



Creating Shared Value and Environmental Commitment Shape Employee Sustainable Performance Through Stakeholder Engagement

Rizki Oktavianus*

Universitas Ciputra,
Indonesia

Wendra Hartono

Universitas Ciputra,
Indonesia

***Corresponding author:**

Rizki Oktavianus, Universitas Ciputra,
Surabaya, Indonesia.

✉ roktavianus01@magister.ciputra.ac.id

Article Information:

Article history:

Received: July 15, 2026

Revised: September 02, 2026

Accepted: September 10, 2026

Available Online: October 05, 2026

Keywords:

Creating Shared Value; Employee Sustainable Performance; Environmental Commitment; PLS-SEM; Stakeholder Engagement.



This is an open access article under the
[CC BY-SA](https://creativecommons.org/licenses/by-sa/4.0/) license.

Copyright © 2026 by Author. Published by
Politeknik Siber Cerdika International

Abstract

Background: Sustainable employee performance has become a crucial factor for pharmaceutical firms confronting competitive dynamics, supply chain fragility, and escalating sustainability demands.

Objective: This research investigates the influence of Creating Shared Value and Environmental Commitment on Employee Sustainable Performance, both directly and through the mediating role of Stakeholder Engagement, at PT Kimia Farma Tbk.

Method: An explanatory quantitative survey approach was applied to 300 eligible employees recruited through purposive sampling. The collected data were analyzed using partial least squares structural equation modeling (PLS-SEM) with SmartPLS 3.0 software to examine the measurement model, structural relationships, and mediating mechanisms.

Results: The results demonstrate that both Creating Shared Value and Environmental Commitment exert positive and statistically significant direct effects on Employee Sustainable Performance and Stakeholder Engagement. Stakeholder Engagement likewise has a positive and significant effect on Employee Sustainable Performance and significantly mediates both sustainability strategy relationships. These results indicate that sustainability initiatives become more meaningful to employees when stakeholders participate through communication, collaboration, and support. Rather than functioning solely as corporate policies, shared value and environmental commitments are translated into sustained employee behavior through engagement.

Conclusion: The study contributes by positioning Stakeholder Engagement as an organizational mechanism connecting corporate sustainability strategy with employee-level outcomes in an Indonesian pharmaceutical company. Practically, PT Kimia Farma Tbk should strengthen two-way communication, stakeholder participation, and the integration of environmental responsibilities into daily work processes to support consistent, responsible, and sustainable employee performance.

To cite this article: Oktavianus, R., & Hartono, W. (2026). Creating Shared Value and Environmental Commitment Shape Employee Sustainable Performance Through Stakeholder Engagement. *Journal of Business, Social and Technology*, 7(4), 2158–2173. <https://doi.org/10.59261/bustechno.v7i4.789>

INTRODUCTION

The pharmaceutical industry is a vital sector contributing to both public health advancement and economic development. Indonesia is recognized as the largest pharmaceutical market and one of the fastest-growing pharmaceutical markets in Southeast Asia. Its expansion is supported by population growth, a predominantly working-age population, greater health awareness, and wider access to healthcare services. Statista (2024) projects that Indonesia's

pharmaceutical market will increase from approximately US\$3.6 billion in 2022 to US\$4.6 billion by 2029. Kementerian Perindustrian RI (2024) also reported that pharmaceutical investment increased from Rp5.39 trillion in 2022 to Rp6.40 trillion in 2023, while employment rose from 57,881 to 59,698. These developments demonstrate the sector's economic potential and national importance.

Globally, however, pharmaceutical growth is accompanied by demands to curtail greenhouse gas emissions, enhance resource-use efficiency, manage production waste, and maintain reliable access to medicines. Evidence that the global pharmaceutical industry has a substantial carbon footprint reinforces the need to integrate environmental and social objectives into corporate strategy (Belkhir & Elmeligi, 2019; Hagenars et al., 2025).

Despite this growth potential, Indonesia's pharmaceutical industry faces a structural challenge: heavy dependence on imported raw materials. Arief (2024) reported that imports of pharmaceutical raw materials exceeded US\$639 million and that approximately 90% of these materials were sourced abroad. This dependence exposes the industry to global price fluctuations, geopolitical risks, international supply chain disruptions, and rupiah volatility. These pressures may ultimately affect companies' operational and financial performance (Kementerian Perindustrian RI, 2024; Kementerian Kesehatan RI, 2024). Figure 1 presents the trend in the value of pharmaceutical industry imports from 2020 to 2023.



Figure 1. Value of Indonesia's Pharmaceutical Industry Imports, 2020–2023 Source: Kementerian Perindustrian RI, (2024)

As shown in Figure 1, the value of Indonesia's pharmaceutical industry imports fluctuated significantly during the 2020–2023 period. In 2021, the value of imports rose sharply to US\$4.36 billion as demand for healthcare products increased during the pandemic. Although it subsequently declined to US\$1.28 billion in 2023, the national pharmaceutical industry still demonstrates a high degree of dependence on foreign supplies of raw materials. Kementerian Perindustrian RI (2024) and Kementerian Kesehatan RI (2024) noted that more than 90% of the demand for Active Pharmaceutical Ingredients (API) is still met through imports, primarily from China, India, and the United States. This situation indicates that efforts to achieve self-reliance in the national pharmaceutical industry still face various challenges that could potentially hinder the sustainable performance of pharmaceutical companies in Indonesia.

One company facing these challenges is PT Kimia Farma Tbk. As a national pharmaceutical company that has been operating since 1817, Kimia Farma occupies a central position in the manufacturing, distribution, and delivery of pharmaceutical services in Indonesia (Kimia Farma, 2023). However, the company revealed that approximately ninety percent of the raw materials used in pharmaceutical production it uses continue to be sourced from overseas, even though the majority of its production processes are carried out domestically (Rhamadanty, 2023). This high level of dependence means that the company's production costs are heavily influenced by

fluctuations in global raw material prices and the rupiah exchange rate. The impact of these business conditions can be observed in the fluctuations in PT Kimia Farma Tbk's Net Sales Growth (SSSG) during the 2020–2024 period, as presented in Figure 2.

