



Business Ethics and Organizational Sustainability: A Narrative Study on Economic, Social, and Environmental Dimensions

Maidarfrida¹, Ambrin², Fitri Wulandari³

^{1,2,3} Universitas Islam Negeri Raden Mas Said Surakarta, Indonesia

E-mail: maidarfrida166@gmail.com¹, 170899ambrin@gmail.com², fitri.wulandari@iain-surakarta.ac.id³

Submission: 15-11-2025	Revised: 21-12-2025	Accepted: 10-01-2026	Published: 26-02-2026
------------------------	---------------------	----------------------	-----------------------

Abstract

Business ethics and sustainability are widely recognized as interrelated and essential foundations for long-term corporate resilience. Amidst increasing economic, social, and environmental challenges, the relationship between ethical behavior and sustainable practices is becoming increasingly clear. This study aimed to explore the ethical principles that contributed to economic, social, and environmental sustainability, with a focus on their application in Indonesia. This study employed a narrative literature review approach by synthesizing insights from 50 high-quality journal articles (indexed in Q1 and SINTA 3) published between 2020 and 2025. The results indicated that integrating ethical values with Corporate Social Responsibility (CSR) programs and Environmental, Social, and Governance (ESG) practices were crucial for promoting sustainable business performance. The triple bottom line framework emphasized a balance between economic growth, social justice, and environmental protection. However, challenges included limited infrastructure, high implementation costs, and organizational resistance to change. This study highlighted ethical leadership, digital transformation, and green innovation as key drivers of sustainability, particularly in the context of Indonesia as a developing country. The novelty of this research lay in its integrative method, which simultaneously analyzed business ethics, CSR, and ESG within a single framework of organizational sustainability grounded in the triple bottom line in Indonesia as a developing country.

Keyword: Business Ethics, Organizational Sustainability, Triple Bottom Line, ESG, Corporate Social Responsibility

Abstrak

Etika bisnis dan keberlanjutan organisasi semakin dianggap sebagai fondasi yang saling terkait dan penting untuk ketahanan korporat jangka panjang. Di tengah tantangan ekonomi, sosial, dan lingkungan yang semakin meningkat, hubungan antara perilaku etis dan praktik berkelanjutan semakin jelas. Penelitian ini bertujuan mengeksplorasi prinsip-prinsip etika berkontribusi pada keberlanjutan ekonomi, sosial, dan lingkungan, dengan fokus pada penerapan prinsip-prinsip tersebut di Indonesia. Penelitian ini menggunakan pendekatan tinjauan literatur naratif dengan mensintesis wawasan dari 50 artikel jurnal berkualitas tinggi (terindeks Q1 dan SINTA 3) terbitan tahun 2020 - 2025. Hasil menunjukkan bahwa mengintegrasikan nilai-nilai etika dengan program Tanggung Jawab Sosial Perusahaan (TJSP) dan praktik Environmental, Social, and Governance (ESG) sangat penting untuk mempromosikan kinerja bisnis berkelanjutan. Kerangka kerja triple



© 2026 by the authors; This is an Open Access article distributed under the terms of the Creative Commons Attribution-ShareAlike 4.0 International License. (<https://creativecommons.org/licenses/by-sa/4.0/>), which permits unrestricted use, distribution, and reproduction in any medium, provided the original work is properly cited.

bottom line menekankan keseimbangan antara pertumbuhan ekonomi, keadilan sosial, dan perlindungan lingkungan. Namun, tantangan termasuk infrastruktur yang terbatas, biaya implementasi yang tinggi, dan resistensi organisasi terhadap perubahan. Studi ini menyoroti kepemimpinan etis, transformasi digital, dan inovasi hijau sebagai pendorong utama keberlanjutan, terutama dalam konteks Indonesia sebagai negara berkembang. kebaruan penelitian ini terletak pada metode integratif yang secara bersamaan menganalisis etika bisnis, TJSP, dan ESG dalam satu kerangka keberlangsungan organisasi dengan basis pada triple bottom line pada Indonesia sebagai negara berkembang.

Kata kunci: Etika Bisnis, Keberlanjutan Organisasi, Triple Bottom Line, ESG, Tanggung Jawab Sosial Perusahaan

A. INTRODUCTION

In an increasingly complex global business landscape, the integration of business ethics and organizational sustainability has become an unavoidable strategic necessity. In Indonesia, this urgency is increasingly apparent with growing pressure on the business sector to address environmental challenges such as ineffective waste management, climate change, and persistent social inequality. In addition to demands from the international market, the strengthening of national regulations related to sustainability, transparency, and corporate social responsibility requires organizations to focus not only on increasing profits, but also on the social and environmental effects of business activities. (Ahmad et al., 2023; Baratta et al., 2023). This situation confirms that corporate ethics plays an important role as a moral basis for organizational decision-making, especially in developing countries such as Indonesia, which face complex structural and institutional challenges. (Tjahjadi et al., 2021)

The sustainability of an organization is defined as a company's ability to maintain long-term performance while minimizing negative impacts on society and the environment. On the other hand, business ethics serve as normative guidelines that regulate the organization's relationships with stakeholders (Weerasinghe et al., 2023). The intersection of these two concepts is reflected in the Triple Bottom Line (TBL) framework, which emphasizes the importance of balance between economic, social, and environmental aspects (Ahmed et al., 2023). Over time, the TBL framework has evolved into the Environmental, Social, and Governance (ESG) model, which offers more measurable metrics for evaluating a company's sustainability performance. (Zhou et al., 2022). In practice, the implementation of TBL and ESG requires not only structural

commitment, but also the internalization of ethical values in the culture and leadership of the organization.

Previous studies have shown that the implementation of ethical and sustainable practices has a positive impact on organizational performance (Ikram et al., 2020; Thaher & Jaaron, 2022). Theoretical foundations such as resource-based views, institutional theory, and stakeholder theory explain why organizations choose to adopt these practices (Ashrafi et al., 2020). Other studies highlight the importance of digital transformation, ethical leadership, organizational learning, and innovation as factors supporting sustainability (Hajishirzi et al., 2022; Saleem et al., 2020). However, the literature also shows a gap between normative concepts and actual implementation, especially in terms of measuring social and environmental impacts. In the Indonesian context, these obstacles are exacerbated by limited infrastructure, high costs of sustainable materials, and a lack of access to ecosystems that support environmentally friendly practices, especially for small and medium-sized enterprises.

