Implementation of Business Ethics by Company Managers and The Influence on Company Responsibilities in the Social Environment (Case Study: Islamic Boarding School)

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ABSTRACT
The purpose of this study is to find out how the implementation of business ethics by company managers and their influence on corporate responsibility in the social environment (Case study: Islamic Boarding School ABC). The type of research used in conducting this research is a type of qualitative research as well as the approach taken, namely the literature review study approach, by looking for several journals and articles that are appropriate and relevant to the related discussion. Ethics of business is standards of value becoming reference or guidance of manager and whole employees in decision making and operate business which ethics. Ethics paradigm and business is world differ its time has come altered to become ethics paradigm related to business or synergy between ethics and profit. Exactly in tight competition era, company reputation which good and based on by business ethics is an advantage competitive which difficult to be imitated. Therefore, ethics behavior is needed to reach long-range success in a business. The results of this study confirm that The IBS ABC educational institution has proven the absorption of existing business ethics containing the community feel that its existence is even more useful. This has a positive effect on the social environment around it.

Keywords: Ethics Of Business, Corporate Social Responsibility, Social Environment

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INTRODUCTION

In Indonesia, business ethics is an important part of business. Although business people or managers in Indonesia have ethics, their ethics is still part of social ethics or individual ethics. Business ethics are also part of company management. Management can be interpreted as a process, because there are stages in management to achieve goals, namely through the planning stages, organizing stages, directing stages and monitoring stages. (Abbas et al., 2020) The multidimensional crisis experienced by the Indonesian people which resulted in the destruction of the Indonesian economy-business since July 1997 has an impact on the emergence of new awareness of its important and relevance of business ethics. This made many parties aware of the misconception that the business could survive and succeed in the long term just by relying on cheating games. For a long time many parties doubted (based on the empirical reality of the New Order), that to be successful and fortunate people who need to do business ethically.

There are certain parameters, which influence the extensive level and degree to which ethics has been analyzed by scholars and researchers in recent years, such as globalization, technology, intangible assets, talent management (Eryaman, 2007; Frynas & Melahi, 2011; Noe, Hollenbeck, Gerhart, & Wright, 2014; Paliwal, 2006, Picciano, 2011) in (Jenny E. Grigoropoulos, 2019). Furthermore, there are factors, which inhibit ethical intentions and behavior such as increasing competition; pressure for profits and return on investment; political corruption; values and morals not considered important by younger generations; the expectancy of fast money and profits; and disregard for social responsibility, honesty, and integrity.

Meanwhile, organizations that are inclined in performing according to ethical standards, morals and values, have recognized the importance and significance that ethical procedures and policies are communicated and practiced throughout the entire organization, while at the same time becoming a priority for the administration of the organization (Brimmer, 2007) in (Jenny E. Grigoropoulos, 2019). These standards must be modeled and practiced while having the commitment of the administration of the organization.

Moreover, there must have been established a formal code of ethics outlining the policies, regulations, and expectations for all stakeholders. The code of ethics must be thoroughly communicated throughout the organization in formal and informal ways (written and oral communication) while making sure that there is provision for guidance and support in cases of dilemmas or insecurities. The organization ought to provide a thorough training program to prepare the employees for the policies, practices, and expectations in order to increase employee “ethical awareness” and to “define criteria for ethical decision-making within the organization” (Paliwal, 2006, p.19).

Business Ethics is a form of applied ethics or professional ethics that studies ethical and moral principles or ethical problems that arise in the business environment. This applies to all aspects of business behavior and relevant to the behavior of individuals and business organizations as a whole. In some companies the ethical program has a broad reach, with many elements; Including the dedication of staff and work involvement.
Other companies have a limited range of ethical management with a few staff and structures (organizations) that support. Business ethics are actions taken in carrying out business activities that do not violate the rules of the organization and society, and each activity must be carried out under reasonable circumstances, including in accordance with applicable norms and ethics. (Silviyah & Lestari, 2022)

In the community itself, business ethics behavior of managers and company responsibilities in the social environment is an interesting thing to study, especially business ethics and responsibility for the social links of the food industry because food is a very vital necessity for humans so that the food industry is ignored Business Eyika and Responsibility in the Social Environment, this will have a broad impact on human welfare.