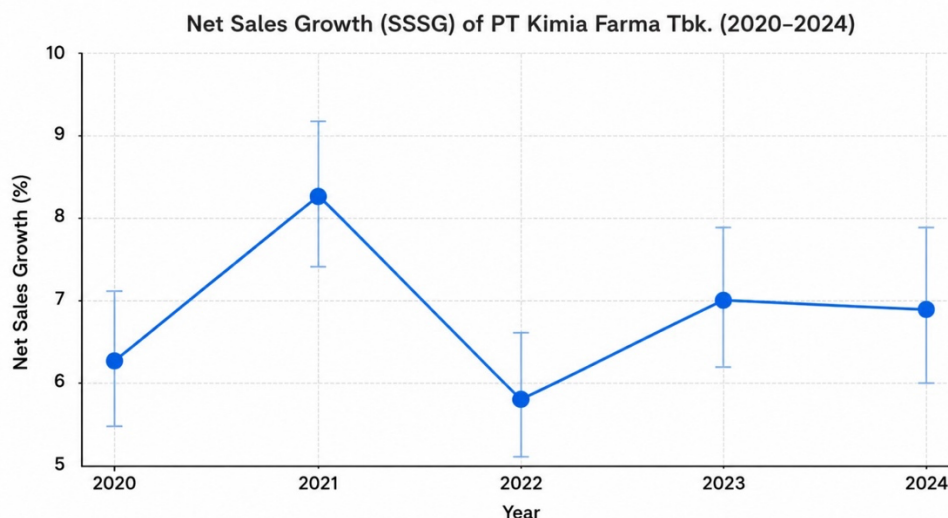


Figure 2. Net Sales Growth (SSSG) of PT Kimia Farma Tbk, 2020–2024 (%)
Source: PT Kimia Farma Tbk Annual Report (2025)

Based on Figure 2, PT Kimia Farma Tbk's Net Sales Growth (SSSG) fluctuated during the 2020–2024 period. The value increased from approximately 6.25% in 2020 to 8.25% in 2021, before declining to approximately 5.80% in 2022. It subsequently increased to approximately 7.00% in 2023 and remained relatively stable at approximately 6.90% in 2024. These fluctuations indicate changes in the company's sales performance during the observation period. Therefore, strengthening adaptive business strategies, stakeholder engagement, and operational sustainability remains important for maintaining stable long-term performance.

To address these pressures, companies must integrate economic, social and environmental dimensions into their business strategies rather than focus only on profit. Creating Shared Value (CSV) offers one such approach. Porter and Kramer (2011) conceptualize CSV as the generation of economic value while simultaneously generating social benefits (Cuevas-Lizama & Royo-Vela, 2026; Royo-Vela & Cuevas Lizama, 2022). This approach enables companies to transform societal problems into business opportunities that strengthen competitiveness. Menghwar and Daood (2021) additionally characterize CSV as a strategic instrument capable of reinforcing organizational legitimacy while simultaneously generating value for both enterprises and the broader society (Guennoun et al., 2026). In Indonesia, Anshori and Kholmi (2024) found that CSV supports sustainable business practices through the integration of company and community interests.

As demands for sustainable business practices increase, the indicators of organizational success are also evolving. Corporate performance is no longer measured solely by financial metrics but also by an organization's capacity to cultivate sustainability within its workforce. In this regard, the notion of "employee sustainable performance" has gained growing significance, referring to employees' capacity to sustain consistent work output without undermining their long-term physical health or psychological welfare (Purba et al., 2020; Usman 2024). Furthermore, environmental commitment has become a critical factor supporting the success of corporate sustainability strategies. Companies with a strong environmental commitment tend to embrace more accountable business operations through energy conservation, waste minimization, and sustainable resource stewardship (Akbar et al., 2023; Zhang et al., 2025). A strong environmental commitment can also enhance employees' sense of pride, motivation, and organizational commitment, thereby potentially improving employee sustainable performance.

However, Creating Shared Value and Environmental Commitment cannot be fully translated into employee outcomes without effective Stakeholder Engagement. Engagement offers a relational pathway whereby sustainability priorities are conveyed, negotiated, and

operationalized through participatory and collaborative processes (Kujala et al., 2022). Strong engagement therefore helps employees internalize sustainability values and convert them into consistent work behavior (Sun et al., 2025). Earlier research has explored CSV as a foundation for sustainable value, environmental commitment as an organizational sustainability capability, and stakeholder engagement as a contributor to organizational outcomes. Nevertheless, these streams have generally been examined separately. Their combined influence on Employee Sustainable Performance, particularly through Stakeholder Engagement in Indonesia's pharmaceutical industry, remains insufficiently explained (Alshukri et al., 2024).

In light of this, the present study investigates the influence of Creating Shared Value and Environmental Commitment on Employee Sustainable Performance, employing Stakeholder Engagement as a mediating construct, at PT Kimia Farma Tbk. Its novelty lies not merely in combining the four constructs, but in testing Stakeholder Engagement as the mechanism that translates corporate sustainability commitments into employee-level performance. Theoretically, this research synthesizes Stakeholder Theory and the Resource-Based View to elucidate this relational pathway. Practically, it provides guidance for designing sustainability initiatives that connect corporate policies, stakeholder participation, and employees' daily work practices.

METHOD

This research adopted a quantitative explanatory approach to examine causal associations within the proposed model. The design enabled simultaneous assessment of both the direct and indirect associations among Creating Shared Value (CSV), Environmental Commitment, Stakeholder Engagement, and Employee Sustainable Performance at PT Kimia Farma Tbk. Data collection was performed using a structured questionnaire administered through Google Forms. Responses were subsequently analyzed employing partial least squares structural equation modeling (PLS-SEM) within SmartPLS 3.0 software. PLS-SEM was deemed suitable given that the model concurrently estimates multiple latent constructs, direct pathways, and mediation pathways, while prioritizing explanatory and predictive power and accommodating data that may deviate from multivariate normality assumptions (Hair Jr. et al., 2022).

The research was conducted at PT Kimia Farma Tbk from March to May 2026. The study population comprised 1,039 active employees working in the company's operational units or core support functions who had at least one year of service. These eligibility criteria were established because employees meeting them were expected to have sufficient knowledge of the organizational culture, company policies, and sustainability practices. The study utilized non-probability sampling through a purposive approach, wherein respondents were chosen based on attributes pertinent to the research goals.

