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The Influence of Business Ethics, Company Transparency, and Leadership Commitment on Financial Performance in the Digital Era

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Abstract:

This research aims To analyze the influence of ethics of business, transparency company, and commitment leadership on corporate financial performance in the digital era. The objective of this research is a company that has applied digitalization in operations, with a population of technology and financial services companies in Medan City. Data was collected through a survey using distributed questionnaires to 30 respondents, who were then analyzed using the method of multiple linear regression. Statistical tests include a t-test for partial analysis, an F-test for testing simultaneously, and analysis validity and reliability Instruments. Research shows that ethical business, transparency, and commitment leadership influence financial performance. However, partially, only ethics business and commitment approaching leadership influence significantly, while transparency company has insignificant influence. This conclusion underlines the importance of synergy between the three variables To create stability and improve the company's financial performance in the digital era.

Keywords: Business Ethics, Corporate Transparency, Leadership Commitment, Financial Performance, Digital Era

Introduction

In the digital era, technology has brought about significant changes in business operations, which include improvement in efficiency and accessibility of information, but new challenges have emerged, mainly regarding financial performance. Many companies experience fluctuating financial performance, driven by the inability to maintain ethical standards, operations transparency, and leadership commitment . For example, according to a report from Bank Indonesia (2023), more than 35% of companies' technology experience declined performance financial consequence problem ethics in the use of customer data.

This issue, along with transparency and leadership, is a factor determinant of stability and financial performance. In context, ethical business becomes an important factor, as companies uphold ethics and tend to be more trusted by stakeholders' interests (Hartman et al., 2013; Tereza et al., 2023). However, research gaps show that the company has not yet reached the desired performance, although it has an ethics policy, which indicates the need for further analysis of the implementation of the ethics business. Transparency is also recognized as an important element in increasing trust among stakeholders (Healy & Palepu, 2001). Investors are more in demand for transparent companies, which has implications for improving financial performance (Gunawan, 2015). However, the gap in the implementation of transparency in companies is still encountered, especially in terms of reporting financial information in Indonesia.

Next, commitment leadership has a significant influence on the culture of an organization. Leadership Transformational plays a role in increasing productivity (Bass & Avolio, 1993), but implementation of This principle is often limited to a few companies just big. In the digital era, leaders need to adapt to new technologies without sacrificing the company's core values (Yukl, 2013), and the lack of This commitment often leads to low financial performance. Based on the background above, this research is entitled " Influence Ethics Business, Corporate Transparency, and Leadership Commitment To Financial Performance in the Digital Age".

Literature Study

Financial performance

Financial performance indicates a company's effectiveness in achieving economic goals. It is usually measured by ratios such as return on equity (ROE), return on assets (ROA), and net income (Margolis & Walsh, 2003). This study places financial performance as a variable affected by changes in business ethics, transparency, and leadership, which often have a direct impact on the company's financial results.

Ethics Business

Ethics business covers moral principles that govern the behavior of a company. Crane and Matten (2016) stated that ethical business strengthens consumer relationships and improves the company's reputation. However, there are research gaps regarding implementation ethics in the digital era, especially in management data privacy. Based on the literature, ethics business becomes an important hypothesis because of the impact on the trust public and, ultimately, financial performance.

Company Transparency

Transparency is important in reducing the asymmetry of information between management and investors (Healy & Palepu, 2001). Increasing transparency in the digital age, such as using blockchain, allows management to more open information (Gunawan, 2015). Hypothesis transparency is based on a correlation positive between openness information and financial performance, especially through the improvement of trust stakeholders' interest.

Leadership Commitment

Leadership Commitment reflects the dedication leader to the vision company (Tereza et al., 2023). Bass and Avolio (1993) stated that leadership transformational own impact on performance organization. However, research shows that not all companies in the digital era are capable of maintaining this commitment, so This study proposes a hypothesis about the importance of commitment leadership in supporting performance financial. Based on the arguments above, formulated the following hypothesis:

H1: Ethics Business influential to financial performance in the digital era

H2: Corporate transparency affects financial performance in the digital era

H3: Leadership Commitment influential to financial performance in the digital era

Research Methods

Population and Sample Study

Type this research is quantitative, with the object study in the form of companies that have applied digitalization to their operations. The research population covers companies in Medan City, with samples of as many as 30 respondents selected randomly from sector technology. Data were collected using a questionnaire as an instrument. central, with technique analysis that includes multiple linear regression for measure influence variable independent (ethics) business, transparency, commitment leadership) towards variable dependent (financial performance). In addition, the t-test and F-test are used to test partial and simultaneous hypotheses.