Corporate Social Responsibility or Corporate Social Responsibility (CSR) is a concept that the organization, especially companies, has a responsibility for consumers, employees, shareholders, communities and the environment in all aspects of the company's operations. Increasing demand for social responsibility initiatives from the stakeholders is a clear indication to the corporate world, telling business leaders to highlight the social issues in their business operation to gain the confidence of the ultimate customers and convert loyalty into a competitive edge. (Islam et al., 2021) CSR is closely related to "sustainable development", where there is an argument that a company in carrying out its activities must base its decisions not only based on financial factors, for example profits or dividends but must also be based on social and environmental consequences for now or for the long run. Business ethics and corporate social responsibility.

RESEARCH METHODOLOGY

The type of research used in conducting this research is a type of qualitative research. Qualitative research methods are often called naturalistic research methods because their research is carried out in natural conditions, also referred to as ethnographic methods. According to (Bhangu et al., 2023) Qualitative research methods refer to techniques of investigation that rely on nonstatistical and nonnumerical methods of data collection, analysis, and evidence production. Qualitative research techniques provide a lens for learning about nonquantifiable phenomena such as people's experiences, languages, histories, and cultures.

According to (Sugiyono, 2018), explaining that qualitative research methods are research methods based on the theory used to examine the conditions of natural objects, where researchers are as a determinant in conducting a study. This approach is carried out by researchers by observing and analyzing the work environment in one of the Islamic Boarding Schools as habits that have often been created everyday. Departing from a qualitative research method in this ethnographic approach, researchers will conduct research by plunging into the field in order to identify the application of business ethics to IBS. In addition, researchers will explain and describe in accordance with the
phenomena and facts that exist in IBS ABC. Researchers hope that this research can give meaning and conclusions that are adapted to the theory used.

RESULT AND DISCUSSION

Definition of Business Ethics

In general, business is an activity that is carried out by human beings who aim to earn income or income in order to fulfill the needs and desires in human life by managing economic resources effectively and efficiently. (Silviyah & Lestari, 2022). Etymologically (origin) ethics comes from the word "ethicus" (Latin) and "eticos" (Greek) which means "customs". According to (Quezado et al., 2022) the different meanings that the term “ethics” can have, namely: (1) a general standard or way of life, (2) a set of rules of conduct or moral code, and (3) an investigation of ways of life and rules of conduct, understanding that a moral code is formed from the set of principles and values of the individual. Business ethics is the study of appropriate business policies and practices regarding potentially controversial subjects including corporate governance, insider trading, bribery, discrimination, corporate social responsibility, and fiduciary responsibilities. The law often guides business ethics, but at other times business ethics provide a basic guideline that businesses can choose to follow to gain public approval. (Twin, 2021)

Ethics cannot make the lives of people perfect in the empirical world that exists, but ethics can prevent, or decrease the amount of, certain harms. What the discipline of business ethics can and must do is to provide an approach for improving the lives of the stakeholders who with business, live in an imperfect, and sometimes harmful, world. (Robin, 2009)

Ethics is the science or knowledge of what is good and what is not good to be upheld or to do (Ethics is the science of good and bad). So we can draw a fancy thread that business ethics is a science that concerns social relations in business activities where business ethics is applying general rules regarding ethics to business behavior. This business ethics concerns morals, social contacts, rights and obligations, principles and rules.