The study employed non-probability sampling with a purposive sampling approach, in which respondents were chosen in accordance with the established eligibility criteria. Based on the population of 1,039 eligible employees, a minimum target of 289 respondents was determined using the Slovin formula applying a 5% margin of error as an operational reference for respondent recruitment. Because respondent selection remained purposive rather than random, this calculation was used as a minimum recruitment benchmark rather than as evidence of probability-based population representativeness. After screening the responses for completeness and compliance with the eligibility criteria, 300 valid responses were retained for analysis.

The questionnaire measured four latent constructs comprising 30 indicators: eight indicators for Creating Shared Value (CSV1–CSV8), eight indicators for Environmental Commitment (EC1–EC8), eight indicators for Stakeholder Engagement (SE1–SE8), and six indicators for Employee Sustainable Performance (ESP1–ESP6). The indicators were organized according to the established conceptual domains of each construct. Creating Shared Value reflected the integration of economic and social value, Environmental Commitment represented environmentally responsible organizational practices, Stakeholder Engagement reflected communication, participation, and collaboration, and Employee Sustainable Performance represented the continuity, quality, and responsibility of employee work outcomes. The conceptual specification of the constructs was aligned with Menghwar and Daood (2021), Rehman et al. (2022), Kujala et al. (2022), and Purba et al. (2020), respectively (Guennoun et al., 2026). Their empirical adequacy was subsequently assessed through the PLS-SEM measurement-model

evaluation.

Data analysis comprised measurement-model and structural-model assessment. The measurement model was assessed using indicator loadings, average variance extracted (AVE), the heterotrait-monotrait ratio (HTMT), composite reliability, and Cronbach's alpha. The structural model was subsequently assessed through the coefficient of determination (R^2), effect size (f^2), and predictive relevance (Q^2). Hypothesis testing was performed via bootstrapping by comparing t-statistics and p-values at the 5% significance level for both direct and indirect effects.

RESULTS AND DISCUSSION

Results

Respondent Characteristics

Respondent characteristics are outlined to furnish a descriptive overview of the PT Kimia Farma Tbk employees who participated in this study. In total, 300 respondents fulfilled the study criteria and were classified based on gender, age, highest educational attainment, length of service, and job title.

Table 1

Description of Respondent Characteristics (n = 300)

Characteristics	Category	Frequency	Percentage
Gender	Male	183	61.00%
	Female	117	39.00%
Age	Under 25 years	2	0.67%
	25–34 years	143	47.67%
	35–44 years	67	22.33%
	> 45 years	88	29.33%
Highest Level of Education	Secondary School/Vocational School or equivalent	92	30.67%
	Diploma (D3)	28	9.33%
	Bachelor's Degree (S1)/Professional Degree	162	54.00%
	Master's Degree (S2)	17	5.67%
	Doctoral (S3)	1	0.33%
Length of service	1–3 years	56	18.67%
	4–6 years	66	22.00%
	7–10 years	28	9.33%
	> 10 years	150	50.00%
Position	BOD-1 (General Manager)	2	0.67%
	BOD-2 (Manager)	20	6.67%
	BOD-3 (Assistant Manager)	58	19.33%
	BOD-4 (Supervisor)	94	31.33%
	BOD-5 (Implementer)	126	42.00%

Source: Data Analysis (2026)

Overall, the respondent profile shows that the sample was predominantly male (61.00%), aged 25–34 years (47.67%), educated at the Bachelor's Degree (S1) or Professional Degree level (54.00%), had more than 10 years of service (50.00%), and occupied BOD-5 (Implementer) positions (42.00%). The composition therefore reflects employees with diverse demographic and occupational backgrounds, while a substantial proportion of respondents also had relatively long organizational tenure. These characteristics provide contextual information for interpreting the findings of the study.

Outer Model Analysis

After data screening, 300 valid responses from PT Kimia Farma Tbk employees were analyzed using SmartPLS 3.0. The analysis began with an evaluation of the measurement model to examine the associations between indicators and their corresponding latent constructs. The

outcomes are displayed in Figure 3.

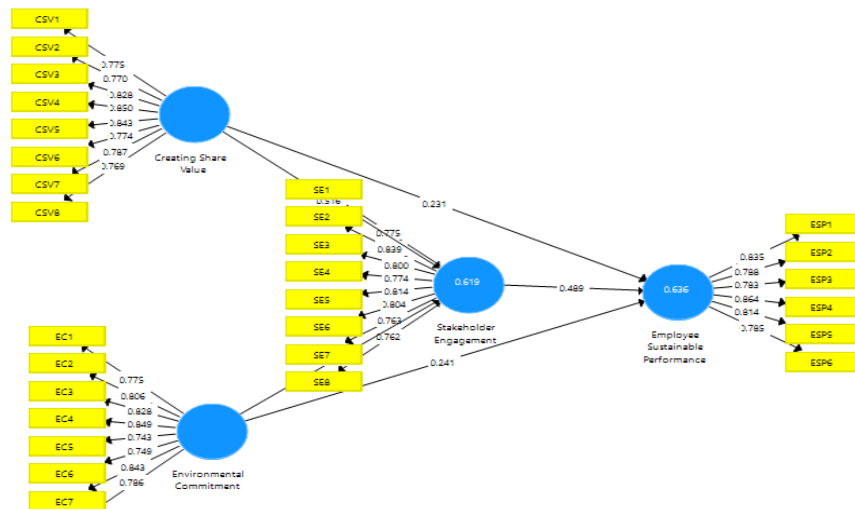


Figure 3. Results of the Outer Model Test
Source: Data Analysis (2026)

Convergent Validity

Convergent validity serves to evaluate the extent to which indicators adequately represent latent constructs within the PLS-SEM model. This assessment was performed using outer loadings and Average Variance Extracted (AVE), applying thresholds of outer loading values exceeding 0.70 (or > 0.60 for exploratory research) and an AVE > 0.50. A construct is considered to have achieved convergent validity when all its indicators and AVE values fulfill these threshold requirements.

