



Literature Review: The Role of Ethics as Corporate Good Governance

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Abstract

The economic progress of a country encourages the development of the business world. It encourages the emergence of new business actors, giving rise to quite sharp competition in the business world. This research aims to learn more about business ethics violations that often occur in the business environment. The method in this research is literature observation or literature study. The research results show that of the eight articles used in this literature observation, seven show a significant relationship between business ethics violations in companies.

Keywords:

Ethics, Corporate, Good Governance

INTRODUCTION

The economic progress of a country spurs business development and encourages the emergence of new business actors, giving rise to quite sharp competition in the business world. Almost all business ventures aim to obtain maximum profits (profitmaking) to improve the welfare of business people and expand their business networks. However, sometimes, to achieve this goal, all efforts and actions are made even though business actors have to carry out actions that ignore various moral and ethical dimensions of the business itself (Murtanto, 2003).

The importance of ethics in business signals educational and professional organizations to integrate ethics into the business and accounting education curriculum. The issue of professional ethics is an issue that is always of interest for research purposes. Without ethics, the accounting profession would not exist because the function of accounting is to provide information for the business decision-making process by business people.

The issue of ethical violations committed by accountants at both national and international levels is growing along with the occurrence of ethical violations, whether committed by public, internal, or government accountants.

An example of this case is the violations that hit banking in Indonesia in 2002. Public accountants declared Many banks unconditionally healthy upon audits of financial reports based on Indonesian Banking Accounting Standards. It turned out that most of the banks were not healthy. Another case is the manipulation of financial reports by internal accountants, often done by several companies going public. According to records from the Bank Research Information Bureau (BIRI), in 2002, 12 publicly traded companies were caught red-handed carrying out this practice.

In the United States, there are also many cases of ethical violations, such as the ENRON case, which began to be revealed in December 2001 and continued until 2002, where KAP Arthur Andersen, who was appointed as the financial report auditor, committed a violation in the form of participating in manipulating Enron Corp's financial reports. So that the client's performance looks better in the eyes of investors, other cases involving the role of public accountants include the cases of Tyco, WorldCom, Xerox Corp, and Walt Disney. The latest case, still a hot topic of discussion, is the case of PT TELKOM, where PT TELKOM's financial report audited by KAP Eddy Pianto was rejected by the US SEC (United States Securities and Exchange Commission) for its 2002 performance.

Enron Corp case uncovered. In 2001 oth, er cases of large companies involved in earnings management provided awareness of the importance of education in creating intelligent and moral human resources (Jaka et al., 2003).

Accounting education at the undergraduate level (S1) generally only teaches ethics related to the accounting profession in auditing courses. Ethical issues are not only related to auditing issues but should also be related to business ethics.

This research on business ethics and accounting professionals was carried out because the activities of the accounting profession cannot be separated from business activities that require them to work professionally, so apart from having to understand and apply professional ethics, accountants must also understand and apply ethics in business.

One important accounting profession is to be a proficient auditor by applying good ethics. The profession of an auditor is a job that requires complex knowledge and can only be carried out by individuals with specific abilities and education. One of the main responsibilities of an auditor is to provide highly valuable information for the public in the context of economic decision-making. The accounting profession must be conducted with integrity, independence, and without any conflicts of interest that could hinder the pursuit of truth. Technical skills and professionalism must always be maintained and placed at the highest level of morality (Rifani & Hasan, 2023).

Paying attention to the above, it is necessary to know how accountants and prospective accountants understand the ethical issues, in the form of business and accounting professional ethics, which they may have or will face. For this reason, in this study, observations will be made of their perceptions. Observations on perception are carried out not only for ease in the data collection process but also because perception is a person's direct response to something or is the process of someone knowing several things through their five senses. Meanwhile, observations regarding perceptions of business were carried out because the accounting profession is a profession whose activities are inseparable from business activities, so apart from having to understand and apply professional ethics (Accountant's Code of Ethics), an accountant must also understand and apply business ethics.

As professionals, auditors have an obligation to comply with specific rules of behavior, which describe an ideal attitude or things. This obligation is in the form of a fundamental responsibility for the profession to strengthen the sevice offered (Rifani & Hasan, 2022).

Therefore, as well as implementing the increasingly widespread expectations among practitioners and academics regarding accounting education, the existence of courses containing moral and ethical teachings is very relevant to be conveyed to students. Regardless of how it manifests itself, ethics education has been recognized as having a very important role in the development of the accounting profession.

