Does Corporate Social Responsibility Shape the Relationship Between Strategic Leadership, Corporate Culture, Sustainability, and Financial Performance?

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Abstract. This study examines the function of corporate sustainability in mediating the relationship between strategic leadership and company culture and financial performance, as well as the moderating effect of corporate social responsibility (CSR). This study uses a quantitative methodology to examine hypotheses. This study's population comprised all of the company's top executives in Banten Province, Indonesia. 160 participants were randomly selected and the data were analyzed using a structural equation model (SEM). This study found that strategic leadership and company culture positively and significantly impact organizational sustainability and financial performance. Then, CSR positively impacts financial performance significantly. In addition, corporate sustainability mediates the relationship between strategic leadership, organizational culture, and financial performance. This research is advantageous to management since it focuses on the governance structure that serves as a control mechanism and managers' interests with business objectives.

Keywords: Strategic Leadership · Corporate Culture · Corporate Sustainability · CSR · Financial Performance

1 Introduction

Markets are getting more competitive, and the rate of change is putting businesses under enormous pressure not just to thrive but also to sustain their success in the future. In recent years, business sustainability has received significant attention as corporations, shareholders, and customers have become increasingly aware of its importance [1]. In order to manage their sustainability performance, companies are increasingly to establish and meet sustainability goals. These initiatives are under the corporate sustainability framework, defined as a corporation's delivery of long-term financial, social, environmental, and ethical value [2]. Socially responsible activities have been considered a tool for strengthening reputations and fomenting goodwill between customers [3]. Sustainable development stems from the macroeconomic level and focuses on the three pillars of sustainability: the integrity of the environment, shared prosperity, and social equality [4]. Corporate sustainability entails the integration of industrial, environmental, and

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equitable society by corporate entities. It is also commonly discussed in terms of the "triple bottom line" to frame the associated discussions in language familiar to corporations, given the predominant emphasis on the economic "bottom line" in the business vernacular. Thus, at its core, the notion of corporate sustainability requires businesses to evaluate their social and environmental implications alongside their economic aims. Therefore, business sustainability and corporate social responsibility are closely related ideas [5].

Consequently, experts and managers have begun to evaluate and investigate the advantages that sustainability issues can provide to an organization's business and the value supplied for various stakeholders [6]. In reality, the research provides evidence of the positive effects of sustainability efforts on firm success, including financial performance, employee dedication, inventiveness, and company reputation [7–11]. However, the literature argument is more nuanced regarding the influence of CSR policies on financial performance since some research indicates negative or inconsequential effects (Kim et al., 2018). Based on the above background, we will examine corporate sustainability on financial performance by including strategic leadership and corporate culture variables and CSR as a moderator.

2 Literature Review and Hypothesis Development

2.1 The Relationship Between Strategic Leadership, Corporate Sustainable and Financial Performance

Strategic leadership is the ability to predict, foresee, think strategically, and collaborate with coworkers to undertake changes targeted at securing the organization's future viability [13]. Corporate sustainability necessitates strategic leadership for corporate leaders to think strategically and make use of strategic intent, anticipate events to be proactive, have the flexibility to work correctly with varying circumstances, and communicate with the surrounding environment to introduce and adopt improvements [14]. Therefore, leadership toward corporate sustainability takes extraordinary skills. These leaders can sense and foresee complexity, think through complex challenges, engage teams in variable structure organizational transformation, and have the emotional stability to deal with their complicated problem-solving impulses adaptively. Leaders and leadership are a crucial interpretation of how an organization's sustainability 'links' to the larger systems in which the organization resides "executing this link effectively" demands unconventional leaders and leadership systems [15]. Strategy leadership for sustainability seeks to consistently increase their understanding and experiment with how to participate in each situation. Strategy leadership also makes educated decisions, takes calculated risks, learns from their mistakes, and shares what they've learned, rejecting the ego-driven assumption of "correct" answers in favor of genuinely involving people in the decision-making approach for mutual necessity. In doing so, they represent role models who inspire others to support corporate sustainability [16]. According to a study conducted by Kowo & Akinbola (2019), "strategic leadership" has affected and sustained the success of small and medium-sized businesses in Nigeria. This research also provides a forum for managers to thoroughly understand the importance of adopting suitable leadership strategies in their management. The probe that financial performance is contingent on the appropriateness of its leadership practices. In a separate study, Kim (2020) found that strategic leadership was statistically significant for financial and non-financial performance. Thus, the following hypothesis are proposed:

