

Business Ethics/Social  
Responsibility/Environmental  
Sustainability

# Business Ethics

- Good ethics is good business.
  - Bad ethics can derail even the best strategic plans.
- Business actions considered to be unethical:
  - misleading advertising or labeling,
  - causing environmental harm,
  - poor product or service safety,
  - padding expense accounts,
  - insider trading,
  - dumping banned or flawed products in foreign markets,
  - not providing equal opportunities for women and minorities,
  - overpricing,
  - moving jobs overseas,
  - sexual harassment.

# Business Ethics

- **Code of business ethics**

*a document that provides behavioral guidelines that cover daily activities and decisions within an organization)*

*Note: having a code of ethics, however, is not sufficient to ensure ethical business behavior.*

- **An ethics Culture**

*– Business relationships are built mostly on mutual trust and reputation.*

*– Ethics training and an ethics culture create strategic advantage.*

# Business Ethics (cont'd)

- **Bribes**

*Bribery is (Black's Law Dictionary) the offering, giving, receiving, or soliciting of any item of value to influence the actions of an official or other person in discharge of a public or legal duty.*

- **Love Affairs at Work**

- private matters?
- a de facto conflict of interest?

# Social Responsibility

- **Social policy**

- Concerns what responsibilities the firm has to employees, consumers, environmentalists, minorities, communities, shareholders, and other groups.

- After decades of debate, many firms still struggle to determine appropriate social policies.

# Isu CSR (Capriotti and Moreno, 2007)

Variabel	Definisi
Profil perusahaan	Penjelasan tentang pandangan, nilai, dan strategi perusahaan. Menampilkan properti perusahaan, struktur organisasi, bentuk badan hukum, divisi, anak perusahaan, negara tempat operasi, penjelasan tentang hasil
Barang dan Jasa	Penjelasan tentang barang, jasa, dan merek dari perspektif perusahaan, bukan dari sudut komersial (tipe produk, bahan baku, sistem manufaktur, dsb)
Karyawan dan SDM	Deklarasi dan penjelasan tentang sistem kontrak, promosi (jabatan), evaluasi, pemutusan hubungan. Deklarasi dan penjelasan tentang hak asasi manusia dalam perusahaan (pekerja anak, diskriminasi)
Tindakan Ekonomi	Pernyataan dan tindakan terkait dengan dampak ekonomi perusahaan pada lingkungan lokal, regional, nasional, dan supranasional
Tindakan sosial	Pernyataan dan tindakan terkait keterlibatan perusahaan dalam isu-isu sosial
Tindakan lingkungan	Pernyataan dan tindakan terkait keterlibatan perusahaan dalam isu-isu lingkungan
Tata Kelola Perusahaan	Pernyataan dan penjelasan tentang transparansi perusahaan, tata kelola dalam perusahaan, penjelasan tentang struktur kekuasaan, remunerasi, tanggung jawab, tata kelola departemen, dsb
Etika perusahaan	Pernyataan dan penjelasan tentang etika perusahaan dalam hubungannya dengan bisnis dan kelompok masyarakatnya
Hubungan dengan masyarakat	Pernyataan dan penjelasan tentang, minat, kepentingan, dan hubungan dengan kelompok masyarakat terkait dengan perusahaan
Kriteria Eksternal	Pernyataan, penjelasan, dan hubungan dengan kriteria nasional dan internasional pada aspek CSR

# Environmental Sustainability

- *Environment is defined as “surroundings in which an organization operates, including air, water, land, natural resources, flora, fauna, humans, and their interrelation.”*

International Standards Organization (ISO)

- **Sustainability Report**

The Global Reporting Initiative recently issued a set of detailed reporting guidelines specifying what information should go into sustainability reports.

- **Lack of Standards Changing**

“Green” terminology on the products and labels using such terms as *organic, green, safe, earth-friendly, nontoxic, and/or natural* because there were no legal or generally accepted definitions.

- **Managing Environmental Affairs in the Firm**

Firms that manage environmental affairs will enhance relations with consumers, regulators, vendors, and other industry players, substantially improving their prospects of success.



- **Reasons Why Firms Should “Be Green”**

1. Consumer demand for environmentally safe products and packages is high.
2. Public opinion demanding that firms conduct business in ways that preserve the natural environment is strong.
4. Environmental regulations are changing rapidly and becoming more complex.
5. More lenders are examining the environmental liabilities of businesses seeking loans.
6. Many consumers, suppliers, distributors, and investors shun doing business with environmentally weak firms.
7. Liability suits and fines against firms having environmental problems are on the rise.

- **Be Proactive, Not Reactive**

*Environmentally proactive*—doing more than the bare minimum to develop and implement strategies that preserve the environment.

*Environmentally reactive*—changing practices only when forced to do so by law or consumer pressure more often today leads to high cleanup costs, liability suits, reduced market share, reduced customer loyalty, and higher medical costs.

- **ISO 14000/14001 Certification**

*ISO 14000 refers to a series of voluntary standards in the environmental field.*

The ISO 14000 family of standards concerns the extent to which a firm minimizes harmful effects on the environment caused by its activities and continually monitors and improves its own environmental performance.

Included in the ISO 14000 series are the ISO 14001 standards in fields such as environmental auditing, environmental performance evaluation, environmental labeling, and life-cycle assessment

- ***Environmental management system (EMS).***

The major requirements of an EMS under ISO 14001:

- Show commitments to prevention of pollution, continual improvement in overall environmental performance, and compliance with all applicable statutory and regulatory requirements.
- Identify all aspects of the organization's activities, products, and services that could have a significant impact on the environment, including those that are not regulated.
- Set performance objectives and targets for the management system that link back to three policies: (1) prevention of pollution, (2) continual improvement, and (3) compliance.
- Meet environmental objectives that include training employees, establishing work instructions and practices, and establishing the actual metrics by which the objectives and targets will be measured.
- Conduct an audit operation of the EMS.
- Take corrective actions when deviations from the EMS occur.