However, the literature also identifies various challenges in implementing ethical and sustainable practices. (Bradley et al., 2020) and (Baldassarre et al., 2020) note the gap between theoretical concepts and practical applications particularly in terms of measuring social and environmental impacts. In the Indonesian context, specific challenges include limited waste management infrastructure, high costs of sustainable materials, and limited access to vendors that support green practices (Unilever Indonesia, 2024). Research examining the application of Islamic business ethics within Indonesian SMEs indicates that principles such as honesty (*shidq*), fairness (*'adl*), and trustworthiness (*amanah*) can be effectively integrated into daily business practices, even when firms face financial limitations and competitive pressures (Hermawansyah et al., 2025).

While numerous studies have examined business ethics and sustainability as independent topics, there remains a lack of holistic insight into how these two concepts intersect within organizational settings—especially in the context of developing nations like Indonesia. Previous studies have tended to focus on large companies in advanced economies, while the context of SMEs and the specific challenges of Indonesia have not received adequate attention (Barros et al., 2021; Martins et al., 2022). In addition, the

role of digital transformation and the circular economy as tools that strengthen the relationship between business ethics and sustainability has not been systematically studied within a comprehensive analytical framework (Feroz et al., 2021). This situation highlights the need for a methodological approach that can explain, connect, and contextualize the various existing research results.

This study contributed to the field of study by presenting a comprehensive narrative analysis that integrates business ethics and organizational sustainability through the three dimensions of the Triple Bottom Line, with a focus on the Indonesian context. The uniqueness of this study lay not only in the combination of popular issues, but also in the formation of conceptual relationships that make business ethics a normative basis linking ethical leadership, digital transformation, environmentally friendly innovation, and multi-stakeholder cooperation within a single framework of organizational sustainability. In other words, this study provided a more structured and relevant conceptual perspective on how business ethics acts as a strategic driver of sustainability in emerging markets.

The purpose of this study was to comprehensively analyze how business ethics supports organizational sustainability through economic, social, and environmental dimensions, identify key challenges and drivers in the implementation of ethical and sustainable practices, and provide strategic recommendations for practitioners and policymakers. The scientific benefits of this study were to enrich academic discussions on the relationship between business ethics and sustainability with a more contextual and applicable perspective, especially in the setting of Indonesia as a country with socio-cultural diversity and complex environmental challenges.

B. RESEARCH METHODOLOGY

This study used a narrative review approach with systematic elements (semi-systematic narrative review) to analyze the relationship between business ethics and organizational sustainability. This method was chosen because the main objective of the study was conceptual and integrative, which aimed to integrate various theoretical perspectives and empirical results from various contexts (Weerasinghe et al., 2023). The research design was qualitative with an interpretative approach, which allowed

researchers to understand in more detail the complexity of integrating business ethics into organizational sustainability practices.

The literature search strategy was conducted using a structured approach based on reliable academic data, including Scopus, Web of Science, Google Scholar, and the SINTA national journal index. The keywords applied included “business ethics,” “organizational sustainability,” “triple bottom line,” “ESG framework,” “corporate social responsibility,” “Indonesian business ethics,” and “sustainable business practices,” both individually and in combination. The literature search was limited to publications from 2020 to 2025 to ensure the relevance and topicality of the sources studied.

The inclusion criteria required that selected articles: (1) be peer-reviewed publications appearing in reputable journals—classified as Q1 for international journals and SINTA 3 or higher for national publications. (2) articles discussing business ethics, organizational sustainability, or the integration of both; (3) articles providing a theoretical framework, empirical evidence, or relevant case studies; (4) articles in English or Indonesian; and (5) publications in the range of 2020-2025. Exclusion criteria include articles without a complete abstract, duplicates, and articles with low semantic relevance to the research topic.

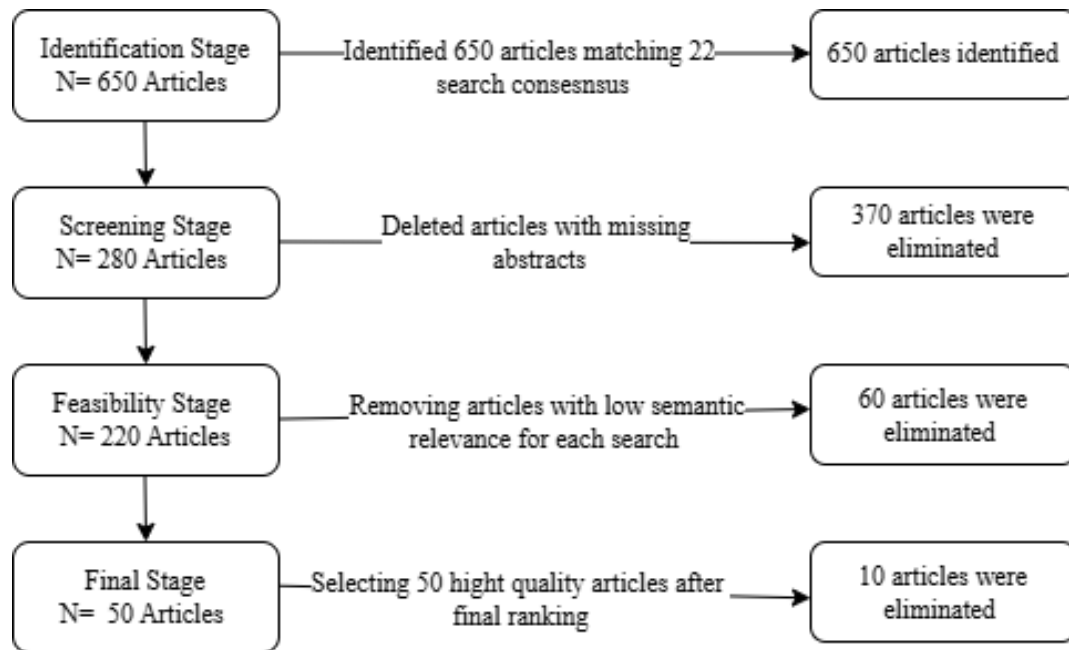


Figure 1. Flowchart of the literature search and selection process.

Image Source: processed using app.diagrams.net 2025.