H1: strategic leadership have a significant influence on corporate sustainability performance

H2: strategic leadership have a significant influence on financial performance

2.2 The Relationship Between Corporate Culture, Sustainable and Financial Performance

Corporate culture is a set of shared, fundamental assumptions that firms discover, establish, and shape in reply to internal integration and adjustment to the surrounding environment; these fundamental precepts perform well enough and are not only identified by members of the company but are also continuously transmitted to new members. Corporate culture also comprises the norms, beliefs, and assumptions upon which a company's leaders and personnel base their choices and activities [19, 20]. Corporate culture is a significant predictor of an organization's effectiveness. However, it is also a system component comprised of highly interrelated aspects such as plan, strategy, governance, and high-performance work techniques. Consequently, it is essential to account for the influence of culture's system correlates with describing organizational culture's predictive ability for organizational results [21]. The essence of corporate culture indicates how essential the collective beliefs of employees need to be in expressing the organization's culture, understanding its plan of action, and correctly forecasting how the company will proceed in the future. A healthy corporate culture finds collaboration amongst coworkers, but it is also essential to provide employees the flexibility to make decisions and develop their habits. It describes the excellent connection between organizational culture and performance [22]. According to Galpin et al. (2015) that developing an organizational architecture that creates a corporate culture improves employee and corporate sustainability performance.

A firm may increase its efficiency and competitiveness by establishing solid relationships with its key stakeholders, one of the strategies it might employ. Additionally, it adds to the enhancement of the company's competitive edge. In this regard, a business cannot improve its organizational culture without concentrating on it establishing more transparent circumstances for all stakeholders and gaining competitive advantages over rivals. Therefore, managers should thoroughly analyze the company culture and maintain positive stakeholder relationships. Corporate culture appears to play a significant role since it influences managers' conduct. It influences and is influenced by the primary stakeholders. It will reflect on the financial performance [24]. Based on the information above, the hypothesis in this study is as follows:

H3: corporate culture has a significant influence on corporate sustainability

H4: corporate culture has a significant influence on financial performance

2.3 The Relationship Between Corporate Sustainability and Financial Performance

In the context of market liberalism, the prospects for sustainable development are seen as bleak unless the business world pays adequate attention to sustainability's economic, social, and environmental components [25, 26]. In addition to ethical obligation and stakeholder responsibility, prior research indicates that companies should participate in sustainability initiatives for business reasons [27]. An indication is that reducing carbon emissions and energy usage results in monetary benefits. Similarly, mitigating the risk of global warming provides the company with competitive advantages for long-term investments. In general, sustainability improves a corporation's long-term financial performance [28], hence meeting global goals for sustainable development [29]. It is an investing strategy that necessitates firms to adopt best practices to reasonably address the future and present needs of all stakeholders [30]. Moreover, sustainability develops managerial capabilities and improves organizational effectiveness by aligning its interests with those of stakeholders, according to proponents of stakeholder theory [25].

Companies that engage in sustainability initiatives endure additional expenses, including implementing sustainable practices, enhanced safety, and health conditions, establishing a public development project, and charity contributions. Contrary to the interests of shareholders, investment in sustainability results in the redistribution of finite business resources from investors and external stakeholders [31]. Thus, the proposed hypothesis is as follows:

H5: corporate sustainability has a significant influence on financial performance

2.4 The Relationship Between Corporate Social Responsibility and Financial Performance

Integrated within business models, CSR is a type of corporate self-regulation. CSR is a self-regulatory process that ensures a corporation's active conformity with the essence of the rules and standards of ethics. The objective is to boost a company's long-term earnings or survival by establishing a positive public image and solid professional ethics to reduce legal and business risk and promote shareholder confidence. Consequently, a corporation's CSR policies are close ties to its sustained development. To achieve sustainability, a firm must have a good impact on the environment and its stakeholders, including its customers, workers, shareholders, and neighborhoods [32]. Firms engage in corporate social responsibility (CSR) for a variety of reasons. These extend from pure altruism (activities committed to the betterment of the world and society without direct compensation) to conformance with institutional constraints from the surrounding environment and noticeable return gains such as money advantages and higher prestige [10]. In other words, the influence of CSR on company performance, particularly financial performance, is a crucial aspect of corporate governance and management. According to the common perspective, CSR is expensive because being socially responsible imposes additional resources. Among the socially accountable behaviors are expenditures in reducing pollution, employee compensation packages, community contributions, partnerships, etc. Conventional wisdom holds that these expenditures will diminish profitability and result in a "competitive disadvantage." [10]. Kabir & Thai,

