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The Influence of Human Resource Management through Ethical Leadership, Organizational Commitment, and Ethical Culture on Corporate Social Responsibility at PT Hack Claro Indonesia

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Abstract. *This study aims to analyze the influence of ethical leadership, organizational commitment, and ethical culture on corporate social responsibility (CSR) through human resource management (HRM) at PT Hack Claro Indonesia, a company operating in the Food and Beverage (F&B) sector. The research is motivated by the growing need to integrate ethical values into HRM practices to promote business sustainability and social responsibility, particularly in developing countries like Indonesia. Using a quantitative explanatory research design, data were collected from 150 permanent employees through structured questionnaires and analyzed using Partial Least Squares–Structural Equation Modeling (PLS-SEM) with SmartPLS 4.0. The results indicate that ethical leadership, organizational commitment, and ethical culture have positive and significant effects on HRM, while HRM itself significantly enhances CSR performance. Furthermore, HRM mediates the relationship between organizational ethics and CSR, demonstrating that ethical HR practices serve as a strategic bridge linking internal moral values to external social responsibility. These findings contribute to the development of the Integrative CSR–HRM Framework by empirically validating HRM's mediating role. Practically, the study highlights that implementing ethical and sustainable HRM practices can strengthen CSR initiatives, improve organizational integrity, and support long-term corporate sustainability in the F&B sector.*

Keywords: *Ethical Leadership, Organizational Commitment, Ethical Culture, Human Resource Management, Corporate Social Responsibility, PLS-SEM*

INTRODUCTION

In the increasingly competitive and sustainability-oriented global business landscape, organizations are required to implement human resource management (HRM) strategies that are not only efficient but also ethical and socially responsible. According to the Global Reporting Initiative (GRI, 2023), more than 78% of multinational corporations in the food and beverage (F&B) sector have integrated ethical leadership principles and corporate social responsibility (CSR) into their HRM systems as part of sustainability governance. However, in developing countries such as Indonesia, the adoption rate of ethical and sustainable HRM practices remains relatively low estimated at less than 50% (Bappenas, 2024; OECD, 2024). The F&B sector plays a crucial role in the national economy, contributing approximately 6.5% to Indonesia's GDP and employing millions of workers (Kemenperin, 2024).

This condition highlights an implementation gap between conventional efficiency-driven HRM practices and ethical HRM approaches that support CSR. Ethical leadership, ethical culture, and

organizational commitment are key factors in shaping employees' integrity and responsible behavior that contribute to corporate social responsibility (Kaptein, 2011; Meyer & Allen, 1991; Brown et al., 2005). Hence, it is essential to examine how these organizational ethics factors influence HRM practices and ultimately enhance CSR performance.

Based on these considerations, this study investigates the influence of ethical leadership, organizational commitment, and ethical culture on corporate social responsibility through human resource management at PT Hack Claro Indonesia, representing the Indonesian F&B industry context. The main objective of this research is to examine both the direct and indirect effects of these ethical factors on CSR performance and to identify the mediating role of HRM in strengthening the relationship between organizational ethics and corporate social responsibility. Accordingly, this study aims to answer the following research questions:

1. How does ethical leadership influence human resource management?
2. How does organizational commitment influence human resource management?
3. How does ethical culture influence human resource management?
4. How does human resource management influence corporate social responsibility?

This research contributes empirically to the development of ethical and sustainable HRM literature and provides practical implications for organizations and policymakers to enhance ethical and social governance in Indonesia's F&B sector.

LITERATURE REVIEW

2.1 Ethical Leadership

Ethical leadership is defined as a leader's ability to demonstrate normative behavior that aligns with moral standards and to influence subordinates through example, communication, and the reinforcement of ethical values (Brown, Treviño, & Harrison, 2005). Ethical leaders emphasize not only performance but also the importance of trust and fairness in workplace relationships. Within the HRM context, ethical leadership fosters employee behavior that aligns with organizational and social responsibility values (Bedi, Alpaslan, & Green, 2016).