The literature selection process followed systematic stages: the identification stage produced 650 articles that were retrieved based on the defined search keywords. The screening stage eliminated articles without complete abstracts and duplicates, leaving 280 articles. The eligibility stage assessed semantic relevance to the research topic, resulting in 220 articles that met the criteria. The final stage involved ranking based on quality and relevance, resulting in 50 articles of the highest quality that were used as the main basis for analysis in this study.

The study employed a thematic synthesis approach to analyze the data, enabling the identification of recurring patterns, themes, and conceptual relationships across the reviewed literature. The analysis process involved: (1) close reading of the 50 selected articles; (2) open coding to identify key concepts; (3) axial coding to connect related concepts; (4) synthesis of findings based on the triple bottom line dimensions (economic, social, environmental); and (5) interpretation of results considering the Indonesian context.

Data credibility was strengthened through triangulation of sources using articles from various journals, countries, and theoretical perspectives. Internal validity was

strengthened by prioritizing articles that have undergone a rigorous peer-review process and been published in reputable journals. Dependability was ensured through systematic documentation of the literature search and selection process. The transferability of findings was facilitated by detailed context descriptions and the use of direct quotations from literature sources to support interpretation.

C. RESULTS AND DISCUSSION

Result

1. Theoretical Basis and Framework

The analysis indicated that the Triple Bottom Line (TBL) and Environmental, Social, and Governance (ESG) models serve as the primary frameworks connecting business ethics with organizational sustainability (Ahmad et al., 2023; Tjahjadi et al., 2021). The TBL concept, originally proposed by John Elkington, highlighted the importance of maintaining a balance among the three core dimensions of people, planet, and profit. Over time, this framework has evolved into the ESG model, which provides more structured and measurable indicators for assessing sustainability performance (Zhou et al., 2022).

From a theoretical perspective, three main theories dominated the literature: the resource-based theory, which explains how ethical and sustainable practices can serve as sources of competitive advantage; institutional theory, which analyzes the external pressures that drive the adoption of sustainable practices; and stakeholder theory, which emphasizes the responsibility of organizations toward diverse stakeholder groups (Ashrafi et al., 2020; Hernández-Chea et al., 2021). In the Indonesian context, the implementation of the ESG framework faces challenges because it is not specifically regulated in a comprehensive regulation, but is scattered across various regulations (Environment Statistics Indonesia, 2024). However, the Indonesian government has encouraged companies to implement the ESG approach through various initiatives, including the PROPER (Company Performance Rating Program) environmental performance assessment by the Ministry of Environment.

A cross-study synthesis revealed a consistent pattern in which the Triple Bottom Line (TBL) and Environmental, Social, and Governance (ESG) frameworks constitute as

the primary foundation linking business ethics principles with organizational sustainability. TBL, which emphasizes balance between social, environmental, and economic aspects, has evolved into a more measurable and practical ESG, reflecting a global shift from normative methods to approaches based on indicators and accountability. In the Indonesian context, the literature reveals a different pattern due to the absence of integrated ESG regulations, which has resulted in its fragmented implementation across various sectoral policies. However, the state plays a significant role as a driver through policies and evaluation mechanisms such as the PROPER Program. These findings emphasized that the success of integrating business ethics and sustainability in Indonesia depended not only on the implementation of TBL and ESG, but also on the strength of institutions and consistent policy support from the government.

2. Economic, Social, and Environmental Dimensions

Evidence from multiple empirical studies indicated that ethical conduct, social responsibility, and environmental stewardship were mutually reinforcing components that collectively enhance organizational performance (Ikram et al., 2020; Suriyankietkaew et al., 2022; Weerasinghe et al., 2023). Within the economic dimension, the application of ethical business principles has been shown to strengthen financial outcomes and economic resilience by fostering corporate reputation, stakeholder confidence, and operational efficiency (Ellili & Nobanee, 2022). The social dimension encompasses equitable employment opportunities, fairness, employee well-being, and active engagement in community development. (Ikram et al., 2020). Research further suggested that organizations demonstrating strong social engagement tend to experience higher employee retention and improved productivity. (Lee, 2020). In Indonesia, the implementation of CSR oriented towards economic empowerment, education, and financial literacy has demonstrated a positive impact on local communities (Kaligis et al., 2025).

The environmental dimension emphasized minimizing ecological impacts through initiatives such as reducing emissions, enhancing energy efficiency, improving waste management, and promoting resource conservation. (Baratta et al., 2023). Research indicated that strong environmental performance tends to positively influence

a firm's financial outcomes, though the magnitude of this relationship differs across industries and regional contexts. Organizations that effectively embed green innovation within their operations consistently achieved higher levels of environmental performance. (Meraj et al., 2025).

Overall, the literature review demonstrated that success in achieving sustainability in organizations was strongly influenced by the mutually supportive integration of economic, social, and environmental aspects, implemented in an ethical and strategic manner. Numerous studies confirmed that ethical principles in business and social responsibility were not only considered a moral obligation, but also played an crucial role in improving economic performance through good reputation, trust from relevant parties, operational efficiency, and organizational resilience. Social practices that focus on fairness, employee welfare, and community empowerment—including through CSR initiatives in Indonesia—consistently help improve human resource productivity and loyalty. Environmental aspects, through the implementation of environmentally friendly innovations and sustainable resource management, had also proven to support organizational financial results, albeit with varying impacts across sectors.

3. Implementation Challenges and Key Drivers

The literature identified various challenges in implementing ethical and sustainable practices. The main challenges included: (1) high costs associated with sustainable materials and technologies; (2) limited access to sustainable vendors and suppliers; (3) resistance to change among management and employees; (4) gaps in understanding of sustainability concepts; (5) limited infrastructure, particularly in waste management; and (6) difficulties in accurately measuring social and environmental impacts (Baldassarre et al., 2020; Bradley et al., 2020). In Indonesia, specific challenges were observed inadequate waste management infrastructure, which hinders companies' efforts to reduce waste (Budyarto et al., 2025). The high cost of implementing sustainable practices is a significant burden, especially for SMEs. Furthermore, many organizations remain reliant on natural resources and traditional technologies that lack environmental sustainability (Zahrah & Yu, 2024).