(2017) reveal that CSR efforts impact the financial success of businesses. In addition, corporate governance characteristics such as overseas investment, board composition, and independent directors bolster the excellent correlation between CSR and company financial performance. The majority of relationships between CSR activities (environmental, community, marketplace, and workplace) and financial performance (ROA and ROE) were positive, compared to the findings from Yusoff & Adamu's (2016) research. In addition, many previous studies have stated a positive relationship between CSR and financial performance [7–9]. Then, we offer hypotheses in the study are:

H6: CSR have a significant influence on financial performance

2.5 The Indirect Relationship

Recent research has begun to focus on potential moderators and mediators in the relationship between corporate sustainability and financial performance, as opposed to whether it is good or better [11, 34]. Given the potential contribution of the contingency viewpoint, there appears to be tremendous value in exploring what we have learnt thus far and what remains to investigate moderators and mediators of their interaction. This study investigates the factors influencing the relationship between corporate sustainability and financial performance. By incorporating strategic leadership, company culture, and CSR variables, we want to understand better the circumstances under which corporate sustainability has varying implications on financial performance. Based on the description above, the hypotheses in this study are as follows:

H7: corporate sustainability has mediated the relationship between strategic leadership on financial performance

H8: corporate sustainability has mediated the relationship between corporate culture on financial performance

H9: CSR has moderated the relationship between corporate sustainability and financial performance

Based on the previous description, the following hypothetical framework model describes the relationship between one variable and another (Fig. 1).

3 Methodology

3.1 Measurement of Variable

This study's conceptual framework consists of five constructs. Each concept evaluates using a variety of items. Several past studies adapted pieces of constructs. Notably, each item evaluates using a 5-point Likert scale ranging from strongly agree (5) to disagree strongly (1). Strategic leadership consist of 4 items adapted from [16]; corporate culture consists of 4 items and financial performance consists of 6 items adapted from [22]; corporate sustainability consists of 4 items adapted form Munir et al. (2019); and corporate social responsibility consists of 4 items adapted from Yusoff & Adamu (2016).

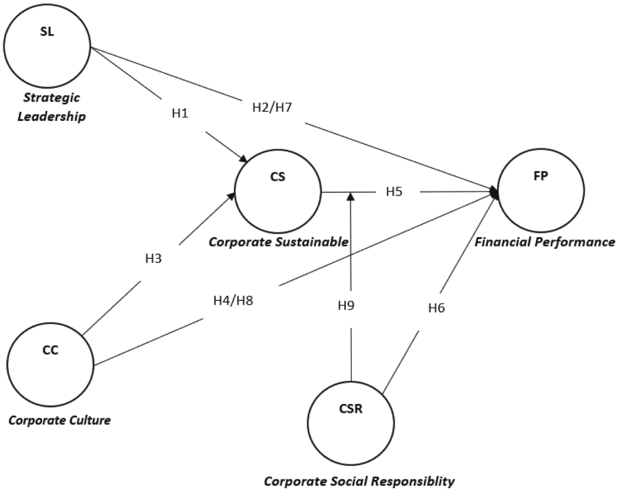

Fig. 1. Framework model

3.2 Population and Sample

This study's population consists of the proprietors of energy-intensive, chemical, and metal manufacturing firms. The reason for utilizing these businesses is that they have an environmental impact on the community, thereby establishing the business' social responsibility. Within the context of this study, the company's top management in the province of Banten will serve as the unit of analysis. This research employed a technique known as purposive sampling to select its samples. The use of purposeful sampling in this study ensures that the researcher will obtain the necessary information from the appropriate object. The sample size for this study was 200 individuals. Nevertheless, only 160 samples return for examination.

4 Result and Findings

4.1 Validity and Reliability

Using the convergent technique, we could determine the indicator's validity, which was then expressed as the value of the external loading factor. It specifies that the value range of 0.50 to 0.70 for the loading factor is still enough for exploratory investigations, which are the preliminary phases of constructing a measurement scale. In this particular investigation, the outer loading value of each indicator was more than 0.70, which allowed it to pass muster in terms of convergent validity (see Table 1).

