

The Role of Applying Business Ethics Principles in Operational Management

Imam Wibowo

Krisnadwipayana University, Jakarta, Indonesia

ARTICLE INFO

Keywords:

Principles,
Business Ethics,
Operational Management,
Work Environment,
Stakeholders

Email :

wibowoimam253@gmail.com

ABSTRACT

Business ethics, as moral norms in a business context, have an important role in shaping sustainable and responsible operational management practices. This research aims to investigate the impact of implementing business ethics on the efficiency and sustainability of operational management in an organization. This research uses a qualitative approach with descriptive methods. The research results show that the application of business ethics principles in operational management is very important in establishing sustainable, responsible and ethical business practices. Principles such as honesty, autonomy, mutual benefit, justice and moral integrity are the main guidelines that shape the values, norms and behavior of employees and company leaders. The application of business ethics in operational management plays a role in creating an ethical work environment, ensuring quality products or services, strengthening relationships with stakeholders, reducing risks, and supporting corporate social responsibility (CSR). By incorporating business ethics into its operational management structure, companies not only comply with rules and regulations, but also create sustainable added value for all stakeholders, build strong relationships, and have a positive impact on society and the environment.

Copyright © 2023 JU-KOMI. All rights reserved is Licensed under a Creative Commons Attribution- NonCommercial 4.0 International License (CCBY-NC 4.0)

INTRODUCTION

Business ethics involves in-depth knowledge of business management procedures by paying attention to universal norms and morals (Aripin & Negara, 2021). In this context, business ethics is not only limited to compliance with applicable laws and regulations, but also includes awareness of the social, environmental and humanitarian implications of every decision and action taken by a company (Amelia & Fasa, 2022). Universal norms and morals serve as guidelines for companies to determine the core values that guide their business practices. The application of business ethics ensures that economic profits are not achieved at the expense of moral values, but rather are in line with sustainability and social justice (Sukma & Ismail, 2023).

In viewing business ethics as knowledge about business management procedures, it is important to pay attention to how these ethical values play an important role in the operational management of an organization (Harahap, 2017). Everyday decisions and actions carried out in the context of operational management need to be considered with universal norms and morals in mind. Business ethics creates the foundation for practices that not only optimize operational efficiency, but also ensure long-term sustainability and harmonization with society, the environment and other stakeholders (Hayati & Yulianto, 2020).

In addition, awareness of business ethics helps companies manage the social and environmental impacts of their operational activities. Organizations that apply business ethics in their operational management do not only prioritize profits, but also consider their social responsibilities (Budiman, 2015). Thus, business ethics becomes an important instrument in achieving a balance between economic growth, social responsibility and long-term sustainability. Overall, a deep understanding of business ethics acts as a guide that guides companies in achieving their business goals while still upholding moral values and justice (Lizzatil & Lustiami, 2018).

Operational management plays a key role in managing planned production activities to convert input into output efficiently (Saputra et al, 2023). In this context, operational efficiency is not only related to productivity and resource management, but also involves aspects of business ethics. Efficient

production activity plans not only include process improvements and cost control, but also pay attention to the social, environmental and humanitarian implications of each operational step (Jayadi & Batubara, 2023). Therefore, the foundation of business ethics is a crucial element in ensuring that operational management runs correctly, minimizes negative impacts, and promotes long-term sustainability (Ali, 2020).

Good operational management requires a foundation of business ethics to maintain company integrity and responsibility (Hadi & Khairawati, 2020). In this context, business ethics provides guidelines for decision making in every aspect of operational management, from raw material selection to supply chain management (Julyanthry et al, 2020). The principles of business ethics help companies ensure that production activities not only generate financial profits, but also comply with moral norms, human rights and environmental standards. Thus, the foundation of business ethics creates a solid foundation for operational management that is responsive, responsible and in accordance with social values (Hertina et al, 2023).