Conversely, the main drivers of successful integration included: (1) strong leadership commitment to ethical values and sustainability; (2) organizational learning and continuous capacity building; (3) Addressing these issues requires promoting innovation across products, processes, and business models, (4) as well as advancing digital transformation to enhance operational efficiency and transparency (5) collaboration with external stakeholders; and (6) regulatory and government policy support (Da Rocha et al., 2022; Hajishirzi et al., 2022; Saleem et al., 2020). Ethical leadership has been shown to play a crucial role in shaping an organizational culture that supports sustainable practices (Zahari et al., 2024). Leaders who demonstrate integrity, transparency, and accountability can inspire employees to adopt ethical behaviors and support sustainability initiatives (Saleem et al., 2020).

As a direct response to these issues, key drivers served as important instruments that can reduce and overcome barriers to implementation. Ethical leadership directly responds to internal misunderstandings by creating an organizational culture that embraces change, while organizational learning and continuous capacity building address limitations in understanding sustainability. Innovation and digital transformation offer solutions to high costs and efficiency limitations by developing more transparent and efficient processes in resource use, while cooperation with external parties contribute to overcoming limitations in access to technology and sustainable providers. Support from government policies and regulations strengthen this entire process through institutional pressure that encourage behavioral change within organizations. Therefore, the literature consistently emphasized that the successful integration of business ethics and organizational sustainability was greatly influenced by the alignment and integration between the types of challenges faced and the driving forces that were activated simultaneously.

4. Evolutionary Trends and Future Directions

Recent research emphasized the importance of organizational resilience, stakeholder engagement, and the role of technology in advancing sustainability goals (Baratta et al., 2023; Da Rocha et al., 2022). The process of digital transformation encompassed the utilization of Industry 4.0 innovations and the Internet of Things (IoT)

technologies, and artificial intelligence (AI), offered significant opportunities to improve operational efficiency and support sustainable practices (Feroz et al., 2021).

The concept of circular economy was gaining attention as an alternative to the traditional linear economic model (Barros et al., 2021). Circular economy emphasized waste reduction, product life cycle extension, and resource optimization through the principles of reduce, reuse, recycle, and recover. In Indonesia, UNDP, in collaboration with Bappenas and the Kingdom of Denmark, had developed circular economy training modules to enhance the capacity of the government, companies, and civil society (Bappenas, 2022).

The COVID-19 pandemic prompted a re-evaluation of social sustainability and highlighted the need for adaptive and inclusive business models (Ikram et al., 2020; Suriyankietkaew et al., 2022). Research demonstrated that companies with a strong foundation in business ethics were more resilient in the face of crises (Weerasinghe et al., 2023).

In the financial context, the emergence of green finance and digital finance instruments provided new mechanisms to support sustainable investment (Li & Pang, 2023). The Indonesian government has issued a green credit portfolio and environment-based financial instruments to encourage sustainable business practices.

Overall, the literature demonstrated that the long-term sustainability of organizations was strongly influenced by the combined interaction of business ethics, organizational resilience, and the use of technology. Digital transformation, the implementation of a circular economy, and stakeholder participation were shown to increase efficiency, resilience, and sustainability impact, including in dealing with crisis situations such as pandemics. Support from government policies and the growth of environmentally friendly financial instruments further strengthen the implementation of sustainable practices, demonstrating that success in organizational sustainability can only be achieved through collaboration between innovation, ethics, and interconnected support systems.

Table 1. Top Contributors

Author	M. Ikram	(Ahmed et al., 2023; Ashrafi et al., 2020; Baratta et al., 2023; Ikram et al., 2020; Khan et al., 2021; Xiao & Su, 2022; Zhou et al., 2022)
Author	N. Bocken	(Baldassarre et al., 2020; Hernández-Chea et al., 2021)
Author	J. Herrera	(Herrera & De Las Heras-Rosas, 2020)
Journal	Sustainability	(Alcívar et al., 2020; Ashrafi et al., 2020; Baratta et al., 2023; Corrales-Estrada et al., 2021; ElAlfy et al., 2020; Elmo et al., 2020; Faulks et al., 2021; Feroz et al., 2021; Hajishirzi et al., 2022; Hernández-Chea et al., 2021; Herrera & De Las Heras-Rosas, 2020; Ikram et al., 2020; Lăzăroiu et al., 2020; Martins et al., 2022; Oláh et al., 2020; Saleem et al., 2020; Suriyankietkaew et al., 2022; Toit, 2024; Zahrah & Yu, 2024)
Journal	Journal of Cleaner Production	(Baldassarre et al., 2020; Bjørnbet et al., 2021; Curtis & Mont, 2020; Dijkstra et al., 2020; Hristov et al., 2021; Hussain & Malik, 2020; Khan et al., 2021; Kumar et al., 2020; Thaher & Jaaron, 2022)
Journal	Heliyon	(Ahmed et al., 2023; Da Rocha et al., 2022; Purnamawati et al., 2023; Tjahjadi et al., 2021)
Journal	Environment, Development and Sustainability	(Ahmad et al., 2023; De Oliveira et al., 2023; Ellili & Nobanee, 2022; Sachin & Rajesh, 2021)

Source: Data processing 2025.

Discussion

1. Integrating Business Ethics and Sustainability as a Competitive Advantage

The findings of the study showed that the integration of business ethics with sustainability efforts is not only a moral act, but also constitutes source of competitive

advantage for organizations (Ahmad et al., 2023; Baratta et al., 2023; Weerasinghe et al., 2023). A synthesis of various literature confirmed that companies that embedded ethical principles in the decision-making process as well as adopt sustainable practices simultaneously tended to gain a better reputation, a high level of trust from stakeholders, and long-term financial resilience (Suriyankietkaew et al., 2022). From a theoretical point of view, this approach reinforced resource-based theories that emphasizes the need for ethical and sustainable practices as strategic assets that are not only unique but also difficult for competitors to replicate (Sachin & Rajesh, 2021; Tjahjadi et al., 2021).

Normative reflection indicated that the achievement of this integration did not occur automatically without an effective management strategy. Structural barriers, such as the high cost of environmentally friendly technologies and resource constraints, require change in the organization through innovation, continuous learning, and support from government policies (Ellili & Nobanee, 2022; Zhou et al., 2022). Success in integrating these aspects also required a balance between internal and external pressures that encouraged ethical and sustainable behavior.

The theoretical implications of these results suggested that the development of the literature in strategic business should focus more explicitly on the linkages between ethics, sustainability, and competitive advantage. In field applications, organizations in Indonesia need to adapt the way TBL and ESG framework to local conditions so that the integration between ethics and sustainability can provide meaningful value, not just an administrative formality.

