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Optimizing The Performance of Domestic Companies in Surabaya Through The Implementation of Business Ethics in Managing Companies

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Abstract

This study aims to determine whether business people in carrying out their work apply business ethics, and whether the application of ethics in managing this business can optimize company performance. This research is a qualitative descriptive study using interviews and survey methods with informants. The informants in this study are business people in domestic companies in Surabaya, including among others the ethical behavior of producers, ethical behavior of employees, ethical behavior of suppliers, ethical behavior of company leaders. . The data obtained from the interview results were then triangulated which included triangulation of data, sources and methods, then analyzed. The results of the study found that currently business people in domestic companies in Surabaya have implemented business ethics in their work. This can be seen from the results of interviews with business people who show almost the same answers, that is, on average, in carrying out their daily work, they have applied business ethics. Companies that implement business ethics in managing their business can optimize company performance

Keywords: Optimization; domestic company performance; application of business ethics

JEL Classification: O15, E41, L4

Introduction

The current free market era is marked by a flood of foreign products at affordable prices, this makes domestic products always have to be creative and innovative in order to be able to compete with these foreign products. Increasingly fierce business competition is inevitable, this makes companies must always use the right strategy so that companies can survive in the long term and reap maximum profits. Every company is established with the intention of seeking maximum profit so that the company can cover all costs incurred both fixed costs and variable costs. Not a few domestic companies were only able to cover operational costs as a result of this very tight business competition, and not a few were even forced to close their businesses because they could no longer cover their operating costs. It's no longer a secret that companies that apply business ethics in managing their companies, these companies can be stable and grow to survive compared to companies that have not implemented ethics in managing their business. In this very competitive

business world, business ethics is a fixed price, which is non-negotiable (Hasoloan, 2018). Today, both large companies, medium-scale companies, and small companies have managed their business by applying business ethics.

Business ethics is a reference for business people to do business without harming consumers, workers, employees, and the wider community (Handayani, 2019). Principally, business activity is based on honesty, which must be possessed, which has high values. (Kristanti et al., 2023) As an example of the D&Y beauty salon business, the owner of this beauty salon has a vision of not taking one hundred percent profit. Some of the profits are distributed to the community in the form of practice. This shows that many domestic companies have implemented ethics in managing their business. The application of ethics in business management can improve the company's image so that it can bring in increased turnover in the long term, of course this is what a company expects. The application of ethics in business management is not only carried out by employees but must be carried out by the parties involved in the company, namely producers, employees, suppliers, investors and shareholders, as well as company owners. The behavior of these business people applies ethics in managing the business according to their respective capacities. Decision-making in companies that apply ethics in managing their business also sees and decides from a business ethics perspective, so that every manager's decision is made by balancing various interests, namely the interests of company owners or shareholders then employees, suppliers, customers etc.

Companies that have implemented business ethics in managing their business are not only stable companies and survive in the long term but also develop employees who are loyal to the company, this is a very valuable asset for the company, the presence of employees who are loyal to the company makes the company stable and have strength in facing business competition. High company performance is the goal of every company leader, but to achieve a high performance company is not easy, it requires hard work and high commitment from the members of the organization. Internalization of business ethics in the duties of each member of the organization must be built. It is not as easy as turning the palm of the hand in achieving business success, various strategies must be determined and implemented by the company's leadership. From the background mentioned above, the researcher wanted to examine the optimization of company performance through the application of ethics in managing business and the survey was conducted on domestic companies in Surabaya. The formulation of the problem in this study are:

1. Do business people in domestic businesses in Surabaya apply ethics in carrying out their work?
2. Can the application of business ethics optimize the performance of domestic companies?

² The purpose of this study is to find out whether in carrying out their work business people apply business ethics. To find out whether the application of business ethics can optimize company performance.