The importance of incorporating business ethics in operational management is also closely related to corporate sustainability. Operational management related to ethical business values is able to create positive relationships with stakeholders, improve company reputation, and reduce social and environmental risks (Andarwati et al., 2023). Corporate sustainability is not only about financial results, but also about social and environmental sustainability. By integrating business ethics into operational management, companies can form a positive image, have a positive impact on society, and manage resources wisely to achieve long-term goals (Fauzi & Manao, 2023).

This research aims to analyze the implementation of business ethics in operational management, assess its impact on operational efficiency, and investigate the relationship between business ethics and sustainability aspects. By focusing on ethical business values applied in everyday decisions and actions, this research is expected to provide practical guidance for companies to develop more sustainable business practices. The benefits include contributing to the understanding of the relationship between business ethics and operational management as well as providing direction for companies in achieving business goals while paying attention to ethical and sustainability values.

METHOD

This research adopts a qualitative research method, which involves developing a research strategy that emphasizes the use of words rather than numerical data in the process of data collection and analysis. This method refers to an inductive approach, where the relationship between theory and research is built through an in-depth understanding of the observed phenomena (Yulianah 2022). In accordance with this approach, this research aims to understand the process of emergence of related phenomena and identify the underlying elements. In line with Moleong's (2014) views, qualitative methods emphasize examining processes and outcomes, with researchers having a particular interest in analyzing current reality through monitoring research subjects. By using qualitative methods, this research seeks to explore a deeper understanding of existing issues and develop potential solutions to the challenges faced. The choice of qualitative methods is seen as a relevant and appropriate choice to achieve the objectives of this research.

RESULTS AND DISCUSSION

Principles of Business Ethics in Managing Business Operations

Business Ethics in a company can shape the values, norms and behavior of employees and leaders in building fair and healthy relationships with customers/work partners, shareholders and the community (Arief, 2019). The company believes that good business principles are ethical business. This means that a business with superior and sustainable performance is run by adhering to ethical rules, in line with applicable laws and regulations (Permata & Azmi, 2020). Business Ethics can become a standard for all employees including management and make it a guideline for carrying out daily work based on noble morals, honesty, transparency and a professional attitude (Gaul, 2020). According to Sonny Keraf & Imam (1998), there are five principles that can be used as guidelines for carrying out business practices, including the following:

Principle of Honesty

The principle of honesty brings the concept of attitude as it is based on actual facts, situations and conditions. This attitude implies that individuals or organizations that apply the principle of honesty do not only speak according to comfort or desire, but also present reality according to what is said. In other

words, this principle encourages transparency and consistency between words and actions, creating a strong foundation of trust in interpersonal interactions as well as in business contexts.

Furthermore, the principle of honesty is not only rhetorical, but also plays an important role in implementing contracts, commitments and agreements. The application of honesty in implementing various forms of agreements creates a vital foundation of trust in business and social relationships. By upholding these principles, individuals or organizations not only maintain their integrity, but also build a positive reputation in the eyes of stakeholders, which in turn can support long-term sustainability and success. The principle of honesty is not only a moral foundation, but also a strong instrument in creating strong and mutually beneficial relationships.

Principle of Autonomy

The principle of autonomy reflects the attitude of independence, freedom and responsibility that is essential in an individual's life. An attitude of independence describes a person's ability to make decisions and act without being too dependent on other parties. Individuals who apply the principle of autonomy not only have freedom in thought and action, but are also able to manage themselves wisely. They make decisions based on their own personal beliefs and abilities, freeing themselves from external pressures or instigations that could affect personal integrity and autonomy.

Apart from that, the principle of autonomy also includes responsibility for decisions and actions taken. Autonomy is not simply freedom without accountability; instead, it creates awareness of the consequences of every decision taken. Individuals who have the principle of autonomy understand that the freedom they enjoy also brings responsibility to themselves and society. Thus, the principle of autonomy not only creates individuals who are free to think and act, but also creates individuals who are responsible and able to manage the balance between freedom and responsibility in every aspect of their lives.