2. The Role of Leadership and Organizational Culture

The results of this study emphasized that ethical leadership was an important factor in shaping an organizational culture that encourages ethical and sustainable practices (Da Rocha et al., 2022; Saleem et al., 2020; Zahari et al., 2024). Leaders who consistently demonstrated integrity, transparency, and social responsibility were able to foster a positive attitude toward sustainability at all levels of the organization (Lee, 2020). A strong organizational culture in this regard facilitated a continuous learning

process, increasing the capacity of human resources capacity, as well as adapting organizational strategies to changes from the external environment.

Nonetheless, the analysis showed that ethical leadership did not have a significant impact without sufficient institutional support (Saleem et al., 2020). In Indonesia, lack of regulatory coordination and limited incentives remained major inhibiting factors in building an organizational culture that focused on sustainability. This situation required leaders to act as agents of change capable of bridging the gap between the organization's strategic vision and practice on the ground. From a theoretical point of view, these results supported a view in the literature that stated that leadership and organizational culture are key elements, not just additional factors, in the success of organizational sustainability (Hermelingmeier & Wirth, 2021). The integration between ethical leadership, organizational culture, and responsible business practices contributed significantly to the advancement of the field of strategic management, particularly in the context of developing countries.

Furthermore, this discussion demonstrated that organizational culture functioned as an internal mechanism that integrates ethical and sustainability values (Hermawansyah et al., 2025; Sunusi et al., 2024). When these values were embedded in an organization's norms, habits, and reward system, sustainability practices were no longer dependent on a specific individual, but became part of the organization's collective identity. This strengthened sustainability as a long-term strategy, not just a temporary initiative.

3. Implementation Challenges and Mitigation Strategies

This research identified several major obstacles in the implementation of ethical and sustainable practices, such as high costs for implementation, limited sustainable providers, rejection from within the organization, differences of understanding, lack of supporting infrastructure, and challenges in measuring social and environmental impacts (De Oliveira et al., 2023; Kumar et al., 2020). The results indicated that these constraints were interconnected and often reinforced each other, which hindered the implementation of sustainability (Zahrah & Yu, 2024). This discussion suggested that effective impact reduction strategies involved ethical leadership, learning in the organization, innovation, digitalization, and support from the

government. Synthesis from the literature indicated that these elements served as counterbalances to various structural and cultural barriers, while also encouraging changes in attitudes and behaviors within organizations (Budiarto et al., 2025).

Normative reflection affirmed that a thorough understanding of the challenges and driving factors was an essential requirement in designing a realistic and contextually appropriate implementation strategy. Without a clear mapping of the complexity of the obstacles faced, efforts to achieve sustainability can be half-hearted and unsustainable.

Furthermore, the results of this study contributed additional insight to the strategic management literature by emphasizing that sustainability represented an adaptive and dynamic process. Success in implementation depended not only on the availability of resources, but also on the organization's ability to manage change, build internal commitments, and respond to external pressures with the right strategy (Toit, 2024).

4. The Role of Digital Transformation and Innovation

The results of the study indicated that digitalization and innovation played an important role in increasing operational effectiveness, openness, and organizational ability to assess social and environmental influences (Feroz et al., 2021; Hajishirzi et al., 2022). The use of technologies such as Industry 4.0, the Internet of Things (IoT), and artificial intelligence (AI) provide organizations with opportunities to improve accuracy in decision-making and increase accountability. Sustainable innovation, including environmentally friendly innovation and the application of circular economy principles, provide an opportunity for companies to optimize the use of resources, reduce waste, and reduce costs in the long run. Thus, innovation contributes not only to environmental performance but also to the economic competitiveness of the organization.

Normative reflection showed that the application of technology in Indonesia still faces challenges related to costs and capacity limitations, especially for Micro, Small, and Medium Enterprises. Therefore, support from the government, green financing

policies, and cooperation between sectors are important elements in expanding the application of technology inclusively.

From a theoretical perspective, this discussion emphasized that digitalization extended beyond an operational tool and functioned as a core sustainability strategy. The combination of technology, innovation, and ethics broadens understanding in the sustainability literature by positioning digitalization as a key driver of holistic sustainability achievement (Meraj et al., 2025).

5. Indonesian Context: Opportunities and Challenges

The literature synthesis indicated that Indonesia has a strategic opportunity to encourage ethical and sustainable practices through various programs such as PROPER, circular economy development, and financial tools that focus on the environment (Kumar et al., 2020). Companies that successfully take advantage of this opportunity tend to gain a good reputation, social legitimacy, and business durability in the long run. However, the discussion also identified structural challenges including low coordination in regulation, lack of infrastructure, dominance of traditional technologies, and high costs for implementation. These challenges are slowing down the shift towards sustainable business models, particularly for micro, small, and medium enterprises (Toit, 2024).

This situation underscored the need for an adaptive approach that takes into account the organization's internal capacity, external pressures, and policy support. Without contextually appropriate approaches, sustainability practices can risk becoming ineffective or difficult to maintain. The theoretical implications of this discussion suggested that the concept of sustainability must be adapted to the local context. Therefore, the global literature on sustainability needed to be modified so that it can be applied in the social, economic, and institutional conditions that exist in Indonesia (Lahuri et al., 2024).

6. Integrative Framework: Towards Holistic Sustainability

The synthesis of research findings underscored the importance of a comprehensive framework, which included ethics in business, sustainability, ethical leadership, innovation, digital transformation, and institutional support. This framework prioritized a balance between economic, social, and environmental aspects

as the basis for long-term sustainability (Kaligis et al., 2025). Normative reflection indicated that this overarching framework allows organizations to align strategic objectives while simultaneously fulfilling social and environmental responsibilities. Obstacles in implementation, such as resistance from within, limited resources, and high costs, can be overcome through ethical leadership, cooperation, and supportive policies.

From a theoretical aspect, this framework contributed insight to the sustainability management literature by emphasizing the importance of the relationship between ethics, innovation, and institutions, especially in developing countries. This framework served as a link between theory and practice. Overall, this comprehensive framework affirmed that holistic sustainability can only be achieved through a multifaceted and systematic approach. Therefore, sustainability was understood not as a separate program, but as a central strategy of the organization that was integrated in every business process and decision-making.

Table 2. Claims and Evidence.