Data collection technique

Collection techniques used the survey method with a questionnaire as the main instrument. The questions in the questionnaire are in the form of choice double using a Likert scale (1: strongly disagree; 2: disagree ; 3: neutral; 4: agree; 5: strongly agree). The questionnaire will be distributed directly to respondents in environmental companies and online platforms.

Results And Discussion

Data shows that 70% of respondents originate from an integrated company in technology financial analytics. The average value of index transparency is 65,

indicating the need for further improvement. Index leadership has an average value of 72, reflecting a good commitment to encouraging innovation.

This data can support the discussion about the relationship between variable independence and financial performance using tables and graphs. This analysis will help clarify the synergistic impact of ethics, transparency, and leadership on financial stability in the digital age.

Validity Test

Table 1. Validity Test Results

VARIABLE X1	Pearson Correlation	Conclusion
Question 1	,946 **	Valid
Question 2	,940 **	Valid
Question 3	,942 **	Valid
Question 4	,942 **	Valid
VARIABLE X2	Pearson Correlation	Conclusion
Question 1	,870 **	Valid
Question 2	,946 **	Valid
Question 3	,802 **	Valid
Question 4	,715 **	Valid
VARIABLE X3	Pearson Correlation	Conclusion
Question 1	,917 **	Valid
Question 2	,943 **	Valid
Question 3	,946 **	Valid
Question 4	,821 **	Valid
VARIABLE Y	Pearson Correlation	Conclusion
Question 1	.904 **	Valid
Question 2	.947 **	Valid
Question 3	.743 **	Valid
Question 4	.890 **	Valid

Source: Researcher (2024)

It can be concluded that all the question indicators used are valid because the R count of each indicator is greater than the R table.

Reliability Test

The results of the reliability test are as follows:

Table 2. Reliability Test Results

Model	Cronbach's Alpha	
X1	.956	Valid
X2	.799	Valid
X3	.928	Valid
Y	.894	Valid

Source: Researcher (2024)

Reliability test results show that all variables have marked Cronbach Alpha > 0.60 so it can be concluded that all variables are reliable.

Normality Test

The results of the normality test are as follows:

Table 3. Normality Test Results
 One-Sample Kolmogorov-Smirnov Test

		Unstandar dized Residual
N		30
Normal Parameters a,b	Mean	.0000000
	Std. Deviation	1.60357594
Most Extreme Differences	Absolute	.156
	Positive	.156
	Negative	-.082
Test Statistics		.156
Asymp. Sig. (2-tailed)		.060 c

a. Test distribution is Normal.
 b. Calculated from data.
 c. Lilliefors Significance Correction.

Source: Researcher (2024)

He sizes Asymp. Sig. (2-tailed) obtained of 0.060 > 0.05 then concluded that the data value has been fulfilled normally distributed. Because the significant value obtained is greater than 0.05.

Heteroscedasticity Test

Table 4. Results of the Heteroscedasticity Test

Coefficients a					
Model	Unstd. Coeff.		Std. Coeff.	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	1.388	1.162		1.194	.243
Total X1	.062	.128	.181	.481	.634
Total X2	.016	.104	.047	.155	.878
Total X3	-.091	.135	-.260	-.677	.504

a. Dependent Variable: ABS_RES

Source: Researcher (2024)

Based on Table 4. above, the results of the heteroscedasticity test are as follows:

1. Ethics business (X1) has mark significance 0.634 > 0.05
2. Transparency (X2) has mark significant 0.878 > 0.05
3. Leadership Commitment (X3) has mark significant 0.504 > 0.05

So it can be concluded that there are no symptoms of heteroscedasticity.