Literature Review

Theoretical and Conceptual Background

(Danang & Wika, 2016) ethical behavior of business people includes ethical behavior of producers, employees, suppliers, investors and shareholders, as well as company owners

Producer Ethics is based on: Taking responsibility if there is an error in the production process, providing products that are safe for consumers, products that do not harm or harm consumers, create jobs, production efficiency, affordable prices with quality according to standards, the concept of sustainable development

Employee Behavior Ethics, in general employee obligations are classified into: obedience obligations, confidentiality obligations, loyalty obligations, obligations to report company mistakes

Supplier Ethics, ethical standards that must be complied with by suppliers include: avoiding corruption, collusion and nepotism practices, complying with applicable laws and regulations, prioritizing security and safety, having auditor standards for goods and resources, maintaining confidentiality and respecting intellectual property rights, maintaining quality goods.

The ethics of behavior of investors and shareholders include: conveying proportional, transparent and accountable information, maintaining the continuity of the company, setting corporate governance.

The ethical behavior of company owners, namely responsibility for the environment, listening to respecting employee opinions, asking for input from employees, giving positive and negative feedback, trusting employees, providing rewards, responsibility to customers to get safe products, get information, choose what want to buy.

Empirical Review

Business Ethics

Business is not only influenced by economic conditions and situations, business is also influenced by social, economic and political conditions as well as shifts in attitudes and perspectives of stakeholders (Amalia, 2014) The business world must also function as a social function and must be operated in accordance with the ethics prevailing in society (Anindya, 2017) The greater awareness of ethics in business, people begin to emphasize the importance of interrelated ethical factors in business (Yunia, 2018). Implementing ethical behavior consistently so as to realize a better business and is one of the great things that can be given by the business world to encourage the creation of a good market and provide great benefits for all business owners (Kodarsih & Djasuli, 2022). Business ethics can mean thoughts or reflections about morality in economics and business. Morality here, as alluded to above means: good/bad, commendable/despicable, right/wrong, reasonable/unnatural, appropriate/inappropriate aspects of human behavior (Anwar & Anti, 2023).

Company performance

Performance is a display of the overall condition of the company over a certain period of time which is the result or achievement that is influenced by the company's operational activities in utilizing its resources (Helfert, 1996). Company performance from a financial perspective is typically associated with profitability. Company performance is the work performance of the company (Fachrudin, 2011). Company performance is something that is very important for organizations in order to evaluate the company in relation to whether or not the plans previously prepared by (Pasaribu & Affandi, 2020) have been achieved.

Organizational performance acts as a basis for decision making and assessment for companies (Oyewobi et al., 2015). Referring to the definition of organizational

performance, organizational performance is related to input and output which shows that performance has a close relationship with work and results (Chamanifard et al., 2014). Organizational performance is considered as an achievement aimed at by all businesses for the survival and success of the organization (Ahmed & Shafiq, 2014) corporate strategy serves as a factor in efforts to increase higher performance (Willar, 2017). Performance indicators are interpreted as measurable characteristics of products, services, processes and operations that organizations use to track performance (Bititci et al., 2000)

Research and Methodology

In this study the method used is descriptive qualitative method. Here the researcher uses data from interviews and surveys. The types of data used in this study are primary data and secondary data, namely data from books, research results in the form of journals, and sources from the internet that are relevant to this research. After the data was collected, triangulation was carried out including data source triangulation, method triangulation, and theory triangulation. Data analysis was carried out by means of data reduction, data display and an overview of the conclusions so as to get a concluding picture that is close to the truth.

Analysis and Findings

Table 1. Observed Company Turnover

No	Initials Company Name	Previous year's turnover	Last year turnover
1	PMJ Surabaya	42.000.000	48 000.000
2	PT. MCU Surabaya	6.104.445.534	6.966.324.990
3	CV. EJC	26.850.000	35.600.000
4	MTM	1.200.000.000	-
5	NI	400.000.000	550.000.000
6	CB 58	240.000.000	-

Source: researchers 2023

Discussion

Ethics of producer behavior

After obtaining the results of interviews with domestic companies in Surabaya, triangulation was carried out after which they were analyzed. The results of the analysis found that the ethical behavior of producers was shown in a way that producers were responsible if there were errors in the production process, namely by providing early warning actions to employees. Providing opportunities for employees to participate. training programs to enhance job-related skills and knowledge. In the field of fashion, the ethical behavior of