Claim	Strength of Evidence	Reasoning	References
Integrating business ethics enhances organizational sustainability	Strong	Supported by strong empirical and theoretical research in various contexts	(Ahmad et al., 2023; Ashrafi et al., 2020; Baratta et al., 2023; Ellili & Nobanee, 2022; Hussain & Malik, 2020; Ikram et al., 2020; Tjahjadi et al., 2021; Weerasinghe et al., 2023; Zhou et al., 2022)
Triple bottom line and ESG frameworks are effective for	Strong	Widely adopted and validated in both academic	(Ahmad et al., 2023; Ashrafi et al., 2020; Hussain & Malik, 2020; Khan et al.,

sustainability		and practical settings	2021; Tjahjadi et al., 2021; Zhou et al., 2022)
Leadership and innovation drive the success of sustainability integration	Moderate	Several studies highlight the role of leadership and innovation as key enablers.	(Da Rocha et al., 2022; Faulks et al., 2021; Feroz et al., 2021; Hajishirzi et al., 2022; Saleem et al., 2020; Xiao & Su, 2022)
Measuring social/environmental impact remains challenging	Moderate	Ongoing debate and lack of standard metrics limit empirical validation	(Baldassarre et al., 2020; Bjørnbet et al., 2021; Bradley et al., 2020; Di Vaio et al., 2022; Hristov et al., 2021; Kumar et al., 2020)
Circular economy models face implementation barriers	Moderate	Empirical studies show conceptual support but practical challenges, especially in manufacturing.	(Barros et al., 2021; Bjørnbet et al., 2021; Bradley et al., 2020; Di Vaio et al., 2022)
Senior management often misunderstands sustainability results	Weak	Several studies report differences between perceptions and actual impacts, especially in the	(De Oliveira et al., 2023; Hristov et al., 2021; Kumar et al., 2020)

early stages of
implementation.

Source: Data Processing 2025.

D. CONCLUSION

This narrative study showed that the integration of business ethics with organizational sustainability was strongly supported by theory and empirical evidence, particularly when guided by the Triple Bottom Line (TBL) and Environmental, Social, and Governance (ESG) frameworks. Business ethics served as a moral foundation that shaped sustainable operational practices in the economic, social, and environmental dimensions. Companies that successfully integrate ethical values into their business strategies exhibited superior performance in terms of reputation, stakeholder trust, resilience, and long-term financial outcomes.

Ethical leadership, green innovation, digital transformation, and stakeholder engagement emerged as critical drivers of successful implementation. However, significant challenges remain in terms of measuring social and environmental impact, implementing circular economy models, high transition costs, limited supporting infrastructure, and the gap between managerial perceptions and actual sustainability outcomes. The Indonesian context presented specific challenges related to limited waste management infrastructure, high costs of sustainable materials, and the need for harmonization of regulations and reporting standards.

This study made an important conceptual contribution to the literature on business ethics and sustainability by providing a comprehensive synthesis linking moral principles, sustainable operating practices, and the local context in Indonesia, while highlighting the interplay between drivers, implementation challenges, and institutional dynamics; therefore, this study not only strengthened the theoretical foundation for future studies but also offered a useful analytical framework for management practice in integrating business ethics with an organization's overall sustainability strategy.

Future research should prioritize longitudinal studies to understand the temporal dynamics of the relationship between business ethics and sustainability

performance, the development of standardized metrics for more accurate measurement of social and environmental impacts, the exploration of effective strategies for implementing circular economy model, particularly within SMEs and developing economies, in-depth analysis of the role of digital transformation in strengthening sustainable practices, and cross-country comparative studies to understand the influence of institutional and cultural contexts.

The practical significance of this study emphasized that companies should embed ethical values directly into their business strategies and organizational cultures, rather than managing them solely as standalone CSR initiatives. Governments were encouraged to develop public policies that promoted sustainable business practices through incentives, supporting infrastructure, and regulatory harmonization. Collaboration among multiple stakeholders including government, private sector, academia, and civil society was crucial to establish an ecosystem that facilitated sustainability transitions. Additionally, firms needed to enhance human resource capabilities through continuous training on sustainability principles and best practices, while also utilizing digital technologies to boost efficiency, transparency, and innovation in sustainable operations.

REFERENCES

- Ahmad, H., Yaqub, M., & Lee, S. H. (2023). Environmental-, social-, and governance-related factors for business investment and sustainability: a scientometric review of global trends. *Environment, Development and Sustainability*, 1–23. <https://doi.org/10.1007/s10668-023-02921-x>
- Ahmed, R. R., Akbar, W., Aijaz, M., Channar, Z. A., Ahmed, F., & Parmar, V. (2023). The role of green innovation on environmental and organizational performance: Moderation of human resource practices and management commitment. *Heliyon*, 9. <https://doi.org/10.1016/j.heliyon.2022.e12679>
- Alcívar, I. L., Cruz, G. S., Mero, N. M., & Hidalgo-Fernández, A. (2020). Study of Corporate Sustainability Dimensions in the Cooperatives of Ecuador. *Sustainability*. <https://doi.org/10.3390/su12020462>
- Arief, M., & Ghinna, N. (2023). Strategies to reduce greenhouse gas emissions from municipal solid waste management in Indonesia : The case of Semarang City. *Alexandria Engineering Journal*, 69(2), 771–783. <https://doi.org/10.1016/j.aej.2023.02.029>
- Ashrafi, M., Magnan, G., Adams, M., & Walker, T. (2020). Understanding the Conceptual Evolutionary Path and Theoretical Underpinnings of Corporate Social Responsibility and Corporate Sustainability. *Sustainability*. <https://doi.org/10.3390/su12030760>
- Baldassarre, B., Keskin, D., Diehl, J., Bocken, N., & Calabretta, G. (2020). Implementing sustainable design theory in business practice: A call to action. *Journal of Cleaner Production*. <https://doi.org/10.1016/j.jclepro.2020.123113>
- Bappenas. (2022). *The Future is Circular: Langkah nyata inisiatif ekonomi sirkular di indonesia*.
- Baratta, A., Cimino, A., Longo, F., Solina, V., & Verteramo, S. (2023). The Impact of ESG Practices in Industry with a Focus on Carbon Emissions: Insights and Future Perspectives. *Sustainability*. <https://doi.org/10.3390/su15086685>
- Barros, M., Salvador, R., Prado, G. F. Do, De Francisco, A., & Piekarski, C. (2021). Circular economy as a driver to sustainable businesses. *Cleaner Environmental Systems*.