2.2 Organizational Commitment

Organizational commitment is a psychological state that reflects an employee's emotional attachment, identification, and loyalty to the organization (Meyer & Allen, 1991). The three-component model includes:

1. **Affective commitment** – emotional attachment to the organization;
2. **Continuance commitment** – consideration of costs and benefits of leaving; and
3. **Normative commitment** – a moral sense of obligation to remain.

A strong level of organizational commitment encourages employees to actively participate in the organization's ethical and social initiatives, thereby enhancing CSR implementation (Suliman & Al Kathairi, 2013).

2.3 Ethical Culture

Ethical culture reflects the extent to which organizational norms, policies, and systems support ethical conduct and discourage unethical behavior (Kaptein, 2011). Organizations with a high ethical culture tend to provide open reporting systems, integrity training, and reward mechanisms that encourage ethical actions. This culture serves as a normative framework that guides employees to behave according to social and moral values, reinforcing organizational social responsibility.

2.4 Human Resource Management (HRM)

Human resource management is a strategic process of acquiring, developing, assessing, and retaining employees to achieve sustainable organizational objectives (Dessler, 2023; Armstrong & Taylor, 2020). The Ethical and Sustainable HRM approach emphasizes that HR functions must not only focus on efficiency but also be accountable for social well-being, environmental sustainability,

and ethical integrity. Ethical HRM practices act as a bridge between moral values and the implementation of corporate social responsibility.

2.5 Corporate Social Responsibility (CSR)

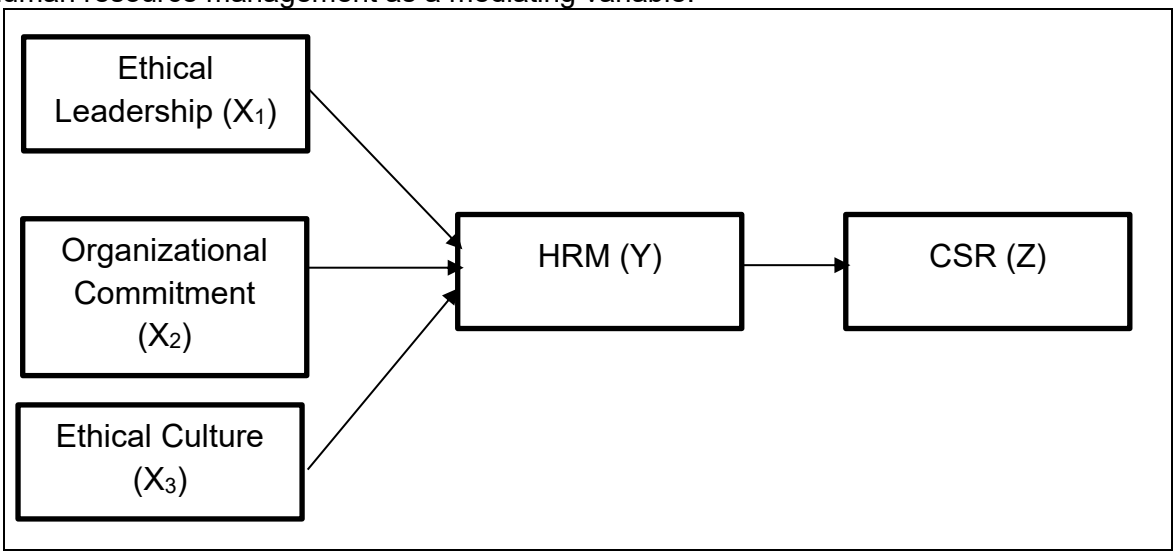
Corporate Social Responsibility reflects an organization's commitment to act ethically, contribute to sustainable economic development, and improve the quality of life of employees, communities, and society (Carroll, 1999; GRI, 2023). Carroll's CSR Pyramid identifies four dimensions of responsibility: economic, legal, ethical, and philanthropic. In the HRM context, CSR is internalized through fair recruitment, ethics-oriented training, and the recognition of socially responsible employee behavior.

