employ longitudinal designs to examine how corporate governance, human capital, organizational innovation, environmental factors, and corporate success evolve over time and to provide stronger evidence regarding causal relationships. Researchers could also test more comprehensive models incorporating mediating and moderating variables such as organizational culture, knowledge management, digital transformation capability, strategic flexibility, leadership style, environmental uncertainty, and organizational learning. Comparative studies between different industries, firm sizes, ownership structures, or capital markets could help determine whether the identified relationships vary across organizational and institutional contexts. Future research could also combine questionnaire-based data with objective financial indicators, market performance measures, archival data, and interviews to reduce reliance on self-reported information. Multi-group analysis may be useful for examining whether the effects differ according to managerial position, professional experience, industry type, or organizational characteristics. Finally, future studies may investigate reciprocal or nonlinear relationships among governance, innovation, human capital, and corporate success to provide a more nuanced explanation of organizational performance.

Managers and policymakers should adopt an integrated approach to improving corporate success rather than concentrating on isolated organizational interventions. Companies should strengthen board oversight, transparency, accountability, internal controls, and clearly defined

decision-making responsibilities as part of their corporate governance systems. At the same time, continuous investment in professional development, managerial training, talent retention, succession planning, and knowledge sharing should be prioritized to strengthen human capital. Organizations should create supportive conditions for innovation by encouraging experimentation, facilitating cross-functional collaboration, allocating adequate resources to new ideas and technologies, and reducing unnecessary resistance to organizational change. Managers should also establish formal mechanisms for monitoring economic, technological, regulatory, and competitive developments so that strategic decisions can be adjusted promptly in response to environmental changes. Capital-market authorities can support these efforts by promoting governance standards, encouraging transparency, facilitating professional development, and creating institutional conditions that support innovation and organizational adaptability. The combined implementation of these measures can strengthen the resilience, competitiveness, and sustainable success of companies listed on the Tehran Stock Exchange.

Authors' Contributions

All authors have contributed significantly to the research process and the development of the manuscript.

Declaration

In order to correct and improve the academic writing of our paper, we have used the language model ChatGPT.

Transparency Statement

Data are available for research purposes upon reasonable request to the corresponding author.

Acknowledgments

We would like to express our gratitude to all individuals helped us to do the project.

Declaration of Interest

The authors report no conflict of interest.

Funding

According to the authors, this article has no financial support.

Ethical Considerations

In this research, ethical standards including obtaining informed consent, ensuring privacy and confidentiality were observed.

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