The following step evaluated a variable's discriminant validity by contrasting the extracted square root coefficient of variance (AVE) from each latent factor to the correlation coefficient between the other factors in the model. It was done to determine whether or not the variable could distinguish between groups. The AVE value suggests it has a significance greater than 0.5. According to Table 1, the constructs investigated in this research had a discriminant validity greater than 0.50 [35]. The value of the variable indicators is determined through the utilization of composite reliability in the very last phase. Results were judged reliable whenever the composite reliability and Cronbach's alpha were significantly higher than 0.70 [36] (see Table 2).

Table 1. Factor loading and cross loading

Variable	Items	Strategic Leadership	Corporate Culture	Corporate Sustainability	Corporate Social Responsibility	Financial Performance
Strategic Leadership	SL1	0.834	0.411	0.527	0.559	0.478
	SL2	0.865	0.468	0.567	0.640	0.515
	SL3	0.807	0.362	0.448	0.668	0.447
	SL4	0.816	0.589	0.648	0.685	0.588
Corporate Culture	CC1	0.506	0.854	0.604	0.561	0.628
	CC2	0.485	0.936	0.763	0.516	0.607
	CC3	0.571	0.943	0.750	0.549	0.651
	CC4	0.470	0.879	0.601	0.509	0.636
Corporate Sustainability	CS1	0.509	0.582	0.784	0.548	0.661
	CS2	0.614	0.601	0.831	0.737	0.701
	CS3	0.607	0.753	0.938	0.618	0.697
	CS4	0.606	0.699	0.937	0.636	0.680
Corporate Social Responsibility	CSR1	0.694	0.478	0.617	0.868	0.649
	CSR2	0.699	0.440	0.501	0.820	0.591
	CSR3	0.678	0.506	0.592	0.795	0.655
	CSR4	0.533	0.533	0.691	0.855	0.790
Financial Performance	FP1	0.616	0.557	0.617	0.807	0.861
	FP2	0.612	0.580	0.662	0.785	0.871
	FP3	0.558	0.671	0.775	0.725	0.897
	FP4	0.519	0.671	0.759	0.658	0.891
	FP5	0.484	0.601	0.669	0.684	0.894
	FP6	0.461	0.597	0.645	0.620	0.869

Table 2. Construct reliability and validity test

Variable	Cronbach's Alpha	rho_A	Composite Reliability	AVE
Strategic Leadership	0.851	0.860	0.899	0.690
Corporate Culture	0.925	0.930	0.947	0.817
Corporate Sustainability	0.896	0.901	0.929	0.766
Corporate Social Responsibility	0.856	0.865	0.902	0.697
Financial Performance	0.942	0.943	0.954	0.775

The calculation of the composite reliability yielded a range of 0.899 to 0.954 (more than 0.70), which demonstrated that the variable's indicators were dependable. Cronbach's alpha scores varied from 0.851 to 0.942, greater than 0.70, indicating that the indications were reliable and could be considered free of errors [37].

4.2 Testing Research Hypothesis

The results of the hypotheses testing are shown in Table 3. They exhibited that strategic leadership had significant and positive influence on corporate sustainability (p *values* $= 4.225 > 1.96$), strategic leadership had significant and positive influence on financial performance (p *values* $= 2.239 > 1.96$), corporate culture had significant and positive influence on corporate sustainability (p *values* $= 6.719 > 1.96$), corporate culture had significant and positive influence on financial performance (p *values* $= 2.221 > 1.96$), corporate sustainability had significant and positive influence on financial performance (p *values* $= 2.848 > 1.96$), and corporate social responsibility had significant and positive influence on financial performance (p *values* $= 3.153 > 1.96$). Furthermore, the result of mediating and moderating testing shows (see Table 4) that corporate sustainability mediates the relationship between strategic leadership (p *value* $= 2.839 > 1.96$) and corporate culture (p *value* $= 2.028 > 1.96$) on the financial performance. Therefore, corporate social responsibility not moderates the relationship corporate sustainability on financial performance (p *values* $= 1.629 < 1.96$). Thus, it can conclude, based on the results of data analysis that H1-H8 is accepted, and only H9 is rejected. Figure 2 shows the results of the model result, and Fig. 3 shows the analysis model result done with the smart pls software.

