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ORGANISATIONAL ETHICAL CULTURE AS A MODERATOR: THE INFLUENCE OF WORKPLACE ENVIRONMENT DISCLOSURE AND GOOD CORPORATE GOVERNANCE ON BUSINESS SUSTAINABILITY AT PT TELKOM GROUP WITEL SUMBAGSEL TBK

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ABSTRACT

The environment is part of the Company's Accounting System, namely the inclusion of environmental costs in the company's accounting. It contains traces of financial expenditure and benefits from activities that lead to efforts to protect and preserve nature, both natural resources and the environment. In this way, it will be possible to assess the extent to which companies and other organizations pay attention to environmental aspects in each of their production processes. The decline in the quality of the environment as a result of business activities on a local, national and even global scale is a serious concern for all groups and nations.

Keywords: Work Environment, Good Corporate Governance, Ethical Organizational Culture, Business Sustainability

INTRODUCTION

In addressing global issues such as social inequality, economic pressures, and the climate crisis, sustainability in the business world is receiving increasing attention. Companies are no longer only expected to pursue financial profit, but are also required to take responsibility for the impact of their operational activities on society and the surrounding environment. To create long-term sustainable value, it is therefore necessary to implement practices based on the principles of effective corporate governance, as well as transparency and communication regarding workplace conditions. Positive stakeholder perception can be strengthened through the practice of corporate social responsibility and transparent management, which ultimately supports companies in mitigating risks and enhancing business value. The Indonesian government itself emphasises the importance of implementing Good Corporate Governance (GCG) as a key factor in fostering competitiveness and investment sustainability. (Abdulhakim, 2024).

The work environment refers to the overall conditions perceived by employees while performing their duties, both physically and psychologically. Aspects such as spatial layout, lighting, and cleanliness are key factors, in addition to organisational culture and the quality of relationships among colleagues. A supportive environment can improve work comfort, boost morale, and maintain mental balance for workers. This has a direct impact on increased efficiency and job satisfaction. Conversely, poor working conditions can lead to psychological stress, weakened motivation, and, in the long term, trigger health problems. Therefore, it becomes the company's obligation to create and maintain a conducive work environment to support the well-being of its employees. (Munawaroh, 2021).

Effective corporate governance refers to the implementation of systems and principles focused on directing, supervising, and controlling the organisation in a responsible manner. The vision is to ensure company operations run transparently, fairly, and in line with the interests of all stakeholders. Company operations must be carried out transparently and responsibly, with oversight designed to maintain a balance of interests among stakeholders such as shareholders, directors, commissioners, audit committees, and management. An entity is considered to have implemented good GCG when the principles of transparency, accountability, and responsibility are applied in accordance with statutory regulations. Stakeholder trust forms the foundation of business operations, and GCG serves as the main pillar in maintaining that trust. Transparency in the presentation of annual and sustainability reports reflects the company’s commitment to social and environmental issues. This practice also becomes a particular point of interest for investors who are now more selective regarding ESG (Environmental, Social, Governance) issues. By implementing GCG, companies are also considered more capable of reducing the risk of financial reporting manipulation. (Haisyah et al., 2024; Suryati, 2020).

The failure of several companies to implement proper governance has triggered the emergence of various economic crises in the past. The term "good corporate governance" became increasingly recognised due to numerous bankruptcy cases caused by weak internal control systems. One major tragedy that became an important lesson was the economic crisis that struck Indonesia in 1997–1998, where poor corporate governance was identified as a key contributing factor. Several studies support this conclusion by stating that weak GCG systems increase economic vulnerability. To rebuild a sovereign and stable economy, collaboration among economic actors that prioritises sound governance is required. (Nurkholis et al., 2024)

An ethical culture within organisations plays a strategic role as a moderating factor between workplace transparency and the implementation of GCG towards business sustainability. The values and norms held by individuals within the organisation influence work behaviour and decision-making processes. When ethical values are embedded in organisational culture, the implementation of GCG and transparency of information will have a greater impact in supporting sustainable strategies. Organisations with strong and structured cultures tend to be more effective in managing and utilising resources in line with the company's mission and vision. Each company possesses unique cultural characteristics that are integrated into its systems, strategies, technologies, and employee behaviour patterns. To achieve growth, alignment between people and organisational values becomes crucial. (Munawaroh, 2021)