Principle of Mutual Benefit

The principle of mutual benefit is an important basis for carrying out sustainable and ethical business actions. Awareness of providing mutual benefits to each other creates an environment where each party involved in a business transaction feels appreciated and gets added value. This principle encourages fair and mutually beneficial collaboration between companies, customers, suppliers and other stakeholders. In a business context, this means that the strategies and policies implemented must be designed to create a win-win solution, so that the success of one party is not detrimental to the other party.

Furthermore, the principle of mutual benefit promotes long-term thinking and sustainable relationships. By focusing on achieving fair and sustainable profits, companies can build solid trust with their stakeholders. This awareness of shared benefits also supports innovation, growth and long-term sustainability. Additionally, these principles create the basis for a positive business culture and mutually supportive partnerships, where company goals are aligned with stakeholder needs and expectations. Therefore, the principle of mutual benefit is not only a moral foundation, but also a smart strategy in building a balanced and ethical business environment.

Principles of Justice

The principle of justice reflects the attitude of being fair to all parties, regardless of differences in all aspects, be they economic, legal or other aspects. Justice in a business context demands equal and non-discriminatory treatment of all individuals and groups involved in a transaction or business relationship. By applying the principles of fairness, companies can create an environment that is inclusive and stimulates growth, where each party feels respected and treated fairly.

These principles also provide the basis for the establishment of transparent and consistent policies, ensuring that business decisions are not based on personal preferences or discrimination. The implementation of justice can be seen in various aspects, starting from a fair salary system to equal treatment policies for all employees. Fairness also contributes to creating stable and sustainable business relationships, where trust between companies, employees, customers and other interested parties can grow. By viewing all parties as equally important stakeholders, the principle of justice not only creates concrete justice, but also makes a positive contribution to the company's image and healthy relationships in the business environment.

Principles of Moral Integrity

The principle of moral integrity is the basis that mandates that business decisions and actions be taken without harming other parties. Moral integrity creates a framework in which an individual or organization commits to conducting business by considering its impact on all parties involved. Applying this principle requires consistency between moral values and policies taken in every aspect of business,

from interactions with customers to high-level strategic decisions. The awareness that every person must be respected as a human being is the main basis for the principle of moral integrity, reminding that business profits should not be achieved at the expense of or degrading human values.

In addition, this principle emphasizes the importance of integrity and honesty in establishing business relationships. Moral integrity involves a commitment to be fair, honest and ethical in all matters, so that business becomes not only a means of achieving financial gain, but also an agent of positive change in society. By basing decisions and actions on moral integrity, the company creates a solid foundation for building long-term, mutually beneficial relationships with customers, business partners and all stakeholders. The principle of moral integrity is not only a critical aspect in running a business, but is also the foundation for forming a positive and sustainable business identity.

The Role of Applying Business Ethics Principles in Operational Management

The application of business ethics principles in operational management has an important role in establishing sustainable, responsible and ethical business practices. Several key roles in applying business ethics principles in operational management include:

Creating an Ethical Work Environment

The application of business ethics in operational management plays a central role in establishing an ethical and positive work environment. First of all, the principles of business ethics provide guidelines for companies in ensuring that every employee is respected and treated fairly. By integrating ethical values into operational management policies and practices, companies can create norms that promote fairness, transparency, and diversity. Equality of opportunity and recognition of individual contributions are the main focus, creating an environment that provides positive encouragement for employee professional growth and well-being.

Furthermore, the application of business ethics in operational management includes the implementation of policies that support equality, diversity and respect for human rights. This includes concrete actions such as inclusive training programs, performance-based promotions without discrimination, and efforts to build an environment free from harassment or unfair treatment. Thus, the principles of business ethics form an inclusive and ethical corporate culture, where every individual feels accepted and respected. In this context, implementing business ethics is not only a company's moral responsibility, but also a long-term investment in productivity, employee retention, and the company's reputation as a positive workplace. Through the integration of business ethics in operational management, companies can achieve balanced sustainability, where business success is not only measured in financial terms, but also in terms of employee satisfaction and welfare.