5 Discussion and Conclusion

5.1 The Relationship Between Strategic Leadership, Sustainable and Financial Performance

H1 accepted. This finding confirms that strategic leadership could indeed head profound change and that its application necessitates the integration of vision and flexibility. Here, strategic leaders must overcome the human element of the organization's reluctance to

Table 3. Path coefficient

Hypothesis	Construct	Original Sample	T Statistics	P Values	Result
H1	Strategic Leadership - > Corporate Sustainability	0.357	4.255	0.000	Accepted
H2	Strategic Leadership - > Financial Performance	0.184	2.239	0.026	Accepted
H3	Corporate Culture - > Corporate Sustainability	0.555	6.719	0.000	Accepted
H4	Corporate Culture - > Financial Performance	0.180	2.221	0.027	Accepted
H5	Corporate Sustainability - > Financial Performance	0.280	2.848	0.005	Accepted
H6	Corporate Social Responsibility - > Financial Performance	0.517	3.153	0.002	Accepted

Table 4. Indirect correlation

Hypothesis	Construct	Original Sample	T Statistics	P Values	Result
H7	Corporate Culture - > Corporate Sustainability - > Financial Performance	0.156	2.839	0.005	Accepted
H8	Strategic Leadership - > Corporate Sustainability - > Financial Performance	0.100	2.028	0.043	Accepted
H9	Moderating Effect = CS*CSR - > Financial Performance	-0.092	1.629	0.104	Rejected

change. People have valid reasons to refuse to adapt from the perspective of human resources. Frequently objection is warranted because new procedures represent mismanagement which will steer the organization inside the wrong path." By involving individuals who will be affected by the change in the change process, strategic leaders minimize or eliminate resistance to change. According to research results on overcoming resistance to change, strategic leaders' assistance to the human aspect is crucial. According to the sample we analyzed, such encouragement provides hope for change and the willingness to accept it. This is in line with the study of Theodore (2014) that there are three aspects of business sustainability. The environment domain comprises serving the requirements of the present by exploiting the richness of the world efficiently and effectively without sacrificing the ability of future generations to meet their needs, the existence of humanity and others, and environmental equality and justice. The second topic is sociology, which focuses on forming a just and compassionate society, creating meaningful labour, and economic justice and equality. The third section focuses on the