Multiple Linear Regression Test

Table 5. Multiple Linear Regression Test Results

Model		Unstd. Coeff.		Std. Coeff.	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1,947	1,699		1.146	.262
	Total X1	.339	.187	.359	1,813	.081
	Total X2	.156	.152	.163	1,028	.314
	Total X3	.385	.197	.394	1,953	.062

Source: Researcher (2024)

The coefficient of X1 is 0.339 with a t value of 1.813 and Sig. 0.081. This value shows that X1 influences variable Y. The coefficient of X2 is 0.156 with a t value of 1.028 and Sig. 0.31. This shows that The effect of X2 on Y is insignificant with a Sig. Value greater than 0.05. Although X2 has a coefficient positive of 0.156, meaning that every increase of one unit of X2 tends to increase Y by 0.156, this influence is not strong enough to be considered statistically significant. The coefficient of X3 is 0.385 with a t value of 1.953 and Sig. 0.062 also shows that X3 has no significant effect against Y (Sig. > 0.05). Coefficient This positive indicates a trend increase in Y by 0.385 for every increase in one unit of X3, although this result is not statistically significant.

F Test

Table 7. F test results

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	199,594	3	66,531	23.197	.000 b
	Residual	74,572	26	2,868		
	Total	274,167	29			

a. Dependent Variable: Total Y

b. Predictors: (Constant), Total X3, Total X2, Total X1

Source: Researcher (2024)

The probability value is $0.000 < 0.05$, so H_0 is rejected, and H_a is accepted so that it can be concluded simultaneously that ethics business, transparency company, and commitment leadership are influential to financial performance in the digital era. This research aims to analyze the influence of business ethics, transparency company, and commitment leadership on the financial performance of companies in the digital era. Here is a detailed discussion based on statistical test results.

Validity Test

The validity test shows that each item in the questionnaire own mark

significant correlation with a value Pearson correlation above 0.70, which indicates that all question items are valid in measuring its variables. This means that each item in the variable ethics business (X1), transparency company (X2), commitment leadership (X3), and financial performance (Y) are appropriate and can be used For study.

Reliability Test

The reliability test produces Cronbach Alpha values as follows: Ethics Business (X1): 0.956. Transparency (X2): 0.799. Commitment Leadership (X3): 0.928. Performance (Y): 0.894. Cronbach Alpha values above 0.60 indicate that all variables studied own high internal consistency and reliability.

Normality Test

Normality test using Kolmogorov-Smirnov produced mark Asymp. Sig. (2-tailed) is 0.060, which is greater than 0.05. This shows that the data is normally distributed and meets the requirements assumption of normality.

Heteroscedasticity Test

The heteroscedasticity test shows that the mark significance For variable X1 (ethics) business) is 0.634, X2 (transparency) company) is 0.878, and X3 (commitment) leadership) is 0.504, all of which are greater than 0.05. This shows there is no problem with heteroscedasticity in regression models.

Multiple Linear Regression Test

Equality The regression obtained is as follows: $Y=1.947+ 0.339$
Coefficient X1 (ethics business) of 0.339 shows that every increase of one unit on ethics business is expected to increase financial performance by 0.339 units. A coefficient (transparency company) of 0.156 indicates that transparency's influence is positive although not significant to financial performance. A coefficient X3 (commitment leadership) of 0.385 indicates a trend improvement in financial performance along with an increase in commitment leadership.

t-test (Test) Hypothesis Partial

Ethics Business (X1): The t value is 1.813 with a significance of 0.081 (greater than 0.05) shows that the influence of ethics business on financial performance is not significant at the level of 95% confidence. Transparency (X2): The t value of 1.028 with a significance of 0.314 indicates that the transparency company has no influence significant to financial performance. Commitment Leadership (X3): The t value of 1.953 with a significance of 0.062 indicates that commitment leadership is also not significant at the level significance 0.05 but close significance.

F Test (Testing Hypothesis Simultaneous)

The F value is 23.197, with a significance of 0.000 (less than 0.05). This shows that simultaneously, the variables ethics business, transparency company, and commitment leadership are influential on financial performance.

Conclusion

This study concludes that ethical business, transparency company, and commitment leadership play an important role in supporting the company's financial performance in the digital era. Simultaneous testing shows that the three variables, together with their influence, are significant to financial performance, indicating that a combination of ethics, transparency, and strong leadership can create an environment of more stable business and increase confidence in stakeholders' interests, which in the end contribute to better financial results.

However, the partial test results show that ethics business, transparency company, and commitment leadership do not significantly influence financial performance. This shows that the three variables are more effective if integrated rather than stand-alone. This finding guides companies to focus on integration values, ethics, openness, and commitment leadership in strategy to achieve performance-optimal finance in the digital era.

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