



Inclusive Business: Employees' Perception and Impact on Corporate Image and Business Performance

C. Sekaringtyas Puspitoandaru^{1,*}, Heru Prasadja², & Lamtiur H. Tampubolon³

^{1,2,3} Master of Business Administration Program, Atma Jaya Catholic University, Jakarta

*Email: sekaringtyas.p@gmail.com

Abstract: *Inclusive business practices are increasingly recognized as strategic approach for aligning social and economic objectives, particularly in state-owned enterprises in developing countries. However, how employees perceive these practises and their implications for corporate image and business performance remain understudied. Addressing this gap, this research aims to evaluate employees' perceptions of inclusive business practices and analyze their impact on corporate image and business performance. Quantitative research was employed, involving a survey of 100 employees' PT Kilang Pertamina Internasional RU IV Cilacap. Respondents were selected using simple random sampling technique to ensure equal representation across the population. Data were gathered through structured questionnaires and analyzed using bootstrapped analysis. Results show that positive employees' perceptions of inclusive business practices strengthen corporate image, which subsequently enhances business performance. Furthermore, inclusive business practices exert a direct positive effect on performance. These findings highlight the strategic value of inclusivity as perceived internally, particularly within state-owned enterprises in oil and gas sector facing performance and legitimacy challenges. Accordingly, organizations are encouraged to institutionalize inclusive values not only to fulfil ethical and regulatory expectations, but also to improve employee engagement, reputation, and operational excellence. Future research could integrate qualitative approaches to enrich understanding of inclusive business dynamics.*

Keywords: *business performance; corporate image; inclusive business; oil and gas industry; state-owned enterprise*

Introduction

In the era of increasingly intense global competition, companies are no longer solely required to achieve financial performance, but also to implement ethical and socially responsible practices. These expectations come from various stakeholders, both internal stakeholder (employees) and external stakeholder (community, government, and investors). In response to these conditions, the concept of inclusive business has developed, placing low-income groups and marginalized groups as part of the company's value chain, whether as consumers, producers, or business partners, while maintaining aspects of business sustainability and profitability (UNDP, 2020a). The World Business Council for Sustainable Development (2013) emphasizes that inclusive business is a long-term strategy that positions vulnerable groups as active participants, not simply beneficiaries. This approach has the potential to simultaneously expand markets, drive innovation, and improve social justice. However, its implementation remains limited in developing countries, including Indonesia. Research to date has focused primarily on external impacts, while internal employee

perceptions of inclusive practices have received less attention, leaving their effectiveness incompletely understood. Yet, employee perceptions have a critical role in creating organizational alignment, strengthening internal support, and achieving optimal performance. When inclusive practices are perceived as authentic and aligned with company values, employee engagement and commitment tend to increase, ultimately strengthening the company's image and operational performance.

Perception, as explained by Robbins and Judge (2024), determines how individuals understand and respond to their environment. In an organizational context, employee perceptions of aspects of fairness, diversity, and social responsibility play an important role in influencing work morale, motivation, and pride in the company. Research by Alnehabi and Al-Mekhlafi (2023) shows that positive perceptions of a company's social sustainability is correlate with increased employee engagement and pride in the organization. Furthermore, according to Gray and Balmer

(1998), this perception also influences the formation of a company's internal image, which reflects a collective understanding of the organization's values, identity, and behavior. A strong corporate image contributes not only fosters employee loyalty but also increases stakeholder trust and public legitimacy. Furthermore, the implementation of inclusive business practices can impact company performance, both directly and indirectly. The Triple Bottom Line (TBL) concept created by John Elkington (1997) emphasizes that a company's long-term success is not only measured from economic aspects but must also pay attention to social and environmental dimensions. Similarly, Lashitew et al. (2020) argue that inclusive initiatives integrated with the local and organizational context tend to generate stakeholder trust and sustainable performance benefits. For capital-intensive industries such as oil and gas, this approach is a crucial strategy for maintaining competitiveness while strengthening social legitimacy.

This research is motivated by the limited academic attention to the internal dynamics of inclusive business implementation, particularly in State-Owned Enterprises (SOE). This study aims to analyze how employees at PT Kilang Pertamina Internasional (KPI) Refinery Unit (RU) IV Cilacap – as one of Indonesia's largest and most vital oil refineries – perceive the company's inclusive business initiatives. As a subsidiary of PT Pertamina (Persero), PT KPI RU IV operates under dual mandates: achieving financial performance while simultaneously fulfilling social and economic responsibilities. The highly regulated and capital-intensive nature of the industry makes this refinery a unique context to examine how inclusivity principles are internalized in an environment generally unrelated to social innovation. Although the company has initiated various Corporate Social Responsibility (CSR) and community empowerment programs aligned with the concept of inclusive business, studies on employee perceptions of these initiatives are limited. Considering the scale of company's operations, the importance of the company's strategic position, and its status as a State-

Owned Enterprises (SOE), employee perception can be an important factor influencing the success of various company programs, which aim to strengthen the company's image and encourage improved organizational performance.

