

BUSINESS ETHICS AS A PART OF A CONTEMPORARY BUSINESS STRATEGY: STUDY IN THEORETICAL PERSPECTIVE

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ABSTRACT

In the business world, a failure can be triggered by a mistake in determining and implementing a strategy. Various cases show how business failure can occur in an increasingly complex industrial and market structure. One thing that is certain in the complexity of business is competition. Competition is increasingly complicated and tighter, of course, requires the right business strategy. However, on the other hand, ethical strategies may occur in order to maintain the existence of a business. Furthermore, in a contemporary business reality like this, the role of ethics is very much needed. Ethics provide space for dialogue for business complexity and competition. This paper will discuss theoretically the role of ethics as a business strategy in the contemporary business climate.

This is a reflective article using experts perspective about business ethic. The main data sourced from journals text, books, and digital sources such as expert blog and so on. All data will be categorized and analyzed to get the spirit of ethic that must be present at the business activity.

Keywords : Business ethic, strategy, theoretical perspective.

INTRODUCTION

Business Ethics (also known as corporate ethics) is a form of applied ethics or professional ethics that studies ethical and moral principles or ethical issues that arise in the business environment (source: Wikipedia). It applies to all aspects of business conduct and is relevant to the behavior of individuals and business organizations as a whole. Applied Ethics is the area of ethics that deals with ethical questions in areas such as medical, engineering, law and business ethics. Business ethics can be a discipline both normative and descriptive. As a corporate practice and career specialization, this field is mainly normative. The scope and quantity of business ethics reflect the degree to which business is perceived as being at odds with non-economic social values. . For example, today most major corporate websites put emphasis on commitments to promote non-economic social values under various posts (eg codes of ethics, social responsibility). In some cases, companies have to reformulate their core values in light of ethical business considerations.

A discussion of ethics in business is necessary because business can be unethical, and there is ample evidence today that there are unethical company practices. The company operates in the social and natural environment. With virtue related to nature, the social

environment of business has an obligation to be responsible for the natural and social environment in which it exists. Regardless of the demands and pressures on it, the company is bound by its very existence by business ethics. There are two reasons: first, because no matter what the business is, it does not affect the stakeholders and second, because every point of action is an ethical as well as an unethical pathway where the existence of the business is justified by responsible ethical alternatives of choice. One of the conditions that brings business ethics to the surface is that from a small scale business, a high level of trust in the company emerges and then a large multinational corporate structure develops which is able to influence the daily life of the people. With increasing competition in the business world, companies are competing with each other to become market leaders. This is where it is very prone to emerge unethical business practices in order to win the competition in the industry.

THEORETICAL FRAMEWORK

Business Ethics

The definition of business ethic , according to Walton (1977) adalah bahwa business ethics A range of criteria whereby human actions are judge to include such things as societal expectations; fair competition; the aesthetics of advertising and the use of public relation; the meaning of social responsibilities; reconcling corporate behaviour at home behaviour abroad; the extent of customer sovereignty; the relevance of corporate size; the handling of communication, and the like.

Meanwhile, other business experts such as Velasquez (2005) state that: Business ethics is a study of moral standards and how those standards are applied to the systems and organizations that modern society uses to produce and distribute goods and services and apply them to the people inside. organization. This study not only covers the analysis of moral norms and moral values, but also attempts to apply the conclusions of the analysis to a variety of institutions, technologies, transactions, activities, and businesses that we call business.

Development The business ethics climate is divided into the 1960s, 1970s, 1980s, 1990s, and 2000s. Likewise, the development of the dilemma of business ethics is divided into the same period. The table shows how the climate of business ethics changes and the dilemma of business ethics from one period to another. The ethical climate of the 1960s was social unrest, anti-war sentiment. employees have an opposing relationship with management, shifting values from loyalty for a company to being loyal to ideals / idealism, values that are worn / old are pushed aside. The dilemmas of business ethics faced in the 1960s were environmental problems, increased tensions between employees and employers, domination of civil rights issues, honesty, changes in work ethics, besides the dilemma of business ethics was a problem regarding drug / drug use. increased.