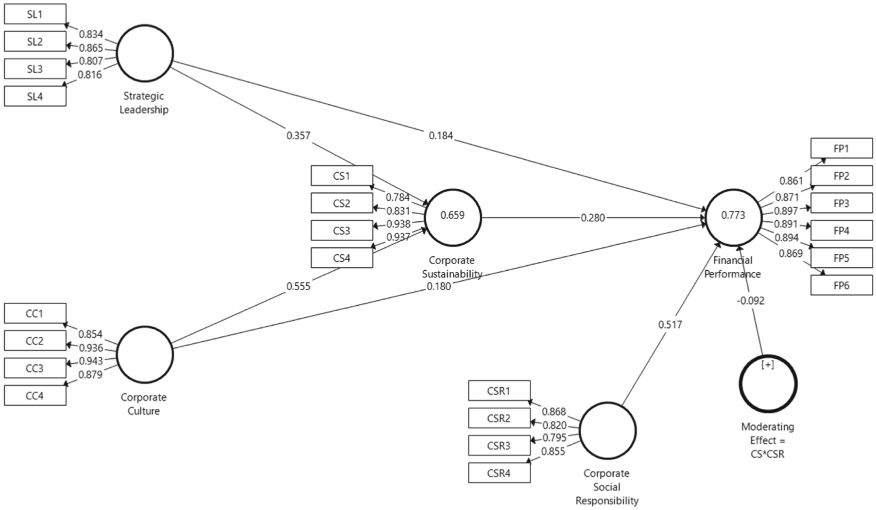

Fig. 2. Measurement model result

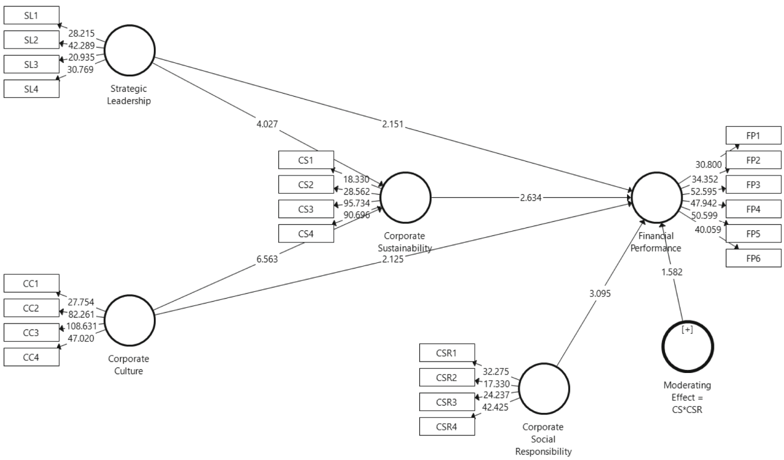

Fig. 3. Analysis model result

organization's internal ecosystem, including organizational growth, profitability, basic structures, functional departments, and micro/industry surroundings.

H2 accepted. The results of this study validate that relationship-focused and transformational strategic leadership correlates highly with organizational financial performance. Strategic leadership generates a clear vision of an optimistic and achievable future state, motivates individuals to improve their goals, simplifies essential difficulties, and communicates company goals in a highly competitive marketplace. Employee responses increase their motivation to put extra effort into achieving company goals, thereby improving the financial and non-financial performance of the company.

5.2 The Relationship Between Corporate Culture, Sustainable and Financial Performance

H3 accepted. It is proof that corporate culture practices can assist businesses in reducing their environmental effect. On the other hand, high-performance organizations attempting to become environmentally responsible frequently communicated their sustainability-centered goals and achievements to staff and other stakeholders. In addition, the best-performing corporations in corporate culture had customized environmental plans for employees and allowed for discretion in HR strategies, increasing employee happiness. Lastly, the quality corporate culture utilizes a variety of communication channels to encourage better employee participation, communication, and cross-functional interaction concerning their sustainability activities. In addition, they discovered that low-performing organizations emphasized compliance through control measures. Other research indicates that an emphasis on sustainability in corporate culture practices can aid in attracting and maintaining top personnel and encourage innovative activities among employees.

H4 accepted. We discovered a relationship between corporate culture and financial performance, demonstrating that theoretical differences in financial performance do not imply that corporate culture is mutually exclusive. This result may be unique to developing nations, but it also provides a foundation for further general theoretical debates and future research results. Our study also revealed the necessity for critically examining existing notions and frameworks: the disparity between the four elements of corporate culture is rather substantial. From our perspective, the Adhocracy type cannot exist without the essential ideals of the Clan type. This finding is consistent with Reino et al. (2020) assertion that a diversity of values is required to ensure firm performance.

5.3 The Relationship Between Corporate Sustainability and Financial Performance

H5 accepted. It indicates that the reasonable value of achieving financial performance and product quality ties to a company's sustainability. The industry in Banten may be more concerned with generating environmentally friendly products than reforming business methods. According to this study's descriptive analysis, most of the industry's sustainable activities involve the production of ecologically and socially beneficial outcomes. The company appears to emphasize social and environmentally conscious initiatives broadly. Based on these findings, linked industries in Banten can view sustainability as a method for enhancing performance and product quality to generate qualified financial performance. The industry's sensitivity in Banten to the company's environmental sustainability is consistent with the findings of Lee et al.'s (2015) study, which investigates how companies can enhance environmental performance and boost the profitability of sustainable company development. Identifying environmental R&D as the principal environmental commitment of a firm in pursuit of its environmental strategy enables us to explore the relationship between carbon dioxide emissions and financial success at the company level. In this study, the authors attempt to comprehend how environmental R&D investment modifies the correlation between a company's environmental and financial performance. In other words, this study examines the effect of carbon emissions and environmental R&D spending as elements of company sustainability on financial performance.

5.4 The Relationship Between Corporate Social Responsibility and Financial Performance

H6 accepted. This study demonstrates that energy-intensive, chemical, and metal businesses are the primary sectors in Banten Province (Serang Regency, Tangerang Regency, Tangerang City, and Cilegon City) in which CSR has a considerable beneficial impact on financial performance. It demonstrates that the corporate's strategic CSR actions boost its competitive advantage. Moreover, CSR initiatives can be a profitable investment, attracting consumers who appreciate CSR expenditure and are willing to pay more for executives and employees whose personal beliefs line with CSR. While CSR can diminish short-term financial returns, some organizations may place a higher value on it since they are content with having a corporation that spends wisely. Contrarily, breaching CSR pledges will result in reduced profits, whereas companies with a more extensive reputation value will achieve higher profits. Thus, CSR assists businesses in gaining a competitive edge, which has consequences for enhancing financial performance.