This study focuses on three main variables: employees' perceptions of inclusive business practices, corporate image, and business performance. The study hypothesizes that positive employee perceptions directly and indirectly influence improved company performance, with corporate image acting as an intermediary variable. Business performance in this research is measured not only through financial aspects, such as efficiency and profitability, but also includes non-financial indicators, including innovation, sustainability, and the quality of stakeholder relationships.

While several studies have addressed the external benefits of inclusive business (e.g., UNDP, 2020; WBCSD, 2013), relatively few have examined its internal impacts. Existing research tends to focus on multinational or labor-intensive sectors, often neglecting state-owned or capital-intensive industries. Studies such as those by Alnehabi & Al-Mekhlafi (2023) and Lashitew et al. (2020) underline the importance of internal engagement but rarely address the mediating role of corporate image or employee perceptions in highly technical environments. Mansoor et al. (2023) have recommended further research on employee-centric perspectives on sustainability, particularly in state-owned enterprises in developing countries. Therefore, this study seeks to fill the existing research gap by focusing attention on internal stakeholders, specifically how state-owned oil refinery employees perceive inclusive business practices and the relationship between these perceptions and corporate image and business performance. The uniqueness of this research lies in its application to a capital-intensive and strategically vital company, where inclusivity has not been widely linked to operational strategy or reputation.

The objectives of this study are: (1) To evaluate employees' perceptions of inclusive

business practices at PT KPI RU IV Cilacap; (2) To analyze the influence of these perceptions on corporate image; and (3) To analyze the direct and indirect impacts of inclusive business practices on business performance. By analyzing the relationships among these variables, this research offers practical insights for managers and policymakers in formulating and implementing inclusive strategies that are aligned with employee values while enhancing organizational performance. From an academic perspective, this research is expected to contribute to the literature on inclusive business practices by emphasizing the important role of internal stakeholders, especially employees, in determining the effectiveness of its implementation.

Literature Review & Hypothesis Development

Employees' Perception of Inclusive Business

Perception can be defined as the process by which individuals organize and interpret sensory stimuli to form an understanding of their environment (Robbins & Judge, 2024). In an organizational context, employees' perception refers to subjective assessments of working conditions, policies, and practices implemented within the company environment. According to Greenberg (2020), employees' perceptions have significant influence on work behavior, including levels of motivation, engagement, and performance. This becomes particularly relevant in organizations implementing inclusive business practices, where employee perception is essential in influencing the internal effectiveness and long-term sustainability of these initiatives.

Inclusive business is a strategic approach that integrates low-income groups into a company's value chains, not merely as beneficiaries but as active economic actors, including suppliers, consumers, employees, and partners (UNDP, 2020a). Schoneveld (2020) emphasized that this model seeks to align commercial objectives with social impact through the structural involvement of historically marginalized populations. Through this approach, inclusive business has the

potential to create long-term competitive advantages by opening new market access, encouraging innovation, and strengthening stakeholder trust.

In its implementation, inclusive business can be realized through various forms, such as partnerships with communities, empowering micro-enterprise, and inclusion programs within the company's internal environment. UNDP (2020a) identifies three main principles in inclusive business: (1) integrating vulnerable groups as partners in business activities; (2) achieving a balance between financial sustainability and social impact; and (3) developing innovative business models to support the creation of inclusivity. At PT KPI RU IV Cilacap, these practices are reflected in collaboration with Micro, Small, and Medium Enterprise (MSMEs), local community development, and the implementation of participatory approach in the workplace.

Employees' perceptions of inclusive business reflect the extent to which they believe in the organization's commitment to the principle of equity, diversity, and fairness. Paldon et al. (2024) stated that positive perceptions of inclusive practices can increase employee motivation and loyalty, thereby strengthening alignment with company goals. These perceptions are influenced by various factors, including individual characteristics (e.g., background and education level), organizational practices (e.g., fairness and transparency), and work environment factors (e.g., team dynamics and leadership). When inclusive practices are perceived as authentic and internalized within the organization, employees are more likely to act as active internal advocates and contribute to long-term value creation. Therefore, this research formulates the following hypothesis:

H1: Employees' perception of inclusive business practices positively and significantly influences corporate image.

Business Performance

Business performance reflects the degree to which an organization is able to achieve its financial and non-financial objectives. Venkatraman & Ramanujam (1986) classified

performance into various dimensions, such as profitability, efficiency, innovation, and sustainability. Modern perspectives have expanded this concept to include stakeholder value and sustainability outcomes as key indicators (Lysenko & Musa, 2022).

Inclusive business is seen as capable of improving performance by strengthening innovation, engaging stakeholders, and expanding market access. According to the Triple Bottom Line (Elkington, 1997), performance should be evaluated based on three main dimensions: profit (financial outcomes), people (social impact), and planet (environmental responsibility). Furthermore, the Balanced Scorecard (Kaplan & Norton, 1996) offers a multidimensional approach through four perspectives: (1) financial, which measures the financial results achieved by the company as an outcome of effective strategy implementation; (2) customer, which measures customer satisfaction and loyalty, as well as perceptions of the value of products or services, such as customer satisfaction, customer retention; (3) internal processes, which reflects the efficiency and effectiveness of internal processes in delivering value to customers and shareholders, such as operational efficiency; and (4) learning & growth, which measures the organization's ability to innovate, develop human capital, and promote organizational learning, such as employee training, innovation culture, performance satisfaction.