LITERATURE REVIEW

Theory of Legitimacy Theory

Legitimacy Theory is one of the most commonly used conceptual approaches in research related to social, environmental, and sustainability accounting. This theory was first introduced by Dowling and Pfeffer in 1975, emphasising the importance of alignment between the values upheld by an organisation and the dominant norms of the society in which it operates. The core premise of the theory is that the success of a business entity depends on the extent to which its activities and operations are socially accepted by the community. In other words, a business must obtain legitimacy from its social environment in order to sustain and grow. This theory places the relationship between the company and society as the central focus, viewing organisations as integral elements within the social structure, and therefore, obligated to align with prevailing social norms and expectations. (Abdulhakim, 2024).

Work Environment

The work environment refers to the conditions surrounding the workplace that influence employees' task performance, including their productivity, comfort, and well-being. It encompasses elements such as tools, materials, work methods, and the work systems implemented either individually or in teams. These factors are crucial as they directly affect employees' effectiveness and efficiency in fulfilling their responsibilities (Shofiudin, 2022). Work environment indicators (Shofiudin, 2022):

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Work Environment Indicators :

- Cleanliness and comfort of the workplace
- Noise levels in the work area
- Availability of supporting facilities

Non-Physical Work Environment Indicators:

- Harmonious interactions among employees
- Opportunities for performance improvement through career advancement
- Job stability as a factor for employee well-being

Good Corporate Governance

Good corporate governance is a framework of supervision and control designed to ensure that a company's operational activities are conducted responsibly. Its primary objective is to create long-term value for all stakeholders involved. Through the implementation of an optimal governance system, companies can make decisions that are not only strategic but also aligned with the collective interests. Strong GCG practices enable organisations to carry out all business activities in a structured manner, from planning and execution to evaluation. This optimisation directly contributes to smooth operations and enhances performance, both financially and non-financially. Furthermore, reliable governance builds trust and strengthens the company's reputation among stakeholders (Abdulhakim, 2024). Good Corporate Governance Indicators (Njatrijani et al., 2019) :

- Transparency
- Performance
- Accountability
- Independence
- Equality

Sustainable Business

Sustainable business is an operational strategy that not only focuses on profit generation but also takes into account the social and environmental implications of all

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activities undertaken. This concept emphasises the importance of balancing economic, social, and ecological dimensions in daily business practices. In Indonesia, attention to sustainability issues has been steadily increasing. More business entities are beginning to understand that a commitment to social and environmental responsibility benefits not only society at large but also the corporation in the long term. This awareness has driven concrete efforts to minimise the negative impacts of business operations. More than just following a trend, sustainability is now viewed as a fundamental transformation in business mindset. Companies that successfully integrate sustainability principles into their core strategies will be better positioned to face future challenges and dynamic changes (Windariana, 2023). Sustainable Business Indicators (Windariana, 2023):

- Social and Environmental Commitment
- Operational Impact
- Sustainable Innovation
- Efficiency
- Stakeholder Engagement
- Transparency

Ethical Organisational Culture

Ethics in organisational culture refers to the shared values and norms that guide members' behaviour and decision-making, shaping the organisation's identity (Shofiudin, 2022). A strong ethical culture promotes moral conduct and acts as a safeguard against misconduct, preserving organisational integrity (Aghnia et al., 2022). This culture is closely linked to Good Corporate Governance (GCG), evolving through workplace interactions and reinforcing governance principles such as transparency and accountability (Yunina & Fadillah, 2019). fostering an ethical culture is vital for effective governance and sustainable organisational success. Ethical Organisational Culture Indicators (Munawaroh 2021):

- Individual Initiative
- Independence
- Integration

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- Coordination
- Control
- Professionalism
- Conflict Tolerance
- Loyalty
- Communication
- Transparency

RESEARCH METHODS

This study aims to examine the role of organisational ethical culture in strengthening or weakening the influence of workplace environment disclosure and the implementation of Good Corporate Governance practices on business sustainability. The research focuses on PT Telkom Group Witel Sumbagsel Tbk with the objective of analysing the interrelationships among these three variables in depth. Furthermore, the study highlights the importance of transparency in disclosing workplace conditions and the implementation of Good Corporate Governance principles. It also identifies how organisational ethical culture shapes the attitudes and behaviours of employees and management in supporting business sustainability from social, environmental, and economic perspectives. Consequently, this research not only assesses the direct relationships between variables but also explores the role of organisational ethical culture as a moderating variable influencing the interaction between workplace environment disclosure and Good Corporate Governance practices on long-term business sustainability.