2.6 Relationships Among Variables in the Research Model

Based on the theoretical perspectives above, the relationships among the variables in this study are formulated as follows:

1. Ethical leadership, organizational commitment, and ethical culture have positive effects on sustainable HRM practices.
2. Ethical HRM practices have a positive influence on corporate social responsibility.
3. HRM serves as a mediating variable linking organizational ethical values with CSR implementation.

Based on the theoretical explanations and the relationships among variables, a conceptual model is developed as shown in **Figure 1**. The model explains the relationship among ethical leadership, organizational commitment, and ethical culture toward corporate social responsibility through human resource management as a mediating variable.



Source: Processed by researchers (2025), based on Brown et al. (2005), Meyer & Allen (1991), Kaptein (2011), and Carroll (1999).

This model adopts the Integrative CSR–HRM Framework proposed by Renwick, Redman, and Maguire (2019), which positions HR as the key driver in implementing organizational social responsibility initiatives.

RESEARCH METHODS

This study employed a quantitative approach using a survey method designed to examine the causal relationships among ethical leadership, organizational commitment, ethical culture, human resource management (HRM), and corporate social responsibility (CSR). The quantitative design was selected because it enables empirical and measurable testing of relationships among latent variables through a structural modeling approach.

The population of this study consisted of all permanent employees of PT Hack Claro Indonesia, a company operating in the Food and Beverage (F&B) sector. The sampling technique used was

purposive sampling, with respondents selected based on the criteria of having worked for at least one year and being involved in either operational or managerial activities. A total of 150 valid responses were obtained, meeting the minimum recommendation for Partial Least Squares–Structural Equation Modeling (PLS-SEM) analysis, which suggests sample sizes between 100 and 200 for models of moderate complexity (Hair et al., 2021).

The study variables consisted of ethical leadership (X_1), defined as moral behavior and exemplary leadership (Brown et al., 2005); organizational commitment (X_2), referring to employees' emotional attachment and loyalty to the organization (Meyer & Allen, 1991); ethical culture (X_3), representing moral norms and values that guide ethical behavior within the organization (Kaptein, 2011); human resource management (Y), encompassing sustainable HRM practices such as ethical recruitment, training, and evaluation (Dessler, 2023; Armstrong & Taylor, 2020); and corporate social responsibility (Z), representing the organization's commitment to social and environmental well-being (Carroll, 1999; GRI, 2023). All constructs were measured using a five-point Likert scale ranging from 1 ("strongly disagree") to 5 ("strongly agree").

Data were collected through both online and printed questionnaires distributed to employees between February and April 2025. Prior to distribution, a content validity test was conducted with three HRM experts to ensure indicator clarity and relevance.

Data analysis was performed using the Partial Least Squares–Structural Equation Modeling (PLS-SEM) method through the SmartPLS 4.0 software (Ringle, Wende, & Becker, 2023). PLS-SEM was chosen for its ability to analyze complex models with small-to-medium sample sizes, its non-reliance on data normality assumptions, and its suitability for exploratory and predictive research models (Hair et al., 2021; Sarstedt et al., 2023).
The data analysis process included several stages:

1. Construct Validity and Reliability Testing

This stage assessed indicator consistency and accuracy in measuring latent constructs using the following criteria:
loading factor (>0.70), Average Variance Extracted (AVE) (>0.50), Composite Reliability (CR) (>0.70), and Cronbach's Alpha (>0.70).
The main formulas used were:

- **Loading Factor (λ_i):**

$$\lambda_i = \frac{Cov(X_i, \eta)}{Var(\eta)}$$

Indicates the correlation between indicator X_i and latent construct η.

- **Average Variance Extracted (AVE):**

$$AVE = \frac{\sum \lambda_i^2}{\sum \lambda_i^2 + \sum Var(\varepsilon_i)}$$

where λ_i = loading factor of the *i-th* indicator, and $Var(\varepsilon_i) = 1 - \lambda_i^2$.
An AVE value ≥ 0.50 indicates convergent validity.

- **Composite Reliability (CR):**

$$CR = \frac{(\sum \lambda_i)^2}{(\sum \lambda_i)^2 + \sum Var(\varepsilon_i)}$$

A CR value ≥ 0.70 indicates internal consistency reliability.

