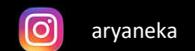




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Setting standards of ethical behaviour: designing and implementing codes of ethics



There are four main types of ethical codes:

- **Organizational or corporate codes of ethics.** These are specific to a single organization. Sometimes they are called codes of conduct or codes of business principles, but basically these codes seek to identify and encourage ethical behaviour at the level of the individual organization.
- **Professional codes of ethics.** Professional groups also often have their own guidelines for appropriate conduct for their members. While most traditional professions such as medicine, law, and accountancy have long-standing codes of conduct, it is now also increasingly common for other professions such as marketing, purchasing, or engineering to have their own codes.



- **Industry codes of ethics.** As well as specific professions, particular industries also sometimes have their own codes of ethics. For example, in many countries, the financial services industry will have a code of conduct for companies and/or employees operating in the industry. Similarly, at the international level, the electronics industry has developed a code of conduct 'to ensure that working conditions in the electronics industry supply chain are safe, that workers are treated with respect and dignity, and that business operations are environmentally responsible and conducted ethically'.¹ The code was developed by a number of companies engaged in the manufacture of electronics products, including Dell, Hewlett Packard, and IBM. It has since been adopted by a range of multinationals, such as Apple, Cisco, HTC, Intel, Lenovo, Microsoft, Samsung, and Sony.
- **Programme or group codes of ethics.** Finally, certain programmes, coalitions, or other sub-grouping of organizations also establish codes of ethics for those participating



Figure 5.2 Unilever's Code of Business Principles

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Standard of conduct

We conduct our operations with honesty, integrity and openness, and with respect for the human rights and interests of our employees. We shall similarly respect the legitimate interests of those with whom we have relationships.

Obeying the law

Unilever companies and our employees are required to comply with the laws and regulations of the countries in which we operate.

Employees

Unilever is committed to diversity in a working environment where there is mutual trust and respect and where everyone feels responsible for the performance and reputation of our company. We will recruit, employ and promote employees on the sole basis of the qualifications and abilities needed for the work to be performed. We are committed to safe and healthy working conditions for all employees. We will not use any form of forced, compulsory or child labour. We are committed to working with employees to develop and enhance each individual's skills and capabilities. We respect the dignity of the individual and the right of employees to freedom of association. We will maintain good communications with employees through company based information and consultation procedures.

Consumers

Unilever is committed to providing branded products and services which consistently offer value in terms of price and quality, and which are safe for their intended use. Products and services will be accurately and properly labelled, advertised and communicated.

Shareholders

Unilever will conduct its operations in accordance with internationally accepted principles of good corporate governance. We will provide timely, regular and reliable information on our activities, structure, financial situation and performance to all shareholders.

Business partners

Unilever is committed to establishing mutually beneficial relations with our suppliers, customers and business partners. In our business dealings we expect our business partners to adhere to business principles consistent with our own.



Community involvement

Unilever strives to be a trusted corporate citizen and, as an integral part of society, to fulfil our responsibilities to the societies and communities in which we operate.

Public activities

Unilever companies are encouraged to promote and defend their legitimate business interests. Unilever will co-operate with governments and other organisations, both directly and through bodies such as trade associations, in the development of proposed legislation and other regulations which may affect legitimate business interests. Unilever neither supports political parties nor contributes to the funds of groups whose activities are calculated to promote party interests.

The environment

Unilever is committed to making continuous improvements in the management of our environmental impact and to the longer-term goal of developing a sustainable business. Unilever will work in partnership with others to promote environmental care, increase understanding of environmental issues and disseminate good practice.

Innovation

In our scientific innovation to meet consumer needs we will respect the concerns of our consumers and of society. We will work on the basis of sound science, applying rigorous standards of product safety.



Competition

Unilever believes in vigorous yet fair competition and supports the development of appropriate competition laws. Unilever companies and employees will conduct their operations in accordance with the principles of fair competition and all applicable regulations.