The population of this study comprises all employees of PT Telkom Group Witel Sumbagsel Tbk, totaling 50 individuals in 2024, in accordance with Shofiudin's (2022) definition of population as a group of individuals or objects that constitute the focus of research. The sample was selected using purposive sampling, targeting respondents who meet the study criteria, with a sample size of 34 determined by the Slovin formula. Data analysis was conducted using a quantitative approach with descriptive statistical methods, without the intention of generalising to the wider population. Data processing and analysis were facilitated

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by SmartPLS version 4.0 software, which supports comprehensive structural model analysis.

RESULTS OF RESEARCH AND DISCUSSION

The Based on the survey results, the participant profile in this study includes several demographic aspects such as gender, age, and length of employment. A total of 34 employees were selected as the research sample. The following section presents a detailed explanation of the characteristics of these participants as observed in the findings.

The evaluation of the inner model (structural model) aims to assess the relationships between latent variables, specifically focusing on the extent to which independent variables influence the dependent variable. The path coefficient values in the structural model serve as key indicators to determine the strength and significance of these relationships. This analysis is essential for understanding how much of the variance in the dependent variable can be explained by the independent variables in the model. Furthermore, the path coefficients table provides a comprehensive view of the direct and indirect effects among variables, enabling researchers to draw conclusions about the predictive relevance and overall explanatory power of the proposed model. The analysis also presents the T-statistic values as the result of testing the relationships within the structural model.

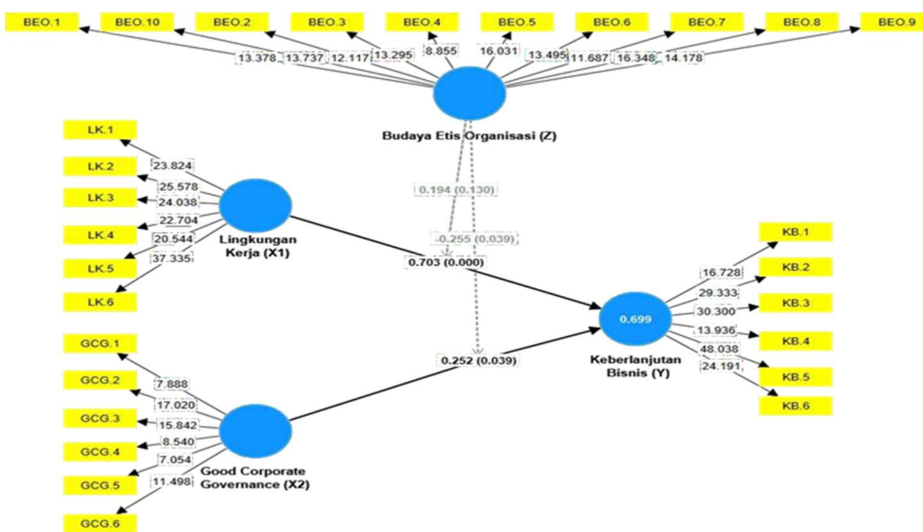

Figure 1. Bootstrapping Output Results

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Table 1 Total Effect (Means, STDEV, T-Values)

	Original Sample (O)	Sample Average	Standard Deviation (STDEV)	T Statistics	P Value	Description
Work Environment (X1) -> Business Sustainability (Y)	0,703	0,669	0,142	4,954	0,000	Significant
Good Corporate Governance (X2) -> Business Sustainability (Y)	0,252	0,274	0,143	1,763	0,039	Significant
Organizational Ethical Culture (Z) -> Business Sustainability (Y)	0,089	0,110	0,144	0,617	0,269	not significant

Source : Smart PLS, 2025

Based on Table 1, the relationship between the work environment and business sustainability demonstrates a strong influence. The high T-statistic value (4.954) and the very low P-value (0.000) indicate a highly significant result within the sample. This suggests that a conducive work environment positively contributes to business sustainability. Therefore, H1 is accepted.