Definition of Corporate Social Responsibility (CSR)

The thinking underlying CSR (corporate social responsibility) which is often considered the core of Business Ethics is that companies not only have economic and legal obligations (meaning to shareholders) but also obligations to other interested parties (stakeholders), but more than the obligations above, because the company cannot stand alone without the help of other parties. Corporate Social Responsibility (CSR) is a company's decision-making that is linked to ethical values, fulfills legal rules and decisions and respects humans, society and the environment. (Mousavi et al., 2013) Corporate social obligation is that organizations coordinating social and ecological worries in their day by day business tasks and in their association with their partners, corporate social duty is the obligation that corporates owe to the general public and which
should be reimbursed. It is all the more a social commitment with respect to how the corporate identify with their clients, representatives, providers, society and furthermore towards the earth from which they utilize different assets for their benefits. Depict it as "Corporate social obligation is past the fundamental reason for business and disregards the duty of business to its proprietors, the investors. (Barauskaite & Streimikiene, 2021)

![Figure 1: Organization of Corporate Social Responsibility (Mousavi et al., 2013)](image)

According to (Hamidu et al., 2015) The most earliest and prominent definitions ascribed to CSR is the one given by Howard Bowen who refer to as the father of Corporate social responsibility “the obligations of businessmen to pursue those policies, to make those decisions, or to follow those lines of action which are desirable in terms of the objectives and values of our society” (Bowen, 1953). All other definitions in the early 50s recognise the need for managers to assume responsibility for public good “it has to consider whether the action is likely to promote the public good, to advance the basic beliefs of our society, to contribute to its stability, strength, and harmony” (Drucker, 1954). Furthermore, the two definitions are united on the need to align CSR with what managers consider as current and prevailing features of the socio-political environment they operate within. (Carroll, 2008) stated that the whole idea of CSR in this early period is corporate philanthropy but there are only few actions which can be regarded as beyond philanthropy in this period.
The general comprehension of the term, 'Corporate Social Responsibility', is that business has a commitment to society, which reaches out past its thin commitment to its proprietors or investors. There is an intriguing history related with the root of the idea and meaning of Corporate Social Responsibility. The term was begat by Howard R. Bowen in the year 1953 through his distributed book 'Social Responsibilities of Businessman'. From that point forward, the subject of corporate social duty has been investigated widely. Bowen contemplated that there would be general, social and financial advantages that would accumulate to society, if business perceived its more extensive social objectives in its choices.

The definition of corporate social responsibility (CSR) states that companies must not only pursue their main goal—to maximize profits, but also contribute to the well-being of society through voluntary efforts. (Barauskaite & Streimikiene, 2021) Some of the things included in this CSR include corporate governance, company concern for the environment, workplace conditions and standards for employees, company-community relations, corporate social investment. So corporate social responsibility is not only in the field of social and economic development but also in terms of the environment. In general, Corporate Social Responsibility is an improvement in the quality of life in which the ability of humans as and members of society can respond to existing social conditions, and can enjoy, utilize and maintain the environment or can be said to be an important process in managing the costs incurred and the benefits of business activities from stakeholders both internally (employees, shareholders and investors) and externally (public regulatory agencies, community members, civil society groups and other companies).
Corporate social responsibility is a business commitment to act ethically, operate legally and contribute to economic development while improving the quality of life of employees and their families, the local community and society more broadly (Maharaj et al., 2016). This understanding is the same as what was put forward by The World Business Council for Sustainable Development (WBCSD), which is a business commitment to contribute to sustainable economic development, working with company employees, the employees' families, along with local (local) communities and society as a whole in order to improve the quality of life.

Islamic Boarding School ABC

Founded in 1995 with the tagline "for high achievements and commendable morals" and is an educational institution that comprehensively teaches science and diniyah (religion). The main concept is how to grow, develop and improve so that a generation that believes, fears Allah Azza wa Jalla based on the Qur'an and Assunah in accordance with Ahlusunnah wal Jama'ah. Also has modern science and knowledge as a provision to be able to excel on a national and international scale.