Guaranteeing Quality Products or Services

The application of business ethics in operational management establishes the basis for carrying out production processes and resource management by observing high ethical standards. First of all, it involves strategic decisions related to the use of sustainable raw materials. Companies that apply business ethics in operational management will tend to choose environmentally friendly raw materials, reduce ecological impacts, and support sustainable agricultural or resource management practices. This creates a more responsible and sustainable production cycle, minimizing negative impacts on the environment.

Furthermore, the application of business ethics in operational management also involves attention to environmentally friendly production processes. Companies will look for ways to increase energy efficiency, reduce waste, and implement production practices that support sustainability. Production processes that focus on business ethics also encourage innovation in technology and methodology, creating more efficient and sustainable ways to produce products or services. In addition, providing products or services that are safe and beneficial to consumers is a top priority, ensuring that the products produced meet high quality standards and provide positive benefits without compromising ethical integrity. Through these efforts, companies not only ensure the sustainability of their operations, but also meet the demands of consumers who are increasingly concerned about ethics and sustainability.

Strengthening Relationships with Stakeholders:

The application of business ethics in operational management plays a crucial role in building and strengthening relationships with various stakeholders, such as customers, suppliers and the surrounding community. In relationships with customers, transparent and ethical business practices create a strong foundation of trust. Companies that provide services or products by paying attention to ethical values, such as quality and safety, will increase the level of customer satisfaction. This not only supports customer retention, but also creates a positive impression that can spill over into the company's image in the eyes of consumers.

Apart from that, business ethics in operational management also plays an important role in building healthy relationships with suppliers. Active involvement and openness in communications with suppliers helps ensure that business relationships are built on a basis of mutual benefit. Fair and ethical business practices in supply chain management create sustainable relationships, where suppliers feel valued and supported. This can bring long-term benefits such as supply stability, joint innovation and greater collaboration opportunities.

Furthermore, business ethics in operational management not only creates trust between customers and suppliers, but also supports the company's positive image in the eyes of the surrounding community. Involvement in corporate social responsibility (CSR) activities based on ethical values makes a positive contribution to the local community. This creates a positive impact on the company's reputation, creates strong ties with the community, and strengthens support from various stakeholders. Thus, implementing business ethics in operational management is not just about meeting moral standards, but is also a valuable investment in building sustainable relationships and supporting the company's positive growth.

Reducing Risk and Increasing Sustainability

Business ethics implemented in operational management are not only a moral guideline, but also an effective tool for identifying and managing potential risks associated with business practices. By considering ethical aspects in decision making and daily operations, companies can identify potential risks that may arise due to ethical violations, involving related parties, or facing legal consequences. The application of business ethics provides a framework for evaluating every step taken, thereby minimizing the opportunity for conflict or negative impacts that could harm the company.

Apart from that, involving business ethics in operational management also has a positive impact on the company's reputation. A company's long-term sustainability is closely linked to its reputation in the eyes of stakeholders. By implementing ethical business practices, companies can prevent or overcome potential negative impacts on their image. Understanding and managing ethical risks not only reduces legal and financial risks, but also makes a positive contribution to society's understanding of corporate integrity. Thus, business ethics in operational management is not only a guardian of moral values, but also a strategic tool that helps companies achieve long-term sustainability by minimizing risks and strengthening the foundations of their reputation.

Supporting Corporate Social Responsibility (CSR)

The application of business ethics in operational management creates a strong foundation for implementing Corporate Social Responsibility (CSR) programs. Principles of business ethics provide the moral foundation necessary to formulate policies and initiatives that include aspects of sustainability and positive impact on society. By incorporating business ethics into operational management, companies can identify areas where they can make a real contribution to the well-being of society and the environment.