producers is shown by developing attractive designs so that they can be better known by the public and see what opportunities can be raised to become products that consumers can be interested in. The culinary field of ethical behavior of producers provides delicious and enjoyable flavors for all people, of course, with quality raw materials and is safe for consumers. In other companies the behavior of producers is shown by creating a conducive corporate environment, being responsible for the production process, and producing products that are safe for consumers. The company also recruits workers from the environment around the company. Producers re-check product ingredients before the product is made into a drink. Service Sector, producer behavior is implemented in always providing the best service to customers. Providing extra services such as design assistance, recommending good building materials according to the customer's budget. Companies operating in the field of medical devices, the behavior of manufacturers includes, Before the product is marketed, the producer must check whether the item is suitable for giving to consumers or not. Whereas in the retail trade of communication devices, the behavior of producers is limited to being responsible if there is an error in the goods that will be purchased by consumers, because the owner is only a distributor, not a producer.

Ethical behavior of employees

The ethical behavior of employees in the company is shown by the way employees obey orders and directions given by the company because they are bound by an agreement with the company. In the culinary business, employee behavior is shown by the way employees are required to comply and be consistent with existing regulations, employees keep food recipes secret, employees are also friendly in providing service to customers. Obey superiors, comply with regulations, not arrive late, and provide good service to consumers. In the fashion business, employee behavior is shown by complying with company regulations, employees providing reports for evaluation materials and improving abilities or skills to achieve neatness in sewing. In companies in the field of medical devices, employee behavior includes complying with regulations, being responsible and working well. In the retail business, the means of communication for the implementation of employee ethics includes complying with regulations and not disclosing work secrets to others.

Ethical supplier behavior

Ethics in the culinary field, among others, suppliers do not add or reduce goods that have been ordered without the approval of the owner, making unwritten agreements to meet the needs for production materials in the form of note notes every time a transaction or delivery of goods. Prioritize security and safety. Checking materials whether they are suitable for production or not, ensuring defective production materials and maintaining company secrets. Supplier ethics to other companies include transparent system reform, payment patterns through company accounts. In fashion companies, supplier ethics include checking the materials of clothing to be received, prioritizing security and safety and maintaining quality. In the service sector, it is shown by bringing in materials according to the agreement and not cheating one another. In medical device companies, supplier behavior ethics pay attention to product delivery schedules so that delays do not occur. thorough and careful in product delivery and comply with the agreement. In retail companies, the owner's communication tools maintain product quality so that suppliers, price agreements with suppliers can change.

Ethical behavior of company owners

In the culinary business, ethical behavior of company owners is shown by keeping the environment clean, considering employee input, reprimanding employees for not paying enough attention to customers, giving trust to employees, giving bonuses, providing safe

products to customers. The ethical behavior of company owners is also shown by maintaining product quality, providing information to consumers through outlets, Instagram. The ethical behavior of company owners includes paying attention to the environment by fulfilling and complying with laws and regulations, between employees and company owners can exchange ideas. In the service sector, it can be seen that the company owner is responsible for the increase or decrease in company turnover, always participates in meetings held by the company. In the field of medical devices, the owner of the company can be a good example for employees. does not discriminate between one employee and another, and is responsible for managing the company. Communication equipment retail business, the owner is responsible for the environment, respects employees, checks reports. The owner also trusts the employees, the owner is responsible to the customer in providing information to consumers about the superior products offered.

Business people in these domestic companies have implemented business ethics into their work which includes producer behavior ethics, employee behavior ethics, supplier behavior ethics, and leadership behavior ethics (Danang & Wika, 2016) this is in line with (Anindya, 2017). The business world must also function as a social function and must be operated with due observance of the ethics prevailing in society.

From the table above it can be explained that companies that manage companies by implementing business ethics experience an increase in sales turnover, this is in line with research conducted by (Chamanifard et al., 2014) that organizational performance is related to input and output which shows that performance has close relationship with the work and its results.

Conclusion

From the results of the discussion it can be concluded that currently business people in domestic companies in Surabaya who have been surveyed have implemented business ethics in their work, this can be found from the results of interviews with business people who showed almost the same answers. Companies that apply business ethics in managing their business show that sales turnover tends to increase compared to previous years. This can be said by applying business ethics in business management to optimize company performance. For companies that have not implemented business ethics in managing their business, they should apply it to optimize company performance. For further researchers can research using different methods.

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