Table 2

Outer Loadings for the Outer Model

	Creating Shared Value	Employee Sustainable Performance	Environmental Commitment	Stakeholder Engagement
CSV1	0.775			
CSV2	0.770			
CSV3	0.828			
CSV4	0.850			
CSV5	0.843			
CSV6	0.774			
CSV7	0.787			
CSV8	0.769			
EC1			0.775	
EC2			0.806	
EC3			0.828	
EC4			0.849	
EC5			0.743	
EC6			0.749	
EC7			0.843	
EC8			0.786	
ESP1		0.835		
ESP2		0.788		
ESP3		0.783		
ESP4		0.864		
ESP5		0.814		
ESP6		0.785		
SE1				0.775
SE2				0.839
SE3				0.800
SE4				0.774

Creating Shared Value	Employee Sustainable Performance	Environmental Commitment	Stakeholder Engagement
SE5			0.814
SE6			0.804
SE7			0.763
SE8			0.762

All indicators met the convergent-validity criterion because their outer loadings exceeded 0.70. The values ranged from 0.769 to 0.850 for Creating Shared Value, 0.743 to 0.849 for Environmental Commitment, 0.762 to 0.839 for Stakeholder Engagement, and 0.783 to 0.864 for Employee Sustainable Performance. The highest-loading indicators for the respective constructs were CSV4 (0.850), EC4 (0.849), SE2 (0.839), and ESP4 (0.864), indicating that these indicators provided the strongest representation of their constructs.

Table 3

Average Variance Extracted (AVE) Values for the Outer Model

	Average Variance Extracted (AVE)
Creating Shared Value	0.640
Employee Sustainable Performance	0.659
Environmental Commitment	0.637
Stakeholder Engagement	0.627

The AVE assessment outcomes confirm that every variable satisfies the convergent validity requirements with values above 0.50, namely Creating Shared Value (0.640), Employee Sustainable Performance (0.659), Environmental Commitment (0.637), and Stakeholder Engagement (0.627). These findings indicate that all constructs are able to explain the variance of their respective indicators well and are suitable for use in research.

Discriminant Validity

Discriminant validity was examined through the Fornell–Larcker criterion to ascertain whether each latent construct was empirically distinguishable from other constructs within the model. According to this criterion, discriminant validity is confirmed when the square root of the AVE for each construct exceeds its correlation coefficients with all other constructs. The results of the Fornell–Larcker assessment are presented in Table 4.

Table 4

Fornell-Larcker Criterion Values for the Outer Model

	Creating Shared Value	Employee Sustainable Performance	Environmental Commitment	Stakeholder Engagement
Creating Shared Value	0.800			
Employee Sustainable Performance	0.546	0.812		
Environmental Commitment	0.125	0.562	0.798	
Stakeholder Engagement	0.583	0.767	0.597	0.792

The Fornell-Larcker Criterion assessment results confirm that all constructs satisfy the discriminant validity requirements, with root AVE values of 0.800 (Creating Shared Value), 0.812 (Employee Sustainable Performance), 0.798 (Environmental Commitment) and 0.792 (Stakeholder Engagement) respectively. All these values are higher than the correlations between constructs, thereby demonstrating that each variable is distinctly differentiated and valid within the analytical model.

Table 5*Heterotrait-Monotrait Ratio (HTMT) Values for the Outer Model*

	Creating Shared Value	Employee Sustainable Performance	Environmental Commitment
Creating Shared Value			
Employee Sustainable Performance	0.598		
Environmental Commitment	0.135	0.617	
Stakeholder Engagement	0.631	0.846	0.650

The HTMT test results indicate that all constructs fulfill the discriminant validity requirements since their values remain below the 0.85 threshold. The highest HTMT value was found in the relationship between Employee Sustainable Performance and Stakeholder Engagement at 0.846, while the lowest value was found in the relationship between Creating Shared Value and Environmental Commitment at 0.135. These outcomes demonstrate that each construct maintains clear distinctiveness and that no substantive overlap exists among variables.

Reliability Test

A reliability assessment was performed to evaluate the internal consistency of the indicators constituting the research constructs. In this investigation, reliability was gauged using the Composite Reliability value with a minimum benchmark of 0.70, where constructs attaining this value were considered reliable.

Table 6*Reliability Test of the Outer Model*

	Cronbach's Alpha	Composite Reliability
Creating Shared Value	0.919	0.934
Employee Sustainable Performance	0.896	0.921
Environmental Commitment	0.918	0.933
Stakeholder Engagement	0.915	0.931

The reliability assessment results reveal that all variables exhibit Cronbach's Alpha values (0.896–0.919) and Composite Reliability (0.921–0.934) above 0.70. These outcomes verify that all research constructs demonstrate reliability and maintain robust internal consistency.

Inner Model Analysis

Following the confirmation of measurement model validity and reliability, an inner model assessment was undertaken to examine the associations among latent constructs and the model's predictive capacity. The analysis was conducted using path coefficients through the bootstrapping procedure to evaluate the direction, magnitude, and significance of inter-variable effects in alignment with the research hypotheses.