Good Corporate Governance (GCG) also exhibits a positive effect on business sustainability, although its influence is not as strong as that of the work environment. With a T-statistic of 1.763 and a P-value of 0.039, the findings indicate a statistically significant relationship between GCG practices and business sustainability. However, the P-value being slightly above the conventional 0.05 threshold suggests that further strengthening of GCG practices may be needed. Hence, H2 is accepted.

In contrast, the relationship between organisational ethical culture and business sustainability does not show a significant impact. The relatively low T-statistic (0.617) and the high P-value (0.269) indicate that the observed difference in the sample is not statistically significant. This implies that the ethical culture within the organisation does not contribute positively to business sustainability. As a result, H3 is rejected.

Table 2 Moderation Effect Test Results

	O riginal Sample (O)	s ample average	S tandard Deviatio n (STDEV)	Statist ic	Value	De scription
M oderating Effect1 -> Business Sustainabi lity (Y)	0 ,194	0 ,187	0, 172	,126	,130	No t Significan t
M oderating Effect2-> Business Sustainabi lity (Y)	- 0,255	- 0,255	0, 144	,767	,039	Si gnificant

Sumber : Smart, PLS 2025

Referring to Table 2, after the inclusion of the moderating variable into the model, the results reveal that the first moderating effect does not demonstrate a statistically significant influence on business sustainability. This is supported by a relatively low T-statistic value of 1.126 and a high P-value of 0.130, indicating that the effect is not meaningful within the sample. These findings suggest that there is insufficient evidence to conclude that the moderating variable strengthens or weakens the relationship in this context. Therefore, Hypothesis 4 (H4) is rejected.

In contrast, the second moderating effect shows a statistically significant relationship with business sustainability. The T-statistic value of 1.767 and P-value of 0.039 fall within the acceptable significance threshold ($P < 0.05$), implying that this moderating effect does play a role in influencing the outcome. This indicates that the presence of the moderating variable may enhance or diminish the strength of the relationship between the independent variables and business sustainability. Accordingly, Hypothesis 5 (H5) is accepted.

CONCLUSIONS

Based on the issues, conditions, analytical findings, and discussions previously outlined in this study, several key conclusions can be drawn. Firstly, the work environment has been shown to have a positive influence on business sustainability at PT Telkom Group Witel Sumbagsel Tbk. This indicates that the more conducive, safe, and comfortable the work environment provided by the company, the greater the potential for ensuring long-term business continuity. Secondly, the implementation of Good Corporate Governance (GCG) principles also exerts a positive impact on business sustainability, suggesting that strong governance practices significantly contribute to reinforcing operational strength and long-term organisational viability. Thirdly, the ethical culture within the organisation demonstrated an insignificant, or even negative, influence on business sustainability in this context. This implies that existing ethical values have yet to meaningfully support the achievement of sustainability goals. Fourthly, organisational ethical culture does not significantly function as a moderating variable in the relationship between the work environment and business sustainability. This suggests that ethical values within the organisation are not yet robust enough to enhance or mediate the positive influence of the work environment on the company’s sustainability. However, the fifth finding reveals that ethical organisational culture does play a significant moderating role in the relationship between GCG and business sustainability. This indicates that a strong ethical culture can enhance the effectiveness of GCG practices in achieving long-term sustainability objectives for the company.

RECOMMENDATIONS

Based on the study's findings, several strategic recommendations are proposed to enhance the operational sustainability of PT Telkom Group Witel Sumbagsel Tbk. First, the company should improve transparency in disclosing workplace conditions by producing comprehensive sustainability reports that address social impact, environmental initiatives, and employee well-being. This approach will help strengthen public trust and enhance the company's reputation. Second, the ongoing implementation of Good Corporate Governance (GCG) must be reinforced through greater accountability, stakeholder involvement, and capacity-building initiatives such as workshops and training on governance and ethics. Strengthening ethical culture should also be prioritised, including the establishment of an ethics committee to handle integrity-related issues and provide a safe channel for reporting misconduct. Third, the company should regularly assess how organisational ethical culture influences the relationship between workplace environment, GCG practices, and long-term business sustainability. Further research is encouraged to explore this dynamic more deeply, enabling the company to refine its strategies in response to evolving challenges.

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