- **Cronbach's Alpha (α):**

$$\alpha = \frac{k}{k-1}\left(1 - \frac{\sum Var(X_i)}{Var(\sum X_i)}\right)$$

where *k* = number of indicators within a construct.

2. Measurement Model (Outer Model) Evaluation

This test examined convergent and discriminant validity among indicators.

- *Convergent validity* is confirmed when all indicators have loadings > 0.70 and AVE > 0.50.
- *Discriminant validity* was evaluated using the Fornell–Larcker criterion and the Heterotrait–Monotrait Ratio (HTMT), where √AVE for each construct must exceed its correlations with other constructs and HTMT < 0.90 (Hair et al., 2021).

3. Structural Model (Inner Model) Evaluation

The inner model evaluated the relationships among latent variables using path coefficients (β), coefficient of determination (R^2), predictive relevance (Q^2), Variance Inflation Factor (VIF < 5), and effect size (f^2).

- **Path Coefficient (β):** Represents the strength and direction of the relationship among constructs.
- **Coefficient of Determination (R^2):**

$$R^2 = 1 - \frac{\sum(Y_i - \hat{Y}_i)^2}{\sum(Y_i - \bar{Y})^2}$$

Interpretation: 0.19 (weak), 0.33 (moderate), and 0.67 (strong) (Hair et al., 2021).

- **Predictive Relevance (Q^2):**

$$Q^2 = 1 - \frac{SSE}{SSO}$$

A Q^2 value > 0 indicates good predictive relevance.

- **Variance Inflation Factor (VIF):**

$$VIF = \frac{1}{1 - R^2}$$

A VIF < 5 indicates no multicollinearity.

- **Effect Size (f^2):**

$$f^2 = \frac{R^2_{included} - R^2_{excluded}}{1 - R^2_{included}}$$

Interpretation: 0.02 (small), 0.15 (medium), 0.35 (large) (Cohen, 1988).

4. Hypothesis Testing (Bootstrapping)

Significance testing was conducted using 5,000 resamples, with significance criteria of *t-statistics* > 1.96 or *p-value* < 0.05 at a 95% confidence level. The general formula for the *t-test* is:

$$t = \frac{\beta}{SE(\beta)}$$

where β = path coefficient and $SE(\beta)$ = standard error from bootstrapping. A result of $t > 1.96$ indicates that the hypothesis is accepted.
All analytical results were interpreted following Hair et al. (2021), where the model is considered robust if it meets the reliability, validity, and goodness-of-fit criteria with R^2 and Q^2 values above 0.30.

RESULTS AND DISCUSSION

4.1 Construct Validity and Reliability Test

The results of the outer model evaluation indicate that all indicators have loading factor values greater than 0.70, confirming convergent validity. The Average Variance Extracted (AVE) values for all constructs exceed 0.50, while both Composite Reliability (CR) and Cronbach's Alpha (CA) are above 0.70. These results demonstrate that each construct possesses adequate internal consistency and convergent validity (Hair et al., 2021).

Table 1. Results of the Validity and Reliability Test of the Constructs

Constructs	AVE	CR	Cronbach's Alpha	Description
Ethical Leadership (X_1)	0.71	0.91	0.87	Reliabel
Organizational Commitment (X_2)	0.74	0.92	0.89	Reliabel
Ethical Culture (X_3)	0.70	0.90	0.86	Reliabel
Human Resource Management (Y)	0.72	0.93	0.89	Reliabel
CSR (Z)	0.75	0.94	0.90	Reliabel

Source: Processed by researchers (2025) using SmartPLS 4.0.

Accordingly, the measurement model meets the required criteria for convergent validity (AVE > 0.50) and composite reliability (CR > 0.70), signifying that all constructs are statistically reliable and valid for further structural model analysis.

4.2 Structural Model (Inner Model)

The values of R^2 and Q^2 were used to assess the predictive strength of the model. The R^2 value of 0.621 for Human Resource Management (HRM) indicates that 62.1% of the variance in HRM can be explained by ethical leadership, organizational commitment, and ethical culture. Meanwhile, the R^2 value of 0.676 for Corporate Social Responsibility (CSR) shows that 67.6% of the variance in CSR is explained by HRM.