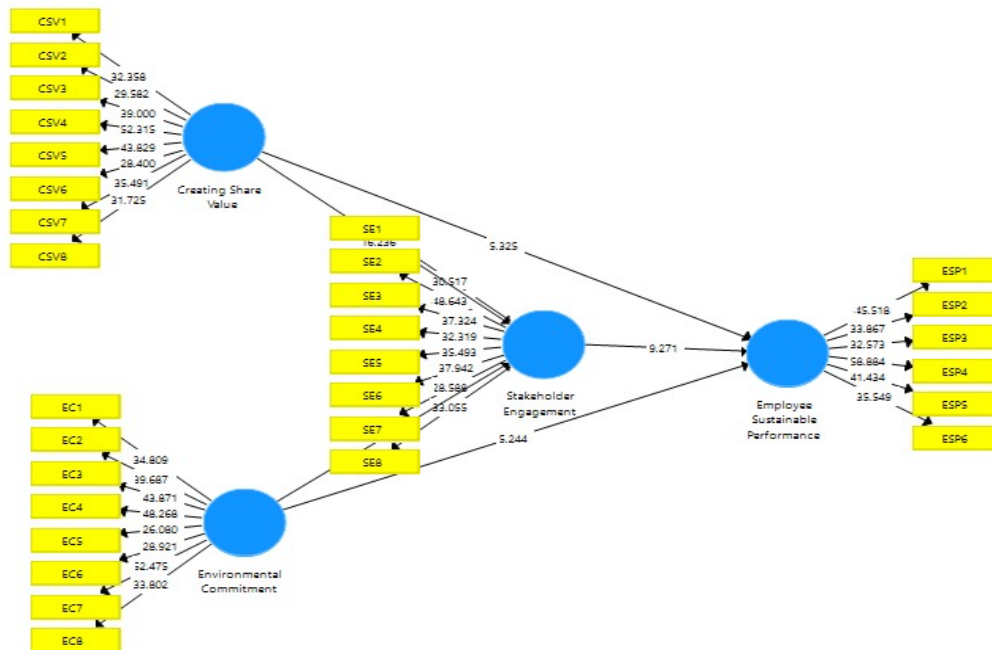


Figure 4. Inner Model Test Results

R-Square (R^2)

The coefficient of determination (R^2) represents the proportion of variance within each endogenous construct that is accounted for by its predictors. Following Hair et al. (2022; 2021), R^2 values of 0.75, 0.50, and 0.25 may be interpreted as substantial, moderate, and weak, respectively. Table 7 presents the R^2 results.

Table 7

Results of the Coefficient of Determination Test (R-Square/ R^2)

	R-Square	Adjusted R-Square
Employee Sustainable Performance	0.636	0.633
Stakeholder Engagement	0.619	0.616

The coefficient of determination analysis reveals that Employee Sustainable Performance possesses an R^2 value of 0.636 while Stakeholder Engagement records an R^2 value of 0.619. Both values fall into the moderate category, suggesting that the model's variables account for 63.6% of the variation in Employee Sustainable Performance and 61.9% of the variation in Stakeholder Engagement, with the residual variance attributable to factors beyond the purview of this study.

F-Square (F^2)

Effect size (f^2) evaluates the degree to which an exogenous construct contributes to the R^2 value of an endogenous construct. Following Cohen's guidelines, f^2 values of 0.02, 0.15, and 0.35 indicate small, medium, and large effects, respectively.

Table 8

Effect Size Test Results (F-Square/ F^2)

	Employee Sustainable Performance	Stakeholder Engagement
Creating Shared Value	0.085	0.688
Environmental Commitment	0.091	0.732
Stakeholder Engagement	0.251	

As presented in Table 8, Creating Shared Value and Environmental Commitment have large effects on Stakeholder Engagement, with f^2 values of 0.688 and 0.732. Stakeholder Engagement demonstrates a moderate effect on Employee Sustainable Performance ($f^2 = 0.251$),

while Creating Shared Value ($f^2 = 0.085$) and Environmental Commitment ($f^2 = 0.091$) have small direct effects.

Blindfolding and Predictive Relevance (Q^2)

The blindfolding technique was employed to evaluate predictive relevance using Stone-Geisser's Q^2 . A Q^2 value greater than zero indicates that the model has predictive relevance for an endogenous construct.

Table 9

Results of the Predictive Relevance Test (Q -Square/ Q^2)

	SSO	SSE	$Q^2 (=1-SSE/SSO)$
Creating Shared Value	2,400,000	2,400,000	
Employee Sustainable Performance	1,800,000	1,053,732	0.415
Environmental Commitment	2,400,000	2,400,000	
Stakeholder Engagement	2,400,000	1,479,486	0.384

The predictive relevance assessment produced Q^2 values of 0.415 for Employee Sustainable Performance and 0.384 for Stakeholder Engagement. Because both Q^2 values are greater than zero, the model exhibits predictive relevance for both endogenous constructs. The comparatively high positive values additionally suggest that the exogenous constructs incorporated in the model furnish substantial explanatory and predictive relevance for Employee Sustainable Performance and Stakeholder Engagement within the present sample.

Hypothesis Testing Results

Table 10

Results of the Direct Effect Test

Hypothesis	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T-Statistics (O/STDEV)	P-Values
Creating Shared Value → Employee Sustainable Performance	0.231	0.232	0.043	5.325	< 0.001
Environmental Commitment → Employee Sustainable Performance	0.241	0.243	0.046	5.244	< 0.001
Creating Shared Value → Stakeholder Engagement	0.516	0.518	0.032	16.236	< 0.001
Environmental Commitment → Stakeholder Engagement	0.532	0.533	0.034	15.614	< 0.001
Stakeholder Engagement → Employee Sustainable Performance	0.489	0.487	0.053	9.271	< 0.001

The hypothesis testing outcomes indicate that all direct effects examined in this study are statistically significant.

- 1) Creating Shared Value exerts a positive influence on Employee Sustainable Performance ($\beta = 0.231$; $t = 5.325$; $p < 0.001$).
- 2) Environmental Commitment exerts a positive influence on Employee Sustainable Performance ($\beta = 0.241$; $t = 5.244$; $p < 0.001$).
- 3) Creating Shared Value exerts a positive influence on Stakeholder Engagement ($\beta = 0.516$; $t = 16.236$; $p < 0.001$).
- 4) Environmental Commitment exerts a positive influence on Stakeholder Engagement ($\beta = 0.532$; $t = 15.614$; $p < 0.001$).

- 5) Stakeholder Engagement exerts a positive influence on Employee Sustainable Performance ($\beta = 0.489$; $t = 9.271$; $p < 0.001$).

Table 11*Results of the Indirect Effect (Mediation) Test*

Hypothesis	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T-Statistics (O/STDEV)	P-Values
Creating Shared Value → Stakeholder Engagement → Employee Sustainable Performance	0.252	0.253	0.031	8.087	< 0.001
Environmental Commitment → Stakeholder Engagement → Employee Sustainable Performance	0.260	0.260	0.033	7.796	< 0.001

The indirect effect analysis confirms that all mediation hypotheses demonstrate statistical significance.