In the context of PT KPI RU IV Cilacap, business performance is measured by integrating various indicators, such as profitability, operational efficiency, productivity, and innovation. Inclusive business practices have the potential to strengthen all of these dimensions, from improving financial performance through market expansion and cost efficiency, increasing customer loyalty through ethical positioning, optimizing internal processes through inclusive governance, and strengthening innovation through diversity and employee engagement. Previous research has indicated that the effectiveness of inclusive strategies is strongly influenced by internal alignment within the organization. Derks et al.

(2022) and Lashitew et al. (2020) emphasize that inclusive strategies will be effective if it is perceived as credible and integrated into the company's strategy. High employee engagement is then a key driver of operational excellence and sustainable innovation. Accordingly, this research formulates the following hypothesis:

H2 = Employees' perception of inclusive business practices positively and significantly influences on business performance.

Corporate Image

According to Gray and Balmer (1998), corporate image refers to the collective perceptions of stakeholders regarding the identity, values, and ethical standards of an organization. This image is formed not only through external expressions, such as public relations activities and brand communication, but also through internal dynamics, particularly how employees perceive and experience the organization. Corporate image encompasses functional dimensions, such as operational reliability, as well as symbolic dimensions, including social responsibility and ethical behavior (Martawidjaja & Balqiah, 2025).

In the context of inclusive business, corporate image has a dual role, functioning both as an outcome of internal perceptions and as a driver of the company's external performance. When employees perceive an organization as truly inclusive and socially committed, these perceptions create a positive internal image. Studies show that this image can increase employee identification, trust, and advocacy, ultimately strengthening external reputation (Paldon et al., 2024; Araújo et al., 2023).

Furthermore, corporate image serves as an intangible strategic asset and acts as a mediating variable between employee perceptions and business performance. A positive image can increase stakeholder trust, customer loyalty, and investor confidence, significantly impacting long-term performance (Nguyen et al., 2020; Lee et al., 2023). This intermediary role is increasingly relevant in sectors with high levels of public exposure or

regulatory oversight. In the context of highly institutionalized state-owned enterprises, where legitimacy is crucial, corporate image serves as a link between internal values and external success. Thus, corporate image is not only a product of perceptions of inclusive practices but also a key mechanism that transforms these perceptions into organizational performance.

H3: Corporate image positively and significantly influences on business performance and serves as an intermediary variable in the relationship between employees' perception of inclusive business practices and business performance.

Empirically, this model positions corporate image as a mediating variable that translates internal inclusivity into external legitimacy and performance, thus addressing a gap in previous studies that tended to overlook the role of perception-based variables in determining business outcomes.

From a practical perspective, especially for organizations and policymakers in developing countries, this study underlines the importance of employee participation in the implementation of inclusive business strategies. Managers need to internalize inclusive values within the organization, considering that employee perceptions not

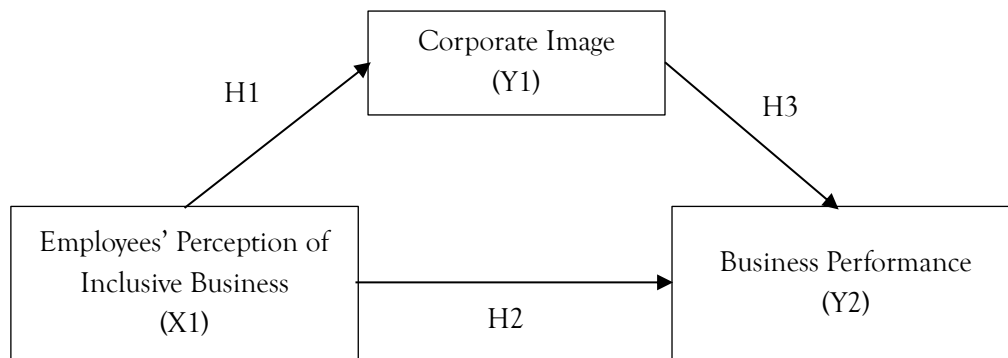


Figure 1. Conceptual Framework

The proposed research model integrates organizational behavior, perspectives, stakeholder theory, and sustainability performance. This model makes a novel contribution by linking employee perceptions of inclusive business practices to broader organizational outcomes, particularly in the context of capital-intensive state-owned enterprises.

Theoretically, this study enriches the inclusive business literature by shifting focus from external impacts on communities to internal stakeholder dynamics. This research confirms that employee perceptions serve as an important mechanism linking inclusive business practices to the formation of organizational identity and company performance, while also extending the application of Gray and Balmer corporate image framework and John Elkington concept.

only influence motivation and retention but also impact the company's external image and competitiveness.