CSR programs resulting from the application of business ethics can include various activities, such as philanthropic activities, support for community development programs, or initiatives that focus on environmental conservation. For example, companies can commit to donating a portion of their profits to support charitable organizations or local projects that support education, health, or poverty alleviation. Additionally, they can design training or skills-building programs to help increase the capacity of local communities. Other initiatives commonly included in CSR programs include environmental sustainability, such as reducing the carbon footprint, using renewable energy, or responsible waste management policies.

Through the application of business ethics in operational management, CSR programs are not only the company's moral responsibility, but also an important strategy in building the company's reputation and strengthening engagement with stakeholders. By engaging in positive activities that provide real impact, companies not only meet the demands of ethics and social responsibility, but also contribute to the development of a sustainable society and a better environment.

The application of business ethics principles in operational management reflects the company's commitment to not only comply with rules and regulations, but also create sustainable added value for all stakeholders. By integrating business ethics into operational management structures, companies create an environment that supports fairness, diversity and sustainability. This not only ensures that every decision and action is taken with ethical aspects in mind, but also builds strong and sustainable relationships with employees, customers, suppliers and communities. The application of business ethics is the foundation for forming a business with integrity, maintaining the company's reputation, and having a positive impact on society and the environment, creating a solid foundation for sustainable and responsible business growth.

CONCLUSION

The application of business ethics principles in operational management has a significant impact in establishing a company culture of integrity, sustainability and responsibility. Business ethics principles help create an ethical work environment, where employees are valued and recognized, and include policies that support equality and diversity. In addition, business ethics also ensures that production processes and resource management are carried out to high ethical standards, reducing the risk of conflict and negative impacts on the company's reputation. Furthermore, business ethics plays a key role in building strong relationships with stakeholders, including customers, suppliers and the surrounding community, with involvement and openness in communication. The application of business ethics also creates the basis for implementing Corporate Social Responsibility (CSR) programs, which involve philanthropic activities and other positive initiatives to support society and the environment. Overall, the principles of business ethics are not only about compliance with rules, but also creating sustainable added value for all stakeholders and building a business foundation with integrity and sustainability.