- 1) Stakeholder Engagement serves as a mediator in the relationship between Creating Shared Value and Employee Sustainable Performance ($\beta = 0.252$; $t = 8.087$; $p < 0.001$).
- 2) Stakeholder Engagement additionally mediates the association between Environmental Commitment and Employee Sustainable Performance ($\beta = 0.260$; $t = 7.796$; $p < 0.001$).

Discussion

The Effect of Creating Shared Value on Employee Sustainable Performance

The analytical results demonstrate that Creating Shared Value (CSV) exerts a positive and statistically significant influence on Employee Sustainable Performance at PT Kimia Farma Tbk. These findings indicate that the better a company implements Creating Shared Value through employee development, collaboration with stakeholders, and contributions to the community, the greater the employees' ability to maintain sustainable performance. This finding is also relevant to the respondent profile, as 50.00% of the participants had more than 10 years of service. This relatively long organizational tenure suggests that a substantial proportion of respondents had sufficient organizational experience to evaluate how Creating Shared Value practices were reflected within their work context.

From the perspective of Stakeholder Theory, the implementation of CSV helps companies create benefits for various parties, thereby increasing stakeholder support for the organization. Meanwhile, the Resource-Based View (RBV) posits that the knowledge, experience, and relationships cultivated through CSV practices represent intangible resources with the potential to generate competitive advantage. These research findings align with Porter and Kramer (2011), who state that the simultaneous creation of economic and social value can enhance organizational sustainability (Cuevas-Lizama & Royo-Vela, 2026; Royo-Vela & Cuevas Lizama, 2022). These findings also support the research by Menghwar and Daood (2021), which found that CSV can strengthen human resource quality and organizational performance in a sustainable manner (Guennoun et al., 2026).

The Influence of Environmental Commitment on Employee Sustainable Performance

The empirical findings reveal that Environmental Commitment has a positive and statistically significant influence on Employee Sustainable Performance. These results suggest that the stronger an organization's dedication to environmental stewardship through resource efficiency, waste management, and eco-friendly practice adoption, the greater the employees' capacity to uphold performance quality and consistency. This finding is relevant to the study population, which comprised employees working in the company's operational units or core support functions. Their organizational experience and involvement in company activities enabled them to assess how environmental commitments were reflected in workplace policies and practices.

From an RBV perspective, environmental commitment is an organizational capability that

fosters environmentally responsible organizational routines and practices that may be difficult for competitors to replicate. Meanwhile, Stakeholder Theory explains that companies demonstrating environmental responsibility can strengthen organizational legitimacy and encourage more responsible work behavior among employees. These findings are consistent with Rehman et al. (2022) and Zhang et al. (2025), who underscore the significance of environmental commitment and sustainability-oriented organizational capabilities in fostering sustainable performance.

The Effect of Creating Shared Value on Stakeholder Engagement

The hypothesis testing outcomes demonstrate that Creating Shared Value has a positive and statistically significant influence on Stakeholder Engagement. This result indicates that the more robust the CSV implementation through collaboration with suppliers, healthcare facilities, governmental bodies, and local communities, the greater the degree of stakeholder engagement in supporting organizational activities. The CSV practices implemented by the company foster more active communication, participation, and cooperation, thereby strengthening and sustaining relationships with stakeholders.

These results are consistent with Stakeholder Theory, which highlights the significance of addressing stakeholder interests to obtain organizational support. Additionally, Resource-Based View (RBV) regards stakeholder relationships and networks as strategic assets capable of creating long-term value. The results of this study support the findings of Royo-Vela and Lizama (2022) and Freudenreich et al. (2020) Stakeholder Theory Perspective on Business Models: Value Creation for Sustainability, who state that creating shared value enhances interaction, trust, and collaboration between companies and stakeholders (Marschner et al., 2026).

The Effect of Environmental Commitment on Stakeholder Engagement

The study's findings indicate that Environmental Commitment exerts a positive and statistically significant influence on Stakeholder Engagement. The stronger a company's commitment to the environment, the greater the degree of stakeholder engagement in supporting the organization's diverse sustainability programs and initiatives. The environmental commitment demonstrated by a company enhances stakeholder trust, thereby fostering more transparent and sustainable relationships.

This result can be interpreted through the lens of Stakeholder Theory, which posits that environmental responsibility constitutes a form of corporate accountability toward stakeholders. When a company demonstrates tangible environmental concern, stakeholders will provide greater support. These research results align with those of Saleem et al. (2020) and Góes et al. (2023) Managing for stakeholders towards corporate environmental sustainability. Corporate Social Responsibility and Environmental Management, who demonstrated that environmental commitment can enhance communication quality, transparency, and stakeholder engagement in advancing organizational sustainability objectives.

The Effect of Stakeholder Engagement on Employee Sustainable Performance

The empirical findings reveal that Stakeholder Engagement has a positive and statistically significant influence on Employee Sustainable Performance. This result demonstrates that the greater the degree of communication, participation, and collaboration between stakeholders and the organization, the stronger employees' capacity to sustain consistent and enduring performance. Stakeholder engagement creates a more supportive work environment, thereby boosting employees' motivation and commitment to their work.

From an RBV perspective, stakeholder engagement is a strategic resource capable of fostering a collaborative work culture and strengthening knowledge exchange. Meanwhile, Stakeholder Theory explains that stakeholder engagement generates social support that enhances organizational effectiveness. These findings align with Salvioni and Almici (2020) and Ispiryan et al. (2024), who state that stakeholder engagement can enhance innovation, employee engagement, and the sustainability of organizational performance.

The Mediating Role of Stakeholder Engagement in the Relationship Between Creating Shared Value and Employee Sustainable Performance

The analytical findings reveal that stakeholder engagement serves as a mediator in the relationship between Creating Shared Value (CSV) and employee sustainable performance. This implies that CSV implementation not only directly influences employees' sustainable performance but also operates indirectly through heightened stakeholder engagement. The better a company implements its CSV strategy, the higher the level of stakeholder participation in supporting the company's activities, which ultimately drives improvements in employee performance.