Method

The research adopted a quantitative research approach and was conducted at PT KPI RU IV Cilacap, one of the major state-owned oil refineries located in Central Java, Indonesia. Primary data were obtained through a structured questionnaire administered via Google Forms and distributed to employees from several departments, including Production, Engineering & Development, General Support, and other support departments. The research population comprised approximately 1,400 employees. Based on the Slovin formula with a 10% margin of error, the minimum required sample size was determined to be 93 employees. This research applied a simple

random sampling technique, ensuring that each member of the population had an equal opportunity to be selected. The method was considered suitable due to the relativity homogeneous characteristics of the population in terms of organizational structure and working environment. Out of 114 employees who had participated in the survey, 100 valid responses were ultimately selected and analyzed in this research.

Data were analyzed using Statistical Package for the Social Sciences (SPSS). Descriptive statistical analysis was applied to describe respondent characteristics and the distribution of questionnaire items. The quality of the research instrument was evaluated through validity testing using Corrected Item-Total Correlation (CITC) and reliability testing via Cronbach's Alpha. In addition, normality tests were performed to examine the assumptions of data distribution. To assess both direct and indirect relationships among variables and test the proposed hypotheses, path analysis was utilized.

Variable Measurements

This research examines three main variables, namely employees' perception of inclusive business practices, corporate image, and business performance. All variables were assessed using a standardized 5-point Likert scale ranging from 1 (Strongly Disagree) to 5 (Strongly Agree). First, employees' perception of inclusive business reflects employees' subjective assessment of the company's inclusive practices related to equity, diversity, and social justice (UNDP, 2020a; Paldon et al., 2024). Six indicators were used: (1) understanding of inclusive business principles; (2) commitment to social inclusion; (3) involvement of vulnerable groups (e.g., MSMEs, women, and people with disabilities) in business activities; (4) fairness and equality in treatment; (5) sustainability of inclusive programs; and (6) impact of the program on society. Second, corporate image refers to stakeholder perceptions regarding the identity, ethics, and reputation of the company based on internal and external interactions (Gray & Balmer, 1998; Martawidjaja & Balqiah, 2025). It was assessed through four dimensions: (1)

public trust; (2) reputation; (3) social responsibility; and (4) environmental concern. Third, business performance reflects to which the company achieves strategic objectives across financial and non-financial domains (Kaplan & Norton, 1996; Elkington, 1997). Four indicators were used: (1) profitability; (2) operational efficiency; (3) productivity; and (4) sustainable innovation. These indicators align with the Balance Scorecard and Triple Bottom Line frameworks. Each variable was measured using multiple items to ensure validity and internal consistency, forming the basis for hypothesis testing in this study.

Results and Discussions

Respondents Characteristics

The majority respondents were male, comprising 85% of the total, while female respondents made up the remaining 15%. This distribution represents the gender composition commonly observed in industrial or technical sectors, particularly in the oil and gas refining industry. Based on age classification, most participants (49%) were between 30 and 39 years old, indicating a workforce in their prime working years. The rest were distributed across <30 years (20%), 40–49 years (18%), and ≥50 years (13%). Regarding length of employment, most participants had 11–15 years of experience (35%), followed by 6–10 years (20%). The remaining had worked for 0–5 years (17%), 16–20 years (13%), and more than 21 years (15%). This suggests a relatively experienced and stable employee base.

Respondents represented various departments within the company. The majority came from Production (40%) and Engineering & Development (28%). Other departments with smaller representations included General Support, Refinery Business & Optimization, Finance, Maintenance Planning & Scheduling, Maintenance Execution, Operation Performance & Improvement, Procurement and Human Capital, ensuring diverse perspectives in the survey. Finally, based on job positions, the respondents were largely composed of as Staff (55%) and Senior Staff (29%), while Junior Staff accounted for 14%, and only 2% were Managers. This

indicates that most insights reflect the perceptions of operational and middle-level personnel.

assessments of each construct before conducting inferential testing. By examining of statistical indicators such as mean scores, standard deviations, and score distributions,

Table 1. Respondents' characteristic

Characteristic	Category	Frequency	Percentage (%)
Gender	Male	85	85
	Female	15	15
Age (years)	<30	20	20
	30-39	49	49
	40-49	18	18
	≥ 50	13	13
Length of employment (years)	0-5	17	17
	6-10	20	20
	11-15	35	35
	16-20	13	13
	>21	15	15
Division	Engineering & Development	28	28
	Finance	4	4
	General Support	9	9
	Human Capital	1	1
	Maintenance Execution	2	2
	Maintenance Planning & Scheduling	4	4
	Operation Performance & Improvement	2	2
	Procurement	2	2
	Production	40	40
	Refinery Business & Optimization	8	8
Job position	Jr. Staff	14	14
	Staff	55	55
	Sr. Staff	29	29
	Manager	2	2
Total		100	100

Overall, the respondent profile demonstrates a balanced representation across age groups, tenure, and job functions, which enhances the credibility of the findings related to employee perceptions of inclusive business practices and their impact on corporate image and performance.