Table 2. R^2 and Q^2 Values

Endogenous Construct	R^2	Q^2	Interpretation
Human Resource Management (Y)	0.621	0.412	Strong
Corporate Social Responsibility (Z)	0.676	0.436	Strong

Source: Processed by the researcher (2025) using SmartPLS 4.0.

These results indicate that both endogenous constructs have strong explanatory power and predictive relevance. Following Hair et al. (2021), R^2 values above 0.33 and Q^2 values greater than zero demonstrate that the model possesses high predictive accuracy and substantial explanatory capacity for the relationships among the latent variables.

4.3 Multicollinearity and Effect Size (VIF & f^2)

All exogenous variables have Variance Inflation Factor (VIF) values below 3, indicating that no multicollinearity issues are present in the model. The f^2 (effect size) results show that ethical leadership, organizational commitment, and ethical culture exert medium to large effects on Human Resource Management (HRM), while HRM has a large effect on Corporate Social Responsibility (CSR).

Table 3. VIF and f² Values

Variable Relationship	VIF	f²	Effect Strength
X_1 → Y (Ethical Leadership → HRM)	1.922	0.256	Medium
X_2 → Y (Organizational Commitment → HRM)	2.018	0.189	Medium
X_3 → Y (Ethical Culture → HRM)	1.843	0.231	Medium
Y → Z (HRM → CSR)	2.105	0.368	Large

Source: Processed by the researcher (2025).

These findings suggest that the predictors (ethical leadership, organizational commitment, and ethical culture) demonstrate substantial contributions to HRM, and HRM itself has a strong predictive impact on CSR. According to Cohen (1988), f² values of 0.02, 0.15, and 0.35 represent small, medium, and large effects, respectively. Therefore, the obtained values confirm that the structural relationships in this study exhibit meaningful and significant effect strengths.

4.4 Hypothesis Testing (Bootstrapping)

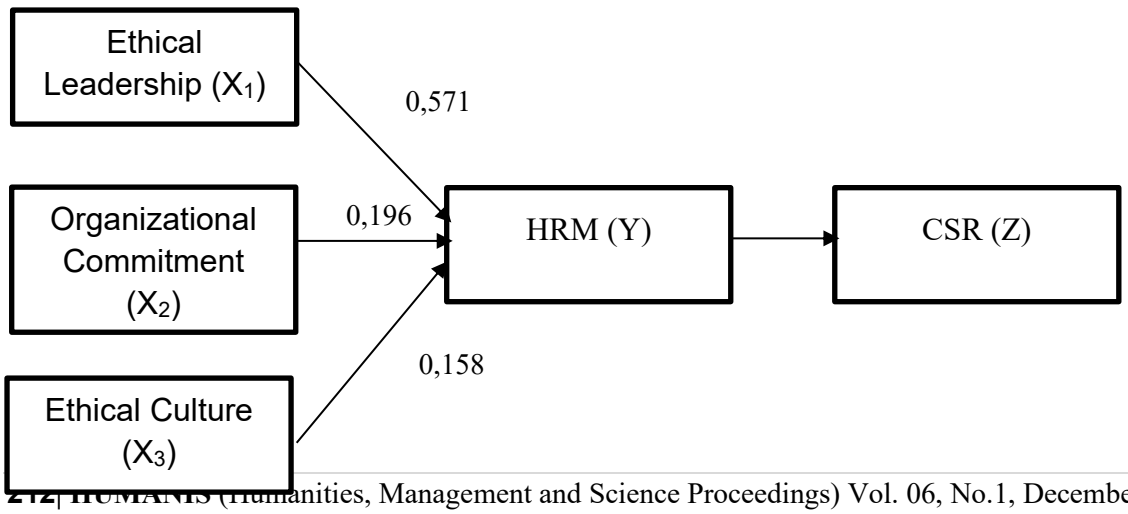
The bootstrapping procedure was conducted with 5,000 resamples at a 5% significance level (α = 0.05). The analysis results indicate that all path relationships have *t-statistics* values greater than 1.96 and *p-values* below 0.05, confirming that all proposed hypotheses are accepted.