Implementation of Business Ethics by Company Managers in IBS ABC

In this educational institution the ethical principles used are based on the Al-Qur'an and As-Sunnah. All existing regulations have arguments that have an effect on increasing the level of understanding of employees. The implementation of ethics owned by the company in social responsibility in its environment are:

1. Care for customers: Concern in serving customer purchases and complaints, as well as in determining the best quality of goods which will then be sold to customers.
2. Caring for workers: Concern with paying attention to workers' rights which the company should have fought for in order to achieve prosperity in work relations and the creation of a family atmosphere between workers and superiors in the company.
3. Establish a good relationship with parents: Do not waste the trust placed by parents of students in the company and maintain the commitments and agreements that exist between parents and the company so as to create a good relationship between suppliers and the company.
4. Work with clean and honest goals: Work with one common goal, namely working with clean and honest goals free from dirty business, bribery and actions that harm other parties.

All existing values have an effect on the condition of the surrounding social environment. Society appreciates and interprets Islamic values more. From this ethics, parents entrust their children to be educated in this institution.
Adopted Ethical Principles

It's essential to understand the underlying principles that drive desired ethical behavior and how a lack of these moral principles contributes to the downfall of many otherwise intelligent, talented people and the businesses they represent. (Alexandra Twin, 2022)

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<thead>
<tr>
<th>No</th>
<th>Principles of Business Ethics</th>
<th>Description</th>
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<tbody>
<tr>
<td>1</td>
<td>Leadership</td>
<td>The conscious effort to adopt, integrate, and emulate the other 11 principles to guide decisions and behavior in all aspects of professional and personal life.</td>
</tr>
<tr>
<td>2</td>
<td>Accountability</td>
<td>Holding yourself and others responsible for their actions. Commitment to following ethical practices and ensuring others follow ethics guidelines.</td>
</tr>
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<td>3</td>
<td>Integrity</td>
<td>Incorporates other principles—honesty, trustworthiness, and reliability. Someone with integrity consistently does the right thing and strives to hold themselves to a higher standard.</td>
</tr>
<tr>
<td>4</td>
<td>Respect for others</td>
<td>To foster ethical behavior and environments in the workplace, respecting others is a critical component. Everyone deserves dignity, privacy, equality, opportunity, compassion, and empathy.</td>
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<td>5</td>
<td>Honesty</td>
<td>Truth in all matters is key to fostering an ethical climate. Partial truths, omissions, and under or overstating don't help a business improve its performance. Bad news should be communicated and received in the same manner as good news so that solutions can be developed.</td>
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<td>6</td>
<td>Respect for laws</td>
<td>Ethical leadership should include enforcing all local, state, and federal laws. If there is a legal grey area, leaders should err on the side of legality rather than exploiting a gap.</td>
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<td>7</td>
<td>Responsibility</td>
<td>Promote ownership within an organization, allow employees to be responsible for their work, and be accountable for yours.</td>
</tr>
<tr>
<td>8</td>
<td>Transparency</td>
<td>Stakeholders are people with an interest in a business, such as shareholders, employees, the community a firm operates in, and the family members of the employees. Without divulging trade secrets, companies should ensure information about their financials, price</td>
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Implementation of Business Ethics by Company Managers and The Influence on Company Responsibilities in the Social Environment (Case Study: Islamic Boarding School)

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<tr>
<th>Change</th>
<th>Description</th>
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<tr>
<td>9 Compassion</td>
<td>Employees, the community surrounding a business, business partners, and customers should all be treated with concern for their well-being.</td>
</tr>
<tr>
<td>10 Fairness</td>
<td>Everyone should have the same opportunities and be treated the same. If a practice or behavior would make you feel uncomfortable or place personal or corporate benefit in front of equality, common courtesy, and respect, it is likely not fair.</td>
</tr>
<tr>
<td>11 Loyalty</td>
<td>Leadership should demonstrate confidentially and commitment to their employees and the company. Inspiring loyalty in employees and management ensures that they are committed to best practices.</td>
</tr>
<tr>
<td>12 Environmental concern</td>
<td>In a world where resources are limited, ecosystems have been damaged by past practices, and the climate is changing, it is of utmost importance to be aware of and concerned about the environmental impacts a business has. All employees should be encouraged to discover and report solutions for practices that can add to damages already done.</td>
</tr>
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Why is the principle of ethics necessary and significant?