Descriptive Statistics

Descriptive statistical analysis was conducted to illustrate respondents' general perceptions regarding the three main variables: employees' perception of inclusive business, corporate image, and business performance. This analysis was aimed to provide a preliminary understanding of respondents'

this study identified central tendencies and levels of variation in employee responses. These descriptive findings provide an important basis for further analysis.

The results show that Employees' Perception of Inclusive Business had the highest average score, with a mean and standard deviation of 90.33 and 10.03, respectively, suggesting a relatively strong and consistent perception of the company's inclusive practices. The score ranged from 62 to 110, indicating some variation in assessments, although many respondents gave a positive assessment. Corporate Image obtained a mean score and standard deviation

of 70.90 and 7.31, respectively, reflecting a generally favourable perception of the company's reputation, with lower variation (range 50 to 80). Meanwhile, Business Performance obtained a mean score and standard deviation of 69.56 and 7.03, respectively, with a range of values 55 to 80, indicating a positive and relatively stable perception of performance, although slightly lower than corporate image.

Table 2. Descriptive statistic data

Variable	Mean	SD	Min.	Max.
Employees' Perception of Inclusive Business	90.33	10.03	62	110
Corporate image	70.90	7.31	50	80
Business performance	69.56	7.03	55	80

Source: Processed Data (2025)

Overall, all three variables showed high mean values with moderate variation, reflecting consistent positive perceptions among employees regarding inclusivity, image, and company performance. These results provide a strong foundation for further analysis, including reliability and validity tests, as well as path analysis to establish causal relationships.

Validity and Reliability Testing

The validity of each indicator was evaluated using the Corrected Item-Total Correlation (CITC) technique, which measures the relationship between each item and the overall construct score. Referring to the Pearson correlation table at a 5% significance level ($\alpha = 0.05$) with a sample size (N) of 100 respondents, the minimum threshold for CITC was $r > 0.195$. As shown in Table 3, all variables meet this criterion. The test result showed that all items in each variable

are valid. This indicates that each indicator has a significant correlation with the construct it measures.

Subsequently, the reliability of the research instrument was examined using Cronbach's Alpha coefficient to assess internal consistency. Generally, a Cronbach's Alpha value ≥ 0.70 indicates acceptable reliability, whereas values exceeding 0.90 represents very high reliability. The result of the analysis show that all variables demonstrated excellent reliability scores, indicating that the indicators used to represent each construct consistently measured the same underlying concept. Accordingly, the research instrument was considered to have fulfilled both validity and reliability requirements for further statistical analysis.

Normality Testing

A normality test was performed to evaluate whether the data for each research variable were normally distributed, as one of the basic assumptions in parametric statistical analyses such as correlation and regression. This test used the One-Sample Kolmogorov-Smirnov test, considering that the sample size (N = 100) met the criteria for its application. Based on the results in Table 4, all variables obtained the significance value (Sig. 2-tailed) below 0.05 ($p < 0.05$), which indicates that the data were not normally distributed. Thus, the assumption of normality is not met for three variables studied. This condition has the potential to cause bias if conventional parametric analysis is continued without adjustment.

As a mitigation measure, this study employed a bootstrapping approach in SPSS. This technique allows parameter estimation without relying on the assumption of normality, by repeatedly resampling the data to form an empirical distribution.

Table 3. Min CITC and Cronbach's Alpha

Variable	Min. CITC	Status	Cr. Alpha	No of items
Employees' Perception of Inclusive Business	0.449	Valid	0.940	22
Corporate image	0.549	Valid	0.957	16
Business performance	0.647	Valid	0.957	16

Source: Processed Data (2025)

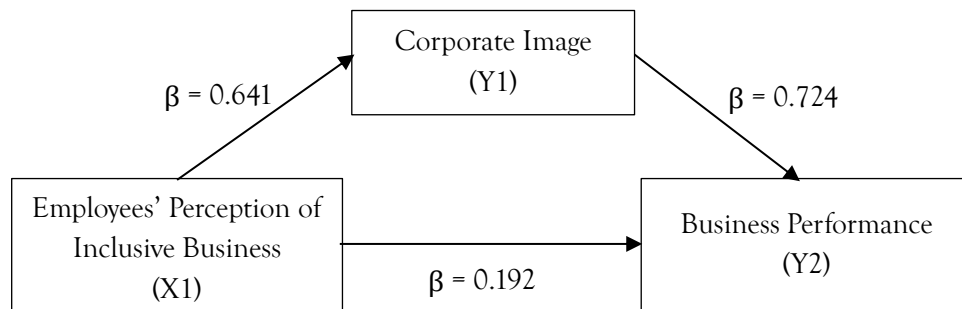
Table 4. Normality Test

Variable	Kolmogorov-Smirnov's Z	Sig. (2-tailed)	Normality
Employees' Perception of Inclusive Business	0.093	0.034	Not normal
Corporate image	0.153	0.000	Not normal
Business performance	0.164	0.000	Not normal

Source: Processed Data (2025)

This approach increases the robustness of the analysis results, particularly in regression or path analysis, even when the data is not normally distributed. Therefore, the analysis can still proceed using bootstrap-based standard errors and confidence intervals, ensuring the validity and reliability of statistical inference results.