Business integrity

Unilever does not give or receive, whether directly or indirectly, bribes or other improper advantages for business or financial gain. No employee may offer, give or receive any gift or payment which is, or may be construed as being, a bribe. Any demand for, or offer of, a bribe must be rejected immediately and reported to management. Unilever accounting records and supporting documents must accurately describe and reflect the nature of the underlying transactions. No undisclosed or unrecorded account, fund or asset will be established or maintained.

Conflicts of interests

All Unilever employees are expected to avoid personal activities and financial interests which could conflict with their responsibilities to the company. Unilever employees must not seek gain for themselves or others through misuse of their positions.

Compliance—Monitoring—Reporting

Compliance with these principles is an essential element in our business success. The Unilever Board is responsible for ensuring these principles are applied throughout Unilever. The Group Chief Executive is responsible for implementing these principles and is supported in this by the Corporate Code Committee comprising the General Counsel, the Joint Secretaries, the Chief Auditor, the SVP HR, the SVP Communications and the Corporate Code Officer, who presents quarterly reports to the Unilever Executive. Day-to-day responsibility is delegated to all senior management of the regions, categories, functions and operating companies. They are responsible for implementing these principles, if necessary through more detailed guidance tailored to local needs, and are supported in this by Regional Code Committees comprising the Regional General Counsel together with representatives from all relevant functions and categories. Assurance of compliance is given and monitored each year. Compliance with the Code is subject to review by the Board supported by the Corporate Responsibility and Reputation Committee and for financial and accounting issues the Audit Committee. Any breaches of the Code must be reported in accordance with the procedures specified by the General Counsel.





Organizing for business ethics management

Formal ethics programmes

According to Treviño et al. (1999), there are four main ways of approaching the formal organization of business ethics management (see Figure 5.5):

- **Compliance orientation.** Under this approach, the main emphasis is on preventing, detecting, and punishing violations of the law. Employees are informed of the law and are motivated to do the right thing through fear of being caught. This is based on the assumption that, regardless of their own values, the competitive environment may encourage employees to do whatever it takes to get a job done, including illegal or unethical activity (Hoffman et al. 2001).
- **Values orientation.** This approach is based on defining organizational values and encouraging employee commitment to certain ethical aspirations (Paine 1994). According to Treviño et al. (1999: 135), the values approach is 'rooted in personal self-governance' and provides the means for ethical decision-making where no particular rules are in place.
- **External orientation.** An external orientation focuses less on company values and more on satisfying external stakeholders such as customers, the community, and shareholders (Treviño et al. 1999). Here, what is regarded as right is what is expected, or at least acceptable, to key external constituencies.
- **Protection orientation.** Finally, Treviño et al. (1999) suggest that some programmes are (or at least are perceived to be) primarily oriented towards protecting top management from blame for ethical problems or legal violations. Employees and other stakeholders may see the introduction of ethics management as little more than an attempt to create legal cover for managers in case of accidents or legal infractions of some sort.