5.5 The Indirect Relationship

The acceptance of hypothesis 7 (H7) demonstrates that the solution to the disagreement and uncertainty over the many leadership styles associated with the successful implementation of sustainability in organizations rests in the complexity of sustainability itself. In truth, the problem's difficulty results from numerous levels of complexity, including the complexity of sustainability, the complexity of handling complicated issues, and the complexity of leadership itself. Therefore, leadership for sustainability enables managers with exceptional skills. These individuals are likely capable of reading and predicting complexity, analyzing complex situations, engaging others in dynamic, adaptive organizational change, and managing their emotions correctly. This relationship is a potent mediator for the successful implementation of sustainability, or it may be a representation of it. It will necessitate the application of complex environment navigation skills and an aspect of complex issue-solving.

H8 accepted. Although many companies have established a corporate culture towards sustainability, the successful implementation of this strategy requires the development of an ecosystem that represents and supports these activities. The model described here offers framework managers who wish to build and maintain a sustainable corporate culture can use as a guide. The process begins by incorporating sustainability into the purpose and value statement. However, genuine dedication to the strategic goal of being a sustainable business involves developing and maintaining a culture of sustainability. It requires developing human resources policies to attract, select, socialize and provide continuous professional development for employees that supports the organization's commitment to sustainability. For this dedication to penetrate the organization, these practices must help the organization's performance management system, which has implications for achieving optimal financial performance.

H3 rejected. The present findings show the moderating effect of CSR in establishing a proactive strategy for corporate sustainability that has not been successful in boosting the company's financial performance indirectly. However, CSR can directly influence the company's economic performance. Notably, the findings show the importance of firm owners/managers avoiding the directive people management approach that disregards the critical role employees engage in maximizing the benefit of assertive sustainable development and the affiliated economic advantages if they are to garner the numerous advantages of improving corporate sustainability and financial performance. Several managers who serve as study samples continue to assert that CSR is a corporate burden. The data also indicate that there is still a corporate culture that hinders managers from abusing the firm's role in the external environment, resulting in suboptimal levels of trust and reciprocal in corporate-environment relationships.

6 Implication and Limitation

6.1 Theoretical Implication

Prior research did not examine the mediating effect (corporate sustainability) when examining the role of strategic leadership and corporate culture on financial performance; this represents a significant theoretical contribution made by the present study. This study can address questions regarding future research on these variables by merging all of these components into a single model. Moreover, the current study employs CSR as a moderating variable to explain the association between company sustainability and financial success. It investigates the theoretical contribution to a company's financial performance. It is the first study to examine the relationship between strategic leadership and corporate culture and financial performance using corporate sustainability as a mediating and CSR as a moderator variable.

6.2 Practical Implication

This study's conclusions have consequences for managers, authorities, and policymakers as it defines the relationship between the corporate's key components. This research is beneficial for management because it focuses on the governance structure that functions as a control mechanism and aligns managers' interests with the corporate mission. It helps improve openness, increasing market confidence and the corporate's processes. Therefore, managers should concentrate on establishing and executing governance solutions to improve financial performance. In addition to accounting for the claims of shareholders, a better governance system also considers the community and other stakeholders. Thus, it facilitates the implementation of a sustainable strategy and the attainment of enhanced sustainability performance. Regarding the discussion on the long-term financial viewpoint of supporting better leadership, corporate culture, CSR and sustainability practices, this research has significance for policymakers.

6.3 Limitation and Suggestion

This paper has some limitations. First, this study examines the business environment in Indonesia. Corporate governance differs from country to country. Therefore, the results may differ in other countries. In addition, sensitivity to environmental issues varies: most developing countries are less concerned with the environmental threats posed by industrial businesses, but most industrialized countries do not neglect environmentally friendly goods. Second, the study framework is incomplete because it only assesses strategic leadership, corporate culture, and activities related to sustainable performance. Future research could use more complicated models with other mediators (such as corporate alignment) to support causal correlations with greater significance. Third, the processed data consists of questionnaire information. Future research may consider secondary data with a more extended period for data processing.

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