Stakeholder Engagement explains how CSV moves from corporate intent to employee-level outcomes. CSV creates opportunities for employees, communities, suppliers, healthcare partners, and government actors to exchange knowledge and align expectations. This interaction provides employees with clearer feedback, stronger social support, and access to resources needed to sustain performance. Stakeholder Theory explains the legitimacy and reciprocal support generated through these relationships, whereas the Resource-Based View treats trust, knowledge exchange, and collaborative routines as difficult-to-imitate resources. The mediation result therefore extends prior work by showing that engagement is not merely an accompanying condition; it is a transmission mechanism through which shared-value practices strengthen Employee Sustainable Performance ([Matarazzo et al., 2025](#); [Pucci et al., 2020](#)).

The Mediating Role of Stakeholder Engagement in the Relationship Between Environmental Commitment and Employee Sustainable Performance

The empirical results demonstrate that Stakeholder Engagement functions as a mediator in the relationship between Environmental Commitment and Employee Sustainable Performance. These results indicate that environmental commitment affects employees' sustainable performance both directly and indirectly through enhanced stakeholder engagement. The better a company implements sustainable environmental practices, the greater the stakeholder support, which in turn strengthens employee work behavior and performance.

Stakeholder Engagement similarly converts Environmental Commitment into operational behavior. Environmental policies become actionable when employees and other stakeholders participate in communicating targets, monitoring practices, sharing expertise, and resolving implementation barriers. This participation can strengthen employees' understanding of environmental responsibilities, perceived organizational support, and commitment to consistent work standards. Stakeholder Theory explains the reciprocal accountability created by participation, while the Resource-Based View frames the resulting green routines and collaborative capability as strategic resources. For PT Kimia Farma Tbk, the result implies that environmental policies should be embedded in cross-functional communication, employee involvement, and feedback mechanisms rather than treated only as compliance statements. This mechanism is consistent with evidence that engagement strengthens sustainability initiatives and organizational performance ([Alshukri et al., 2024](#); [Jang, 2022](#)).

CONCLUSION

Creating Shared Value and Environmental Commitment reinforce Employee Sustainable Performance through both direct pathways and the mediating role of Stakeholder Engagement at PT Kimia Farma Tbk. The central contribution is the identification of Stakeholder Engagement as the mechanism that converts corporate sustainability commitments into sustained employee behavior. This finding extends Stakeholder Theory and the Resource-Based View by demonstrating that communication, participation, trust, and collaborative routines connect sustainability strategy with employee-level outcomes.

PT Kimia Farma Tbk should integrate sustainability priorities into daily work through two-way communication, employee participation, cross-functional collaboration, and regular feedback on environmental and shared-value initiatives. Future research should test the model in other industries and organizational settings, consider additional relevant constructs, and use longitudinal or mixed-method designs to assess how the mediation mechanism develops over time.

ACKNOWLEDGEMENTS

The authors express their sincere appreciation to Universitas Ciputra, Indonesia, for the institutional and academic support provided during the completion of this research.

AUTHOR CONTRIBUTION STATEMENT

Rizki Oktavianus was responsible for the conceptualization, methodological design, data gathering, data analysis, and drafting of the original manuscript. Wendra Hartono contributed to supervision, validation, interpretation of findings, and manuscript revision. Both authors reviewed and endorsed the final version of the manuscript.

REFERENCES

- Akbar, A., Sihabudin, M. Y., Firdaus, R. E., & Pahreji, R. (2023). Perkembangan Demokrasi di Indonesia. *Advances In Social Humanities Research*, 1(5), 627–635. <https://doi.org/10.46799/adv.v1i5.77>
- Alshukri, T., Seun Ojekemi, O., Öz, T., & Alzubi, A. (2024). The interplay of corporate social responsibility, innovation capability, organizational learning, and sustainable value creation: Does stakeholder engagement matter? *Sustainability*, 16(13), 5511. <https://doi.org/10.3390/su16135511>
- Anshori, M. F., & Kholmi, M. (2024). Implementasi Creating Shared Value (CSV) untuk membangun bisnis berkelanjutan di Indonesia. *Jurnal Bintang Manajemen*, 2(2), 94–99. <https://doi.org/10.55606/jubima.v2i2.3064>
- Arief, A. M. (2024). Ketergantungan impor, 90% bahan baku obat masih dari luar negeri. *Katadata*. <https://katadata.co.id/berita/industri/66795fbc41d7a/ketergantungan-impor-90-bahan-baku-obat-masih-dari-luar-negeri>
- Belkhir, L., & Elmeligi, A. (2019). Carbon footprint of the global pharmaceutical industry and relative impact of its major players. *Journal of Cleaner Production*, 214, 185–194. <https://doi.org/10.1016/j.jclepro.2018.11.204>
- Cuevas-Lizama, J., & Royo-Vela, M. (2026). Antecedents and Moderators for Creating Shared Value in Startups. *Business Strategy and the Environment*, 35(2), 2864–2889. <https://doi.org/10.1002/bse.70318>
- Freudenreich, B., Lüdeke-Freund, F., & Schaltegger, S. (2020). A stakeholder theory perspective on business models: Value creation for sustainability. *Journal of Business Ethics*, 166(1), 3–18. <https://doi.org/10.1007/s10551-019-04112-z>
- Góes, H. A. de A., Fatima, G., Santos Jhuniór, R. de O., & Boaventura, J. M. G. (2023). Managing for stakeholders towards corporate environmental sustainability. *Corporate Social Responsibility and Environmental Management*, 30(4), 1561–1572. <https://doi.org/10.1002/csr.2448>
- Guenoun, R., Guennoun, A., & Benkaddour, A. (2026). A Bibliometric Analysis of the Creating Shared Value Literature (2011–2025): From Foundational Debate Toward Applied Specialization and Theoretical Consolidation Challenges. *Corporate Social Responsibility and Environmental Management*, e70968. <https://doi.org/10.1002/csr.70968>
- Hagenaars, R. H., Heijungs, R., de Koning, A., Tukker, A., & Wang, R. (2025). The greenhouse gas emissions of pharmaceutical consumption and production: an input–output analysis over time and across global supply chains. *The Lancet Planetary Health*, 9(3), e196–e206. [https://doi.org/10.1016/S2542-5196\(25\)00028-2](https://doi.org/10.1016/S2542-5196(25)00028-2)
- Hair Jr., J. F., Hult, G. T. M., Ringle, C. M., & Sarstedt, M. (2022). *A primer on partial least squares structural equation modeling (PLS-SEM)* (3rd ed.). SAGE Publications. <https://us2.sagepub.com/en-us/nam/a-primer-on-partial-least-squares-structural-equation-modeling-pls-sem/book270548>
- Hair, J. F., Hult, G. T. M., Ringle, C. M., & Sarstedt, M. (2021). *A primer on partial least squares structural equation modeling (PLS-SEM)*. SAGE Publications. <https://us.sagepub.com/en-us/nam/a-primer-on-partial-least-squares-structural-equation-modeling-pls-sem/book270548>. <https://doi.org/10.54055/ejtr.v6i2.134>
- Ispiryan, A., Pakeltiene, R., Ispiryan, O., & Giedraitis, A. (2024). Fostering organizational sustainability through employee collaboration: An integrative approach to environmental, social, and economic dimensions. *Encyclopedia*, 4(4), 1806–1826.