REFERENCES

1. Ali, M. H. (2020). Penerapan etika bisnis dan strategi manajemen saat pandemi covid-19 bagi UMKM. *Eco-Entrepreneur*, 6(1), 34-42.
2. Amelia, S., & Fasa, M. I. (2022). Pengaruh Implementasi Etika Bisnis, Konsep Produksi Dan Distribusi Pada UMKM Terhadap Profitabilitas Dalam Perspektif Ekonomi Islam. *Juremi: Jurnal Riset Ekonomi*, 1(4), 305-313.
3. Andarwati, T., Hidayah, W. R., & Hasanah, N. (2023). Mengintegrasikan Etika Bisnis Islam Pada Manajemen Perusahaan. *Proceedings of Islamic Economics, Business, and Philanthropy*, 2(1), 24-32.
4. Arief, H. M. (2019). Business Ethic and Good Governance (Be & Gg) Etika Bisnis Pada Pt Sucaco Tbk. *Jurnal Ilmu Manajemen Terapan*, 1(2), 153-161.
5. Aripin, Z., & Negara, M. R. P. (2021). *Perilaku bisnis: etika bisnis & perilaku konsumen*. Deepublish.
6. Budiman, N. A. (2015). Faktor-faktor yang mempengaruhi pengungkapan tanggung jawab sosial perusahaan. *Jurnal Riset Akuntansi Mercu Buana*, 1(1), 14-34.
7. Fauzi, A., & Manao, M. (2023). Faktor Kebijakan Kedisiplinan Sumber Daya Manusia, Corporate Social Responsibility "Csr", Peningkatan Pemberdayaan Sumber Daya Manusia Dan Tanggung Jawab Sosial Terhadap Kesejahteraan Karyawan Pada PT. SKM. *Jurnal Akuntansi Dan Manajemen Bisnis*, 3(2), 67-80.
8. Gaol, K. L. (2020). Etika kode etik & pedoman perilaku dalam etika bisnis di pt aj adisarana wanaartha. *Jurnal Ekonomi Manajemen Sistem Informasi*, 1(5), 414-425.
9. Hadi, S. N., & Khairawati, S. (2020). Analisis implementasi manajemen persediaan bahan baku pada industri kuliner dalam perspektif etika bisnis islam. *J. Manaj. dan Bisnis Performa*, 17(2), 57-69.
10. Harahap, S. (2017). Implementasi manajemen syariah dalam fungsi-fungsi manajemen. *AT-TAWASSUTH: Jurnal Ekonomi Islam*, 2(1), 211-234.
11. Hayati, N., & Yulianto, E. (2020). Peranan Keuangan Berkelanjutan Pada Industri Perbankan Dalam Mendukung Sustainable Development Goals: Peranan Keuangan Berkelanjutan Pada Industri Perbankan Dalam Mendukung Sustainable Development Goals. *Jurnal Akuntansi Bisnis dan Ekonomi (JABE)*, 6(1), 1633-1652.
12. Hertina, D., Afiati, L., Munizu, M., Riyadi, S., Thamrin, J. R., & Irawan, D. A. (2023). *MANAJEMEN RANTAI PASOK: Efektifitas MRP dalam mencapai kesuksesan bisnis*. PT. Sonpedia Publishing Indonesia.
13. Jayadi, M. D., & Batubara, C. (2023). Analisis Efisiensi Operasional Syariah Dalam Industri Perhotelan: Pendekatan Manajemen Operasional Syariah Pada Proses Check-In Dan Check-Out. *Jurnal Manajemen Pariwisata dan Perhotelan*, 1(3), 71-80.
14. Julyanthry, J., Siagian, V., Asmeati, A., Hasibuan, A., Simanullang, R., Pandarangga, A. P., ... & Syukriah M, E. A. (2020). Manajemen Produksi dan Operasi.
15. Keraf, S., & Imam, R. H. (1998). Etika bisnis. *Yogyakarta: Kanisius*.
16. Liizzatil, C., & Lustiami, I. N. (2018). Implikasi akuntansi lingkungan serta etika bisnis sebagai faktor pendukung keberlangsungan perusahaan PT. Indo Lautan Makmur. *Implikasi akuntansi lingkungan serta etika bisnis sebagai faktor pendukung keberlangsungan perusahaan PT. Indo Lautan Makmur*.
17. Moleong, L. J. (2014). Metode penelitian kualitatif edisi revisi. *Bandung: PT Remaja Rosdakarya*.

18. Permata, S., & Azmi, I. (2020). Tinjauan Etika Bisnis Islam Dalam Meningkatkan Loyalitas Pelanggan Pusat Kuliner Di Jalan Tondong Kecamatan Sinjai Utara. *Jurnal Adz-Dzahab: Jurnal Ekonomi Dan Bisnis Islam*, 5(1), 36-44.
19. Saputra, D., Berry, Y., Hamali, S., Gaspersz, V., Syamil, A., Ubud, S., ... & Panudju, A. A. T. (2023). *MANAJEMEN OPERASI: Inovasi, Peluang, dan Tantangan Ekonomi Kreatif di Indonesia*. PT. Sonpedia Publishing Indonesia.
20. Suganda, F. R., & Purnamasari, I. (2022). Analisis Wilayah Manajemen Operasional pada UMKM Bintang Langit. *Journal Knowledge Management*, 16(1), 1-12.
21. Sukma, F. D., & Ismail, I. (2023). Evolusi Relevansi Etika Bisnis Dan Corporate Social Responsibility (CSR). *Jurnal Lentera Bisnis*, 12(3), 935-949.
22. Yulianah, S. E. (2022). *Metodelogi Penelitian Sosial*. CV Rey Media Grafika.