The first model tested the direct effect of X1 on Y1, which represents H1. Table 5 indicates that X1 has a strong and statistically significant effect on Y1, as reflected by the high standardized coefficient value ($\beta = 0.641$) and a confidence interval that does not include zero. This result is supported by a bootstrap test with a very strong significant value ($p = 0.001$) and a relatively narrow confidence interval.

**Figure 2. Path Diagram**

Path Analysis

Path analysis was used to test the direct relationships among three research variables: Employees' Perception of Inclusive Business (X1), Corporate Image (Y1), and Business Performance (Y2). Testing was conducted using two regression models based on Standardized Coefficients (β), which were then validated using bootstrapping techniques (1,000 samples) to address previously identified violation of the normality assumptions.

The second model tested the effects of both X1 and Y1 on Y2, representing the testing of H2 and H3. As presented in Table 5, Y1 has a very strong and statistically significant effect on Y2 ($\beta = 0.724$, $p = 0.001$). In addition, X1 was also found to have a significant effect on Y2, but with a more moderate strength effect ($\beta = 0.192$, $p = 0.005$), which is still supported by the bootstrap confidence interval that does not include zero.

Overall, the path analysis results indicate partial mediation, where Employees' Perception of Inclusive Business influences

Table 5. Path analysis data

Predictor	β	Sig.	Bootstrap Sig.	Conclusion
H1: X1 $\rightarrow$ Y1	0.641	0.000	0.001	Significant direct effect
H2: X1 $\rightarrow$ Y2	0.192	0.005	0.008	Significant moderate effect
H3: Y1 $\rightarrow$ Y2	0.724	0.000	0.001	Significant strong effect

Source: Processed Data (2025)

Business Performance both directly and indirectly through Corporate Image. The consistency of the results between the conventional and bootstrap methods strengthens the validity of the proposed model.

Discussions

The results of this study show that employees' perceptions of inclusive business practices significantly influence both corporate image and business performance. When employees perceive their organization as a fair, inclusive, and socially responsible entity, they tend to form more positive perceptions of the company's image. These results align with Araújo et al. (2023), who stated that inclusive corporate behavior strengthens stakeholder perceptions, and is supported by Alnehabi & Al-Mekhlafi (2023) who emphasize the importance of internal social responsibility in shaping employee perceptions of an organization's integrity and reputation.

This research contributes by highlighting the role of employees' internal experiences in shaping corporate image, a topic often overlooked in the literature. Unlike approaches focused on external communications or CSR reporting, this study emphasizes that perceptions of fairness and inclusiveness within an organization are crucial foundations for image formation, particularly in capital-intensive industries that rely on intangible internal factors.

This study also confirms a direct positive relationship between perceived inclusivity and business performance. An inclusive work environment fosters higher engagement, innovation, and trust, ultimately improving operational and strategic outcomes performance. This aligns with Lemoine et al. (2021), who stated that leadership responsive to the needs of internal stakeholders can improve organizational alignment and productivity. This study extends this perspective by showing that in a technical, state-owned industry like oil and gas, inclusivity also plays a role in improving communication and psychological safety, resulting in optimal performance.

Furthermore, the strong relationship between corporate image and business performance emphasizes the importance of managing internal reputation within organizations. This result supports the study conducted by Lee et al. (2023), which demonstrated that positive corporate image among employees correlates with increased motivation, commitment, and long-term organizational effectiveness. The findings also indicate that corporate image acts as an intermediary variable between employees' perceptions of inclusive business practices and business performance. Employees who perceive inclusive practices positively tend to develop a stronger corporate image, which in turn supports improved organizational performance. Similar findings were reported by Mansoor et al. (2023), who emphasized that corporate image could strengthen organizational outcomes by enhancing employee trust, engagement, and organizational commitment.

Methodologically, the key contribution of this study is demonstrated through the use of bootstrap-based path analysis. This approach allows for more robust estimation of causal relationships, especially in non-normally distributed data, and provides a replicable analytical framework for future research.

Theoretical Implications

In terms of academic implications, this research enriches stakeholder perspectives and organizational behavior literature by highlighting the critical role of employees' perceptions in the relationship between inclusivity and business performance. The study emphasizes that inclusive business practices are not solely externally oriented CSR initiatives but are rooted in internal organizational dynamics that strongly influence performance outcomes.

First, the research findings indicate that inclusive business practices are integral part of company's internal social system and intangible assets, particularly through their impact on corporate image. This enriches the stakeholder theory perspective by positioning employees as key internal stakeholders, whose perceptions make a direct contribution to the

organization's overall performance and success.

Second, the mediation analysis indicates that corporate image serves as an intermediary variable connecting employees' perception of inclusiveness with actual business performance. This finding supports organizational effectiveness models that emphasize the importance of perceptual and emotional factors in generating organizational value.