- <https://doi.org/10.3390/encyclopedia4040119>
- Jang, Y. J. (2022). The role of stakeholder engagement in environmental sustainability: A moderation analysis of chain affiliation. *Journal of Hospitality & Tourism Research*, 46(5), 1006–1026. <https://doi.org/10.1177/1096348020936348>
- Kementerian Kesehatan RI. (2024). *Bahan baku obat-obatan di Indonesia masih tergantung dari impor*. Antara News. <https://www.antaranews.com/berita/4476853/bahan-baku-obat-obatan-di-indonesia-masih-tergantung-dari-impor>
- Kementerian Perindustrian RI. (2024). *Industri farmasi masih tergantung impor bahan baku, pemerintah akan lakukan ini*. Kontan. <https://industri.kontan.co.id/news/industri-farmasi-masih-tergantung-impor-bahan-baku-pemerintah-akan-lakukan-ini>
- Kimia Farma. (2023). Program Bina Industri Desa – Petani Tempuyung. PT Kimia Farma Tbk. <https://www.kimiafarma.co.id/id/read/program-bina-industri-desa-petani-tempuyung>
- Kujala, J., Sachs, S., Leinonen, H., Heikkinen, A., & Laude, D. (2022). Stakeholder engagement: Past, present, and future. *Business & Society*, 61(5), 1136–1196. <https://doi.org/10.1177/00076503211066595>
- Marschner, S., Orsi, L., Olper, A., & Stranieri, S. (2026). Sustainability Strategies in the Cocoa-Chocolate Value Chain: An Analysis Using Stakeholder Theory, Global Value Chain Theory, and Resource Dependence Theory. *Agribusiness*, 42(2), 694–716. <https://doi.org/10.1002/agr.22044>
- Matarazzo, M., Oduro, S., & Gennaro, A. (2025). Stakeholder engagement for sustainable value co-creation: Evidence from made in Italy SMEs. *Business Ethics, the Environment & Responsibility*, 34(2), 347–361. <https://doi.org/10.1111/beer.12654>
- Menghwar, P. S., & Daood, A. (2021). Creating shared value: A systematic review, synthesis and integrative perspective. *International Journal of Management Reviews*, 23(4), 466–485. <https://doi.org/10.1111/ijmr.12252>
- Porter, M. E., & Kramer, M. R. (2011). Creating shared value. *Harvard Business Review*, 89(1/2), 62–77. <https://hbr.org/2011/01/the-big-idea-creating-shared-value>
- Pucci, T., Casprini, E., Galati, A., & Zanni, L. (2020). The virtuous cycle of stakeholder engagement in developing a sustainability culture: Salcheto winery. *Journal of Business Research*, 119, 364–376. <https://doi.org/10.1016/j.jbusres.2018.11.009>
- Purba, A. S., Sukoharsono, E. G., & Hariadi, B. (2020). The meaningful practice creating shared value as a contribute to sustainable development goals: Case study at PT Pupuk Kaltim. *International Journal of Research in Business and Social Science*, 9(7), 222–232. <https://doi.org/10.20525/ijrbs.v9i7.934>
- Rehman, S. U., Bresciani, S., Yahiaoui, D., & Giacosa, E. (2022). Environmental sustainability orientation and corporate social responsibility influence on environmental performance of small and medium enterprises: The mediating effect of green capability. *Corporate Social Responsibility and Environmental Management*, 29(6), 1954–1967. <https://doi.org/10.1002/csr.2293>
- Rhamadanty, S. (2023). Bahan baku obat Kimia Farma (KAEF) 90% masih impor. *Kontan.Co.Id*. <https://industri.kontan.co.id/news/bahan-baku-obat-kimia-farma-kaef-90-masih-impor>
- Royo-Vela, M., & Cuevas Lizama, J. (2022). Creating shared value: Exploration in an entrepreneurial ecosystem. *Sustainability*, 14(14), 8505. <https://doi.org/10.3390/su14148505>
- Saleem, F., Zhang-Zhang, Y., Malik, M. I., & Allui, A. (2020). Revisiting stakeholder theory and environmentalism: Evidence from an emerging economy. *Sustainability*, 12(20), 8751. <https://doi.org/10.3390/su12208751>
- Salvioni, D. M., & Almici, A. (2020). Transitioning toward a circular economy: The impact of stakeholder engagement on sustainability culture. *Sustainability*, 12(20), 8641. <https://doi.org/10.3390/su12208641>
- Statista. (2024). *Pharmacies - Indonesia*. Statista. <https://www.statista.com/outlook/hmo/pharmacies/indonesia>
- Sun, R., Lee, Y., & Dong, E. (2025). Sustainability and internal communication: Leveraging employee green behaviors. *Public Relations Review*, 51(2), 102565. <https://doi.org/10.1016/j.pubrev.2025.102565>
- Usman, S., Sulastri, & Yuliani. (2024). The implementation of creating shared value in Indonesian

companies. *Technium Social Sciences Journal*, 53(1), 375–380.
<https://doi.org/10.47577/tssj.v53i1.10127>

Zhang, J., Shao, X., & Sun, T. (2025). How does environmental sustainability commitment affect corporate environmental performance: A chain mediation model. *Sustainability*, 17(8), 3461.
<https://doi.org/10.3390/su17083461>