<https://doi.org/10.1016/j.cesys.2020.100006>

- Bjørnset, M. M., Skaar, C., Fet, A., & Schulte, K. (2021). Circular economy in manufacturing companies: A review of case study literature. *Journal of Cleaner Production*, 294, 126268. <https://doi.org/10.1016/j.jclepro.2021.126268>
- Bradley, P., Parry, G., & O'Regan, N. (2020). A framework to explore the functioning and sustainability of business models. *Sustainable Production and Consumption*, 21, 57–77. <https://doi.org/10.1016/j.spc.2019.10.007>
- Budiyarto, A., Clarke, B., & Ross, K. (2025). Overview of waste bank application in Indonesian regencies. *Waste Management & Research*, 43(3), 306–321. <https://doi.org/10.1177/0734242X241242697>
- Corrales-Estrada, A. M., Gómez-Santos, L., Bernal-Torres, C., & Rodríguez-López, J. E. (2021). Sustainability and Resilience Organizational Capabilities to Enhance Business Continuity Management: A Literature Review. *Sustainability*. <https://doi.org/10.3390/su13158196>
- Curtis, S., & Mont, O. (2020). Sharing economy business models for sustainability. *Journal of Cleaner Production*, 266. <https://doi.org/10.1016/j.jclepro.2020.121519>
- Da Rocha, A. B. T., De Oliveira, K. B., Espuny, M., Da Motta Reis, J., & Oliveira, O. (2022). Business transformation through sustainability based on Industry 4.0. *Heliyon*, 8. <https://doi.org/10.1016/j.heliyon.2022.e10015>
- De Oliveira, U. R., Menezes, R. P., & Fernandes, V. (2023). A systematic literature review on corporate sustainability: contributions, barriers, innovations and future possibilities. *Environment, Development and Sustainability*, 1–35. <https://doi.org/10.1007/s10668-023-02933-7>
- Di Vaio, A., Hasan, S., Palladino, R., & Hassan, R. (2022). The transition towards circular economy and waste within accounting and accountability models: a systematic literature review and conceptual framework. *Environment, Development and Sustainability*, 25, 734–810. <https://doi.org/10.1007/s10668-021-02078-5>
- Digital and Circular Economy Models (2024).
- Dijkstra, H., Beukering, P., & Brouwer, R. (2020). Business models and sustainable plastic management: A systematic review of the literature. *Journal of Cleaner*

- Production*. <https://doi.org/10.1016/j.jclepro.2020.120967>
- ElAlfy, A., Palaschuk, N., El-Bassiouny, D., Wilson, J., & Weber, O. (2020). Scoping the Evolution of Corporate Social Responsibility (CSR) Research in the Sustainable Development Goals (SDGs) Era. *Sustainability*. <https://doi.org/10.3390/su12145544>
- Ellili, N., & Nobanee, H. (2022). Impact of economic, environmental, and corporate social responsibility reporting on financial performance of UAE banks. *Environment, Development and Sustainability*, 25, 3967–3983. <https://doi.org/10.1007/s10668-022-02225-6>
- Elmo, G., Arcese, G., Valeri, M., Poponi, S., & Pacchera, F. (2020). Sustainability in Tourism as an Innovation Driver: An Analysis of Family Business Reality. *Sustainability*. <https://doi.org/10.3390/su12156149>
- Environment Statistics Indonesia. (2024). Statistik Lingkungan Hidup Indonesia 2024. *Badan Pusat Statistik RI/BPS-Statistics Indonesia*, 43.
- Faulks, B., Song, Y., Waiganjo, M., Obrenovic, B., & Godinic, D. (2021). Impact of Empowering Leadership, Innovative Work, and Organizational Learning Readiness on Sustainable Economic Performance: An Empirical Study of Companies in Russia during the COVID-19 Pandemic. *Sustainability*. <https://doi.org/10.3390/su132212465>
- Feroz, A., Zo, H., & Chiravuri, A. (2021). Digital Transformation and Environmental Sustainability: A Review and Research Agenda. *Sustainability*. <https://doi.org/10.3390/su13031530>
- Hajishirzi, R., Costa, C., & Aparicio, M. (2022). Boosting Sustainability through Digital Transformation's Domains and Resilience. *Sustainability*. <https://doi.org/10.3390/su14031822>
- Hermawansyah, Rahmawati, A., & Carlos Prawirosatro. (2025). *Ekonomi Syariah: Prinsip, Implementasi, dan Isu Kontemporer* (Joko Hadi Purnomo (ed.); Cetakan-1.). Penerbit HN Publishing.
- Hermelingmeier, V., & Wirth, T. (2021). The nexus of business sustainability and organizational learning: A systematic literature review to identify key learning principles for business transformation. *Business Strategy and the Environment*.

<https://doi.org/10.1002/bse.2719>

- Hernández-Chea, R., Jain, A., Bocken, N., & Gurtoo, A. (2021). The Business Model in Sustainability Transitions: A Conceptualization. *Sustainability*, 13, 5763. <https://doi.org/10.3390/su13115763>
- Herrera, J., & De Las Heras-Rosas, C. J. (2020). Corporate Social Responsibility and Human Resource Management: Towards Sustainable Business Organizations. *Sustainability*. <https://doi.org/10.3390/su12030841>
- Hristov, I., Appolloni, A., Chirico, A., & Cheng, W. (2021). The role of the environmental dimension in the performance management system: A systematic review and conceptual framework. *Journal of Cleaner Production*, 293, 126075. <https://doi.org/10.1016/j.jclepro.2021.126075>
- Hussain, M., & Malik, M. (2020). Organizational enablers for circular economy in the context of sustainable supply chain management. *Journal of Cleaner Production*. <https://doi.org/10.1016/j.jclepro.2020.120375>
- Ikram, M., Zhang, Q., Sroufe, R., & Ferasso, M. (2020). The Social Dimensions of Corporate Sustainability: An Integrative Framework Including COVID-19 Insights. *Sustainability*. <https://doi.org/10.3390/su12208747>
- Kaligis, S., Kantohe, M., & Wauran, A. (2025). Implementasi Corporate Social Responsibility (CSR) Sebagai Wujud Etika Bisnis. *Jambura Accounting Review*, 6, 321–333. <https://doi.org/10.37905/jar.v6i1.170>
- Khan, I., Ahmad, M., & Majava, J. (2021). Industry 4.0 and sustainable development: A systematic mapping of triple bottom line, Circular Economy and Sustainable Business Models perspectives. *Journal of Cleaner Production*. <https://doi.org/10.1016/j.jclepro.2021.126655>
- Kumar, R., Singh, R., & Dwivedi, Y. (2020). Application of industry 4.0 technologies in SMEs for ethical and sustainable operations: Analysis of challenges. *Journal of Cleaner Production*, 275, 124063. <https://doi.org/10.1016/j.jclepro.2020.124063>
- Lahuri, S. Bin, Prastyarningsih, I., Mahfudz, A. A., & Afifah, R. (2024). The Implementation Of Sharia Compliance In Islamic Banking: A Study On Bulding Customer. *Finansia: Jurnal Akuntansi Dan Perbankan Syariah*, 7(2).
- Lăzăroiu, G., Ionescu, L., Andronie, M., & Dijmarescu, I. (2020). Sustainability