Finally, the application of a bootstrap-based SEM approach to non-normally distributed data demonstrates the methodological strength of this study. This approach not only improves the reliability of the estimates but also provides a replicable analytical framework for future research, particularly in examining intangible factors in complex organizational environments.

Practical Implications

The practical implications of this research are highly relevant for organizational leaders and policymakers, particularly in industrial company and state-owned enterprises. First, the findings demonstrate that inclusive business practices are not only an ethical responsibility, but also a strategic priority. Internal inclusivity programs that encompass equality, fairness, and psychological safety need to be integrated into core corporate strategies, rather than simply relegated to the CSR departments.

Second, the study confirms that corporate image management must be rooted in the internal environment. Organizations that consistently build an inclusive culture tend to experience improved performance, stakeholder trust, and employee engagement. Therefore, internal branding strategies need to be aligned with employee experience management.

Third, organizational evaluations should include measuring employee perceptions of inclusivity. This indicator can serve as an early detection tool for potential issues such as cultural misalignment, low empowerment, and reputational risks.

Lastly, for policymakers and government-affiliated organizations, this research's findings underscore the urgency of institutionalizing inclusive business standards in company operations. In sectors with high levels of regulation and accountability demands, developing an inclusive work environment has been shown to strengthen organizational resilience, increase stakeholder trust, and foster sustainable competitiveness.

Conclusions and Suggestions

This study examines the influence of employees' perceptions of inclusive business practices on corporate image and business performance at PT KPI RU IV Cilacap. The results confirm that internal inclusivity is both a strategic and ethical dimension in organizational management.

First, positive employees' perceptions of inclusive business have been shown to significantly improve a corporate image. When employees perceive fairness, diversity, and equality within an organization, they tend to experience higher level of pride and loyalty. This perception strengthens a corporate image, particularly among internal stakeholders, demonstrating that inclusivity not only reflects ethical responsibility but also builds symbolic value for an organization's reputations.

Second, employees' perception of inclusive business practices also directly impacts on business performance. A sense of fairness, appreciation, and inclusion drive increased employee motivation, productivity, and commitment, ultimately impacting operational efficiency and long-term performance goals. An inclusive work environment contributes to the psychological safety and engagement that support superior performance.

Third, corporate image plays a strategic role as a link between perception of inclusivity and business performance. A positive image strengthens trust among external stakeholders, increases attractiveness to talent, and strengthens customer and investor confidence. Internally, this image fosters value alignment between employees and the organization.

Fourth, this study confirms that corporate image plays as an intermediary variable between perceptions of inclusive business and business performance. This suggests that inclusive practices operate not solely directly but also through the formation of perceptions that subsequently influence organizational performance. Therefore, consistency in building an inclusive culture is key to achieving sustainable performance benefits.

Finally, the research enriches inclusive business studies by stressing the significance of internal stakeholder perspectives, particularly in the context of state-owned enterprises. These findings confirm that inclusive business serves not only as an external CSR initiative but also as an internal strategy with a significant impact on organizational performance.

Suggestions

Based on the findings and limitation of this study, several recommendations are suggested for the development of future studies and practices. The main limitation lies in the use of a single-case study design that focused solely on PT KPI RU IV Cilacap, which limits the applicability of the findings to other organizational, industrial, and geographical contexts. Furthermore, the use of quantitative survey data limits in-depth understanding of employees' subjective experiences with inclusive business practices. Therefore, future studies are encouraged to employ a mixed methods approach to generate a more comprehensive and contextualized understanding.

First, future research needs to expand the object of study to various types of organizations, including private companies, multinational corporations, and Small and Medium Enterprises (SMEs), to enable cross-sector comparisons and increase the generalizability of the results.

Second, the use of longitudinal or mixed-method research designs is recommended. A longitudinal approach can capture the dynamics of inclusive practices across different periods, while qualitative techniques, particularly interviews and focus groups, can

provide a more comprehensive understanding of employees' experiences and perspectives.

Third, further studies are recommended to include additional intermediary or moderating variables, including leadership style, organizational justice, employee engagement, and innovation climate, to enrich the understanding of the mechanisms of influence of inclusive business on performance.

Fourth, the use of more sophisticated analytical methods, including as Structural Equation Modelling (SEM) through SmartPLS or AMOS can increase model robustness and enable more in-depth analysis of causal relationships and indirect effects.

Finally, future research should integrate broader stakeholder perspectives, including suppliers, customers, or communities, to obtain a more holistic picture of the impact of inclusive business. These recommendations are expected to encourage development of more comprehensive, contextual, and relevant research in examining the relationship between on inclusive business, corporate image, and organizational performance in the future.