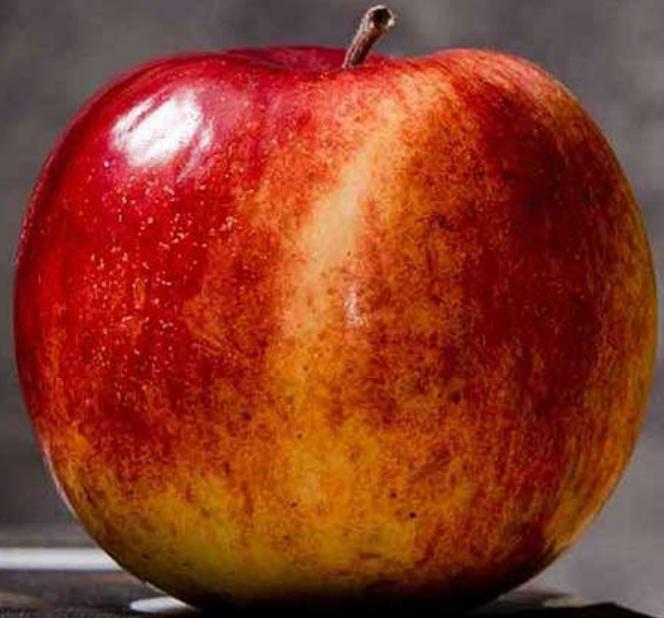


Figure 5.5 Organizing for business ethics management

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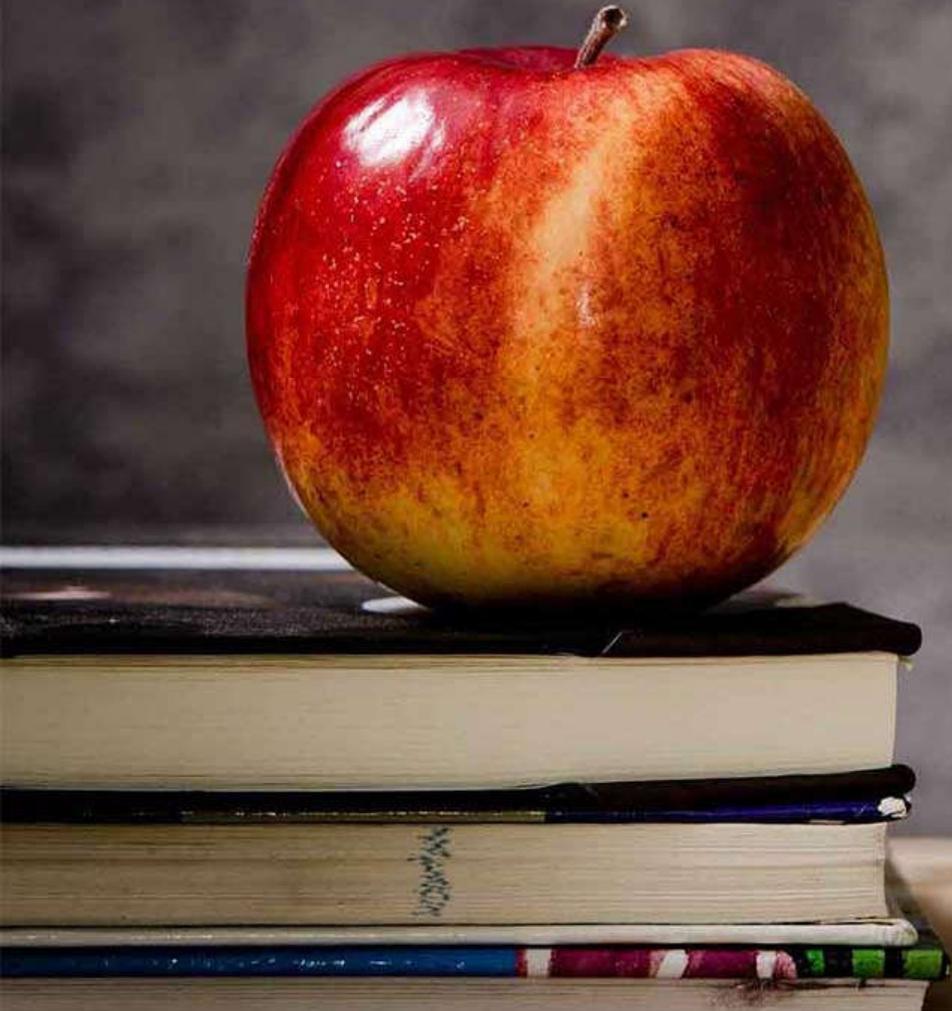
Research exercise

Search on the internet for examples of two companies that produce social reports where the two companies are either:

- (a) from different industries but in the same country; or
- (b) from the same industry but in different countries.

1. What differences are evident between the two companies in terms of the range of issues dealt with in the reports and the depth of coverage on specific issues?

2. To what extent can these differences be explained by the country or industry differences? What other explanations might there be?





REFLEKSI

1. Informasi penting hari ini
2. Manfaat penting dari informasi penting hari ini
3. Tindak lanjut yang dapat saudara lakukan





THANK YOU

Any Question ??