The business ethics climate in the 1970s was the main contractor for the defense industry and others involved in scandals, the economy was in recession, the unemployment rate increased, there was a high level of concern for the environment, the community pushed businesses to be accountable for business ethics. The dilemmas of business ethics faced are employee militancy (employee versus management mentality), human rights surfaces (forced

labor, substandard wages, unsafe practices). Some companies choose to cover up rather than solve / address existing dilemmas properly.

During the 1990s the business ethics climate that occurred, namely global expansion brought new ethical challenges, there were major concerns about underage workers (children), facilitation, payment (bribes), and environmental problems. the advent of the internet challenges cultural boundaries. The Global Sullivan Principles were launched in 1999. Business ethics dilemmas that emerged in the 1990s Unsafe work practices in third world countries, increased corporate liability for harm to individual human beings (cigarette companies, Dow Chemical, etc.), financial mismanagement and fraud.

The business ethics climate in the 2000s was unprecedented economic growth followed by the failure of the financial aspects, Ethics issues destroyed several high profile companies. Personal data that is collected and sold openly. Hacker plague and data theft of businesses and government agencies. Acts of terror and aggression occur internationally, the United Nations Global Compact adopted the 10 Principles of Anti-Corruption in 2004, the UN convention on the war against corruption was adopted by the UN General Assembly in October 2003.

Business strategy

Business strategy can be interpreted as a direction of action or a series of decisions that help entrepreneurs achieve certain goals and are a combination of all decisions taken from actions taken by entrepreneurs to achieve business goals and to secure a competitive position in the market. This strategy can be described as a long-term business planning. Usually it will cover a period of about 3-5 years (sometimes even longer).

A business strategy is the backbone of your business, because it is like a road map that leads to the desired goal. Any mistakes in this roadmap can cause your business to get lost in the competition with your competitors. This strategy deals with major resource issues. For example, raising funds to build a new factory or factory. Strategy is also concerned with deciding what products to allocate major resources. for example, when Coca-Cola decided to launch a new product such as Nutriboost to Indonesia.

The Urgency of Business Strategy

Achieving business goals without a strategy is just a dream. The business you build will not last long without a well-planned strategy. With increasing competition, strategy in business becomes very important for sustainable business planning and development. Here are five reasons why a strategy is needed for your business, namely: (1) Planning. A business strategy is part of a business plan. While a business plan sets goals and objectives, strategy provides you with a way to meet those goals. It is a plan to get where you want to be, (2) Strength of Weakness. The businessman should know about your true strengths and weaknesses while formulating a strategy. Apart from that, it also helps you in making use of what you are good at and using it to cover up your weaknesses or eliminate them.

The next element, namely (3) Efficiency & Effectiveness. When every step is planned, every resource is allocated, and everyone knows what to do, business activities become more efficient and effective automatically, (4) Competitive advantage. Business strategy focuses on harnessing business strengths and using them as a competitive advantage to position brands in the right way. This gives an identity to the business and makes it unique in the eyes of the

customer, lastly to (5) Control. Simultaneously, the business strategy also decides which plans to follow and interim goals to be achieved. Obviously this will make it easier for you to control your activities and see if all goes according to plan.

METHOD

This study is a reflective working paper that seeks to describe the ideal reality with respect to the business ethic as an business strategy . The main data is taken from various libraries which are used as references in this paper. The data sources, for example, are books written by competent experts, scientific journals, mass media coverage, magazines and online media. In the context of this writing, the ideal normative aspect becomes very prominent because the purpose of this writing is only to describe it carefully. This is done by analyzing data, which is a reflective analysis to juxtapose the ideal normative psychic atmosphere with the empirical reality that occurs.

DISCUSSION

In business planning, there are things that must be considered strategically in the implementation structure of a corporate business plan. However, future competition is not only at the level of qualitative strength of the products produced, but will also involve a socio-psychological dimension. It may be that the design of a business is made in the best possible way, with an approach that is material in nature and that is clearly a good effort and is not wrong. A corporate unit competes with one another, one of which is the quality of products and services. Then where is the position of business ethics in planning business strategy?

Ethical problems are indeed an interesting discourse because after all, in all lines of people, humans are not separated from this one thing. Theoretically, according to the author, the most elementary thing in positioning ethics in business is when ethics becomes the spirit in every business decision making. In business, the greatest interest of stock voters is financial gain and also the sustainability of the business or business itself. Therefore, the short-term and long-term goals will definitely be achieved with the best possible attainment design. Business strategy will certainly determine the direction of how a goal must be achieved with the best possible methods and modes.