The importance of the principle of ethical behavior had not been “apparent” until recent years that individuals and organizations have been researching to find ways that ethical behavior can be integrated into corporate practices. Internal and external stakeholders have been pressuring organizations to support ethical practices within and throughout their organizations in order for the latter to be promoting procedures and practices aiming towards common good and benefit (Eryaman, 2008; Child, 2015; Trevino, Weaver, & Reynolds, 2006) in (Jenny E. Grigoropoulos, 2019).

Ethics and the notion of ethical behavior and value systems in the organizational setting have become an organizational precedence in the 21st century. Ethos was first discussed in the ancient Greek philosophic circles, where it was a principle characterizing the virtuous and moral beliefs, attitudes, and acts (Sulmasy, 2013). Ethics are “neither a luxury nor an option. Business ethics is a set of principles that guides business practices to reflect a concern for society as a whole while pursuing profits” (Brimmer, 2007, p. 12). Ethics as a practice does not merely affect the organizational decision-making but consequently the organizational culture overall. “To achieve this ideal, there must be an
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alignment process that integrates business ethics with mission, vision, strategies and goals” (Brimmer, 2007, p.3). Ethical principles have bedrock on social values; thus the alignment will be relevant to relationships while interpersonal anticipations are defined. The outcome, which is an ethical organization, is the utmost gratifying one. Internal and external relationships are built and enhanced.

Therefore, all parties involved directly or indirectly are “treated well consistently and an ethical culture emerges. A great opportunity awaits organizations alert to the potential of ethical” practices integrated in the everyday business operations (Brimmer, 2007, p. 3). These notions place Corporate Social Responsibility (CSR) at the very essence of leadership and management providing for the welfare of employees, while ensuring that all stakeholders benefit from the corporate practices (Child, 2015) in (Jenny E. Grigoropoulos, 2019).

What Happens When Ethics is Not Implemented

Designing and implementing ethical programs in today’s corporate and business world can be challenging, especially given the degree of corruption in society and loose values and principles governing the intentions and actions of people regardless of position and responsibilities. Furthermore, the extensive number of scandals and lawsuits surfaced has prompted some multi-level and multi-discipline research (Ferrell, 2016) in (Jenny E. Grigoropoulos, 2019). There has been research providing insight about what promotes and dictates unethical behaviors, such as personal backgrounds and character traits, tendencies to act upon hidden agendas, low level of job satisfaction, demographics and gender. These tendencies govern the decision-making process; the younger and the less educated the individual is, the higher the likelihood to make wrong or poor choices (Bolman & Deal, 2017) in (Jenny E. Grigoropoulos, 2019). Unethical practices focus on the egoistic personality characteristics, promoting “an everyone for himself” atmosphere.

Furthermore, research has proven that there are cases in which unethical choices, behaviors and actions are the products and outcomes of deliberate and “impulsive automatic pathways” thus showing that they cannot be anticipated and therefore premeditated for” (Kish-Gephart, Harrison, & Treviño, 2010, p. 21).

On the contrary, when the organizational environment supports its employees and guides them to be attentive towards the welfare of all stakeholders, whether internal or external, all parties involved benefit. Employees and administration, together, work towards common goals and objectives, being guided by the shared mission and vision. Additionally, community is appreciative of the caring climate encouraged by the organization, as well as the intentions and supporting actions demonstrated the organizations by being loyal customers therefore improving organizational performance, and therefore, success and longevity (Kish-Gephart, Harrison, & Treviño, 2010). (Jenny E. Grigoropoulos, 2019)
The Influence of IBS ABC Corporate Social Responsibility in the Social Environment

Business is an economic activity, where business can be described as a structured or organized activity in order to gain profit. Corporate Social Responsibility according to the Indonesian CSR study circle is an earnest effort by a business entity, to minimize the negative impacts and maximize the positive impacts of its operations on all stakeholders in the economic, social and environmental domains in order to achieve sustainable development goals. Implicitly, this definition means inviting companies to be serious in their efforts to provide benefits for humanity at this time. Minimizing negative impacts is part of efforts to provide benefits in the future.