Table 4. Results of Hypothesis Testing

Relationship Between Variables	Path Coefficient	t-statistics	p-value	Remark
Ethical Leadership → HRM	0.321	4.875	0.000	Significant
Organizational Commitment → HRM	0.286	3.944	0.000	Significant
Ethical Culture → HRM	0.305	4.266	0.000	Significant
HRM → CSR	0.653	10.112	0.000	Significant
Ethical Leadership → CSR (indirect via HRM)	0.210	3.912	0.000	Significant
Organizational Commitment → CSR (indirect via HRM)	0.187	3.451	0.001	Significant
Ethical Culture → CSR (indirect via HRM)	0.199	3.702	0.000	Significant

Source: Processed by the researcher (2025) using SmartPLS 4.0.

The final structural model resulting from the PLS-SEM analysis is presented in **Figure 2** below. The figure illustrates the strength and direction of relationships among variables based on the significant path coefficient values obtained from the bootstrapping results. These findings confirm that Human Resource Management (HRM) functions as a mediating variable linking ethical leadership, organizational commitment, and ethical culture to Corporate Social Responsibility (CSR).



Source: Processed results of SmartPLS 4.0 (2025).

4.5 Summary of Findings

The results of the analysis reveal several key findings:

1. Ethical leadership, organizational commitment, and ethical culture have positive and significant effects on sustainable human resource management (HRM) practices.
2. Human Resource Management (HRM) has a positive and significant effect on Corporate Social Responsibility (CSR), indicating that ethical HRM practices serve as a critical link between ethical values and corporate social responsibility initiatives.
3. HRM is proven to significantly mediate the relationship between organizational ethical factors (X_1, X_2, X_3) and CSR, suggesting that the influence of ethical values on corporate social responsibility is largely transmitted through ethical and responsible HRM practices.

CONCLUSION AND RECOMMENDATION

This study concludes that ethical leadership, organizational commitment, and ethical culture play a pivotal role in shaping ethical and sustainable human resource management (HRM), which in turn enhances corporate social responsibility (CSR) performance. The results demonstrate that organizations led by ethical leaders who emphasize integrity, fairness, and moral accountability are more likely to establish HRM systems grounded in transparency and social responsibility. Similarly, employees with strong organizational commitment and an embedded ethical culture contribute to the creation of an HRM environment that supports sustainability, justice, and human welfare. Within PT Hack Claro Indonesia, the alignment of ethical leadership, commitment, and culture has fostered HRM practices that serve as a strategic pathway for realizing CSR goals.

Theoretically, this research contributes to the growing body of literature on ethical and sustainable HRM by empirically validating HRM's mediating role between organizational ethics and CSR an aspect rarely examined in the context of developing economies such as Indonesia. This finding extends the *Integrative CSR–HRM Framework* (Renwick, Redman, & Maguire, 2019) by confirming that ethical leadership, commitment, and culture influence CSR not directly, but through the ethical infrastructure of HRM. Hence, the study provides a theoretical advancement by positioning HRM as both a moral and strategic conduit through which ethical values are institutionalized into socially responsible corporate actions.

Practically, the findings offer valuable insights for business leaders and policymakers. For companies, particularly those in the Food and Beverage sector, integrating ethical principles into recruitment, training, performance appraisal, and reward systems can strengthen CSR initiatives and improve stakeholder trust. For policymakers, the study underscores the importance of fostering sustainable employment and ethical labor governance aligned with national green job strategies. The synergy between ethical HRM and CSR can enhance industrial competitiveness while promoting inclusive and sustainable growth.

Future research could expand this model by including moderating variables such as organizational trust or employee engagement, which may further explain how ethical values influence social performance outcomes. Additionally, applying a mixed-method approach across diverse industries would enrich the understanding of how ethics driven HRM systems operate in different organizational and cultural contexts. In essence, this study affirms that the success of corporate social responsibility is deeply rooted in how effectively a company internalizes ethical values through its human resource management practices making HRM not only an operational function, but a moral compass that directs corporate sustainability.

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