The design of a business strategy will generally involve all resources, so that it becomes possible, the resulting design will actually give way to achieving company goals. Apart from the outward involvement of infrastructure in the design of business strategies, there are things that cannot be overlooked in this conceptual work. It is not an external resource, but an elementary element which is abstract in nature. It will even become an element that must ultimately be referred to for a great and responsible work. This abstract element is business ethics.

In the picture above there is a logical sequence from inside to outside, regarding the position and meaning of an abstract element called ethics. The outermost domain, namely the main purpose of a corporation being established, will be achieved if the work process is framed by a good business strategy. How to design a good business strategy, one important thing is the involvement of ethics in it. In the end, ethics must become the spirit, for every business process that takes place in the company. This spirit will be the guiding light in every business activity in the company.

After knowing the importance of ethics that must be applied to a business company, of course, ethics has a function that greatly influences the progress of the company itself. The problems of business ethics that occur in companies vary between the functions of one company and the functions of another company. This occurs because the company's operations are highly specialized in various professional fields, so that each corporate function tends to have its own ethical issues. The following will discuss various problems of business ethics that occur in several areas of corporate functions, namely: business ethics in accounting (accounting ethics), finance (finance ethics), production and marketing (production and marketing ethics), human resources (human resources). ethics), and information technology (information technology ethics) which can be explained as follows:

Business Ethics in Accounting (Accounting Ethics)

The accounting function is a very important component for the company. Thus honesty, integrity and accuracy in carrying out accounting activities are absolute requirements that must be implemented by the accounting function. One of the accounting practices that is considered unethical is for example the preparation of different financial statements for different parties with the aim of obtaining profit from the preparation of such financial statements. In the reality of business activities, it is often found that companies prepare different financial reports for different parties. There are internal company financial reports, financial reports for banks, and financial reports for the tax office. By doing this practice, the company's accounting department deliberately manipulates data in order to profit from the preparation of these false reports.

Business Ethics in the Field of Finance (Financial Ethics)

Financial scandals stemming from the unethical implementation of financial functions have caused various losses for investors. Violations of business ethics in the financial sector can occur, for example, through the practice of window dressing on the financial statements of companies that will apply for loans to banks. Through this practice, it is as if the company has healthy financial ratios so that it deserves credit. In fact, the company's financial condition is

not as healthy as reported in the beautified financial statements. Another example of violations of financial ethics is through inflating the value of the company's collateral, so that companies can obtain credit that exceeds the true value of credit collateral.

Business ethics in Production and Marketing (Production and Marketing Ethics)

The relationships that the company has with its customers can cause various business ethics problems in the production and marketing fields. To protect consumers from unethical treatment that may be carried out by companies, the Indonesian government has enacted Law Number 8 of 1999 concerning Consumer Protection. This law describes various actions that are prohibited from being carried out by business actors. Among other things, business actors are prohibited from producing and / or trading goods and / or services which: (1) Does not meet or does not comply with the required standards and provisions of laws and regulations. (2) Not in accordance with the net weight, net content or net content, and the amount in the calculation as stated in the label or label of the said goods. (3) Does not correspond to the actual size, measure, scale, and number of calculations according to the actual size. (4) Not in accordance with the conditions, guarantees, features, or efficacy as stated in the label, label or description of the said goods and / or services.

Business Ethics in Information Technology (Information Technology Ethics)

One of the areas that had the biggest growth in business ethics problems in the 1990s to early 2000s was information technology. Matters that can raise ethical issues in this field include: attacks on a person's privacy area, collection, storage, and access to business information, especially through e-commerce transactions, copyright protection involving the creation of software, music, and intellectual property rights.

CONCLUSION

Business ethics are the spirit of every business process in a corporate unit. Even on a macro scale it covers the main objective of establishing a business unit. Business strategy is the most representative way to install ethical elements so that there are expectations that depend on the company that what is carried out to achieve company goals is always in an ethical framework. Ethical problems have always been a discourse and have become a reality with evidence of how many companies have conflicts with global stakeholders, the surrounding community, with consumers and with the state. This is where ethical awareness should actually begin, so that it becomes even more significant if it is finally translated into the corporate business strategy design.

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