The scale and nature of the benefits of Corporate Social Responsibility (CSR) vary depending on the nature of the company. Many argue that it is very difficult to measure CSR performance, even though there is actually quite a lot of literature on how to measure it. Such literature is for example the "Fourteen point balanced scorecard" method by Deming. Other literature such as Orlikzy, Schmidt, and Rynes found a positive, though weak, correlation between social and environmental performance and company financial performance. Most studies linking CSR (corporate social) performance responsibility) with the company's financial performance (corporate financial performance) does show a positive trend, but agreement on how CSR is measured has yet to be reached. Perhaps, the global stakeholder agreement that defines various core subjects in ISO 26000 Guidance on Social Responsibility--planned to be published in September 2010--will make it easier for companies to degrade issues in each core subject in the standard into a tool measure the success of CSR.

The survey results of "The Millennium Poll on CSR" (1999) conducted by Environics International (Toronto), Conference Board (New York) and Prince of Wales Business Leader Forum (London) among 25,000 respondents from 23 countries show that in forming opinions about companies, 60% said that business ethics, employee practices, impact on the environment, which are part of corporate social responsibility (CSR) will play the most role. As for the other 40%, corporate image & it is the brand image that will influence their impression the most. Only 1/3 based their opinion on fundamental business factors such as financial factors, company size, company strategy or management. Furthermore, consumer attitudes towards companies that are considered not carrying out CSR are wanting to "punish" (40%) and 50% will not buy products from the company concerned and/or talk to others about the company's shortcomings.

Keraf in Sorta (2008:16) states that business ethics only has relevance for business people who want their business to be successful and last a long time. Business ethics has difficulty having relevance for business people who only think about today's business and short-term profits. Today's modern business is a business characterized by intense competition. In a competitive business context, every company strives to excel based on the management strength and professionalism of a company.
Keraf (2007) divides the contents of corporate social responsibility into two categories, namely:

1) To primary relations, for example fulfilling contracts that have been made with other companies, fulfilling promises, paying debts, providing services to consumers and customers satisfactorily, being responsible for offering goods and services to society with good quality, paying attention to employee rights, welfare employees and his family, improve the skills and education of employees, and so on.

2) Towards secondary relations: Responsible for business operations and impacts on society in general, on social issues, such as: employment, education, social infrastructure, and taxes. Based on the contents of social responsibility, the responsibility of business actors in business is their company's involvement in seeking the good and social welfare of the community, without paying too much attention to the advantages and disadvantages from an economic perspective.

CONCLUSION

Business Ethics and Corporate Social Responsibility (CSR) are the key to the company's sustainability in the long run. Both of them are two things that are as important as being done by any company. Criticism of CSR will cause a reason where the company's business is finally blamed. For example, there is a belief that the CSR program is often carried out as an effort to divert the attention of the public to the ethical problems of the company's main business. Therefore the CSR program carried out by the company must run the same business ethics by the company.

The role of ethics is associated with the business world with corporate social responsibility is a balance in principles, practices, income and distribution of the results of the main balance principle is the balance between the principle of love for fellow human beings and "love for yourself. The tendency to find excessive personal pleasure can be tamed by the presence of love for fellow humans. While the tendency to find individual identities can be neutralized. As far as the highest potential outreach but not standing on the debris. destruction of others. Balance must be maintained between individual values and community values, among control and freedom, among personal needs and community needs. Companies that carry out social responsibility do not necessarily carry out business ethics well, if the implementation of social responsibility is accompanied by bad motivation. Conversely, companies that carry out business ethics well will certainly also carry out their social responsibilities well. So business ethics must be a driving force for the implementation of corporate social responsibility.

The IBS ABC educational institution has proven the absorption of existing business ethics containing the community feel that its existence is even more useful. This has a positive effect on the social environment around it.
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