- Management and Performance in the Urban Corporate Economy: A Systematic Literature Review. *Sustainability*. <https://doi.org/10.3390/su12187705>
- Lee, S. (2020). Achieving corporate sustainability performance: The influence of corporate ethical value, and leader-member exchange on employee behaviors and organizational performance. *Fashion and Textiles*, 7, 1–17. <https://doi.org/10.1186/s40691-020-00213-w>
- Li, W., & Pang, W. (2023). The impact of digital inclusive finance on corporate ESG performance: based on the perspective of corporate green technology innovation. *Environmental Science and Pollution Research International*, 30, 65314–65327. <https://doi.org/10.1007/s11356-023-27057-3>
- Martins, A., Branco, M., Melo, P., & Machado, C. (2022). Sustainability in Small and Medium-Sized Enterprises: A Systematic Literature Review and Future Research Agenda. *Sustainability*. <https://doi.org/10.3390/su14116493>
- Meraj, M., Afzal, M., Kaur, M., & Chauhan, J. (2025). Impact of CSR, Green Finance and Green Innovation on Environmental Performance of Banks in India. *Managing Global Transitions*, 23(2), 201–231.
- Ministry of State Apparatus and Bureaucratic Reform. (2024). *Indonesia Capai 62,5 Persen Target SDGs 2030, Tertinggi di Asia*. 06 November.
- Oláh, J., Aburumman, N., Popp, J., Khan, M. A., Haddad, H., & Kitukutha, N. (2020). Impact of Industry 4.0 on Environmental Sustainability. *Sustainability*. <https://doi.org/10.3390/su12114674>
- Purnamawati, I. A., Yuniarta, G., & Jie, F. (2023). Strengthening the role of corporate social responsibility in the dimensions of sustainable village economic development. *Heliyon*, 9 4. <https://doi.org/10.1016/j.heliyon.2023.e15115>
- Sachin, N., & Rajesh, R. (2021). An empirical study of supply chain sustainability with financial performances of Indian firms. *Environment, Development and Sustainability*, 24, 6577–6601. <https://doi.org/10.1007/s10668-021-01717-1>
- Saleem, M., Qadeer, F., Mahmood, F., Ariza-Montes, A., & Han, H. (2020). Ethical Leadership and Employee Green Behavior: A Multilevel Moderated Mediation Analysis. *Sustainability*. <https://doi.org/10.3390/su12083314>
- Sunusi, Z. R., Nagauleng, A. M., & Samad, T. F. D. (2024). Pemahaman Mahasiswa Iain

- Manado Ekonomi Syariah Terhadap Kewirausahaan Islami. *Journal of Economics and Islamic Economics*, 4(1), 1–14.
- Suriyankietkaew, S., Krittayaruangroj, K., & Iamsawan, N. (2022). Sustainable Leadership Practices and Competencies of SMEs for Sustainability and Resilience : A Community-Based Social Enterprise Study. *Sustainability*, 14(10), 1–36.
- Thaher, Y. A. Y., & Jaaron, A. (2022). The impact of sustainability strategic planning and management on the organizational sustainable performance: A developing-country perspective. *Journal of Environmental Management*, 305, 114381. <https://doi.org/10.1016/j.jenvman.2021.114381>
- Tjahjadi, B., Soewarno, N., & Mustikaningtiyas, F. (2021). Good corporate governance and corporate sustainability performance in Indonesia: A triple bottom line approach. *Heliyon*, 7. <https://doi.org/10.1016/j.heliyon.2021.e06453>
- Toit, E. Du. (2024). Thirty Years of Sustainability Reporting : Insights , Gaps and an Agenda for Future Research Through a Systematic Literature Review. *Sustainability*, 16(7 Desember), 1–33.
- Unilever Indonesia. (2024). *Investasi untuk Masa Depan Berkelanjutan*.
- Weerasinghe, N., Weerasinghe, A., Perera, Y., Tennakoon, S., Rathnayake, N., & Jayasinghe, P. (2023). Sustainability practices and organizational performance during the COVID-19 pandemic and economic crisis: A case of apparel and textile industry in Sri Lanka. *PLOS ONE*, 18. <https://doi.org/10.1371/journal.pone.0288179>
- Xiao, D., & Su, J. (2022). Role of Technological Innovation in Achieving Social and Environmental Sustainability: Mediating Roles of Organizational Innovation and Digital Entrepreneurship. *Frontiers in Public Health*, 10. <https://doi.org/10.3389/fpubh.2022.850172>
- Zahari, A. I., Said, J., Muhamad, N., & Ramly, S. M. (2024). Journal of Open Innovation : Technology , Market , and Complexity Ethical culture and leadership for sustainability and governance in public sector organisations within the ESG framework. *Journal of Open Innovation: Technology, Market, and Complexity*, 10(1), 1–11. <https://doi.org/10.1016/j.joitmc.2024.100219>

- Zahrah, Y., & Yu, J. (2024). How Indonesia ' s Cities Are Grappling with Plastic Waste : An Integrated Approach towards Sustainable Plastic Waste Management. *Sustainability*, 16(8 May), 1–32.
- Zhou, G., Liu, L., & Luo, S. (2022). Sustainable development, ESG performance and company market value: Mediating effect of financial performance. *Business Strategy and the Environment*. <https://doi.org/10.1002/bse.3089>