References

- Alnehabi, M. & Al-Mekhlafi, A.-B. A. (2023). The Association between Corporate Social Responsibility, Employee Performance, and Turnover Intention Moderated by Organizational Identification and Commitment. *Sustainability*, 15(19), 14202. <https://doi.org/10.3390/su151914202>
- Araújo, J., Pereira, I. V., & Santos, J. D. (2023). The Effect of Corporate Social Responsibility on Brand Image and Brand Equity and Its Impact on Consumer Satisfaction. *Administrative Sciences*, 13(5), 118. <https://doi.org/10.3390/admsci13050118>
- Derks, M., Oukes, T., & Romijn, H. A. (2022). Scaling Inclusive Business Impacts at The Base of The Pyramid: A Framework Inspired by Business Model Ecosystems Research. *Journal of Cleaner Production*,

- 366, 132875.
<https://doi.org/10.1016/j.jclepro.2022.132875>
- Elkington, J. 1997. *Cannibals With Forks: The Triple Bottom Line of 21st Century Business*. Oxford: Capstone Publishing.
- George, G., McGahan, A. M., & Prabhu, J. (2021). Innovation for Inclusive Growth: Towards A Theoretical Framework and A Research Agenda. *Journal of Management Studies*, 49(4), 661–683.
<https://doi.org/10.1111/j.1467-6486.2012.01048.x>
- Gray, E.R. & Balmer, J.M.T. (1998). Managing Corporate Image and Corporate Reputation. *Long Range Planning*, 31(5), 695–702. DOI:
[https://doi.org/10.1016/S0024-6301\(98\)00074-0](https://doi.org/10.1016/S0024-6301(98)00074-0)
- Greenberg, J. (2020). *Managing Behavior in Organizations* (11th ed.). Harlow: Pearson Education Limited.
- Kaplan, R. S. & Norton, D. P. (1996). *The Balanced Scorecard: Translating Strategy into Action*. Boston: Harvard Business School Press.
- Lashitew, A.A., Bals, L., & van Tulder, R. (2020). Inclusive Business at the Base of the Pyramid: The Role of Embeddedness for Enabling Social Innovations. *Journal of Business Ethics*, 162, 421–448.
<https://doi.org/10.1007/s10551-018-3995-y>
- Lee, S., Hameduddin, T., & Lee, G. R. (2023). Organizational Image and Employee Engagement: Exploring the Inter-Relationships Between Construed External Image and Perceived Organizational Identity. *The American Review of Public Administration*, 53(2), 82–96.
<https://doi.org/10.1177/02750740221147573>
- Lemoine, G.J., Eva, N., Meuser, J.D., & Falotico, P. (2021). Organizational Performance with A Broader Focus: The Case for A Stakeholder Approach to Leadership. *Business Horizons*, 64(4), 401–413.
<https://doi.org/10.1016/j.bushor.2020.10.007>
- Lysenko, Y. & Musa, H. (2022). The Impact of Various Stakeholders on Business Performance. A Literature Review. *Journal of Economics and Social Research*, 23(1), 120–141.
<https://doi.org/10.24040/eas.2022.23.1.120-141>
- Mansoor, H., Zafar, R., & Umer, M. (2023). Employee perception of CSR practices and organizational performance: The moderating role of stakeholder pressure. *Journal of Business Research*, 162, 113898.
<https://doi.org/10.1016/j.jbusres.2023.113898>
- Martawidjaja, K. L. & Balqiah, T. E. (2025). From CSR To Service Quality: Unveiling the Key Drivers of Customer Loyalty for Indonesia's Flag Carrier. *Jurnal Manajemen*, 22(1), 16–37.
<https://doi.org/10.25170/jm.v22i1.6046>
- Newstrom, J. W. (2007). *Organizational Behavior: Human Behavior at Work* (12th ed.). New York: McGraw-Hill/Irwin.
- Paldon, T., Motwani, B., & Sharma, N. (2024). Impact of Workplace Inclusivity on Employee Morale and Performance. *International Journal of Scientific Research in Engineering and Management*, 8(3), 1–6.
<https://doi.org/0.55041/IJSREM-2024-03-01>
- Prahalad, C. K. (2010). *The Fortune at the Bottom of the Pyramid: Eradicating Poverty Through Profits* (5th ed.). New Jersey: Pearson Education, Inc./Prentice Hall.
- Robbins, S.P. & Judge, T.A. (2024). *Organizational Behaviour* (19th ed). Harlow: Pearson Education Limited.
- Schoneveld, G.C. (2020). Sustainable Business Models for Inclusive Growth: Towards A Conceptual Foundation of Inclusive Business. *Journal of Cleaner Production*, 277, 124062.

- <https://doi.org/10.1016/j.jclepro.2020.124062>
- UNDP. (2020a). Business and Human Rights in Asia: A Regional Outlook. Bangkok: United Nations Development Programme.
- UNDP. (2020b). Human Development Report 2020: The Next Frontier—Human Development and the Anthropocene. New York: United Nations Development Programme.
- Venkatraman, N. & Ramanujam, V. (1986). Measurement of Business Performance in Strategy Research: A Comparison of Approaches. *Academy of Management Review*, 11(4), 801–814. <https://doi.org/10.5465/amr.1986.4283976>
- WBCSD. (2013). Scaling up inclusive business: Solutions to overcome internal barriers. Geneva: World Business Council for Sustainable Development.