In its report, the Treadway Commission in Loeb and Rockness (1992) stated that integrating ethics into accounting programs at universities is minimal and recommended increasing ethics programs in accounting.

Cohen and Pant (1989) and Armstrong and Mintz (1989) in Loeb and Rockness (1992) support the findings of the Treadway Commission, and based on the Treadway Commission report, the American Accounting Association in 1988 held a project on professionalism and ethics), whose activity is to promote ethics education in accounting education (Loeb & Rockness, 1992).

Research on the adequacy of ethics in accounting education was conducted by Wulandari and Sularso (2002). The research was conducted in Surakarta with a sample of students and teaching accountants. The research results showed that 84.38% (of 192 respondents) stated that the accounting study program curriculum did not provide enough ethical content to equip students to enter the world of work. For respondents who stated that the ethical content was not sufficient, they suggested that.

1. Expanded by integrating into certain courses (46.9%)
2. Expanded by integrating into all courses (29.01%)
3. Added as a separate course (18.52%)
4. Other opinions (5.56%)

The research results of Ludigdo and Machfoeds (1999) also revealed that the ethical content in the accounting education curriculum was insufficient, and most respondents suggested integrating it into certain courses.

Talking about the many audit failures or deviations carried out by auditors requires the ability of auditors to consider ethics and behavior in carrying out audits by recognizing ethical problems that arise during audits.

This research from the journal Sugiarto Prajitno was brought back by expanding the population, whereas previous research only took samples from public accountants and teaching accountants. In contrast, this research took samples from accounting students. This sample expansion was carried out on accounting students because they are prospective accountants who should first be equipped with knowledge about ethics. In the future, they can work professionally based on an accountant's professional ethics (code of ethics) and apply ethics in business.

METHODS

This research uses library methods with library data collection methods and reading and processing research materials. In writing this journal, the author used the Systematic Literature Review (SLR) technique or *Google Scholar literature search*. Here are eight characteristic tables that have been analyzed below:

Table of analyzed characteristics

Name Author	Year	Country	Objective Study	Participants	Design & Methods of Data Retrieval	Findings	Implications
Muhammad Andre Alkahfi & Zuhrinal M. Nawawi	2022	Indonesia	To know How Ethics business in company business in the era of globalization.	Sample: Business, Supplier, and user end	Use Technique observation as study And Also method library (library research) use an approach study.	Statistical tests found results study And discussion about the role of ethics business in company business.	Findings This can support exists role of ethics business in doing business
Muhammad Dery Akbar	2022	Indonesia	To analyze violations of ethics business that occur	Sample: Performance Finance PT. Ji was Raya	Use method literature or studies literature done with the search for data or information	The researcher has revealed the PT case. Jiwas Raya	Findings can support that PT. Jiwas Kingdom must build a culture company

			at PT Jiwasraya		research through read journal scientific, books reference And ingredients publications available in the library and the internet.	confiscated public attention.	through example behavior leadership and strengthening implementation.
Niko Dwi Haryanto , Ervina Islamiati , Andini Mareta	2023	Indonesia	For know violation ethics business in sell product segmented special minimarket , Of course, can form bad image	Sample: Seller cigarette	Use approach descriptive and qualitative with the use of source reference studies literature.	Test results findings find that product-segmented special needs need different attention from products other products, for example, cigarettes And tool contraception.	Findings of study This shows that violation business on context This must be repaired with the procedure role government or authorized body.
Pratantia Alviatri , Ayunda Daughter Nilasari	2021	Indonesia	For analyzing application ethics business in the business sector trade to ensure security continuity business at the company.	Sample Performance Employee	Use method study qualitative as well as study References or library research.	Findings influence technology information on the performance of the employee. Information system web-based on the performance of employee Knowledge management on the performance of employee	Findings can support a variable executive support system (ESS) for business. Between another, performance employees, technology information, system information web-based, and knowledge management.
Happy Nur Fitri Handayani 2	2019	Indonesia	For know how? Role important ethics business at PT.KF.	Sample: All PT.KF ranks	Use secondary data method, namely data obtained writer in a way No direct or through intermediary media from websites, journals study previous.	The researcher found And showed that PT. KF runs a role ethics business as guidelines behavior for all over ranks of PT. KF in interaction And the connection with all holder interest	Findings support existing guidelines for behavior in ethics business at PT. KF
Sayid Bahri Srivijaya	(2020).	Indonesia	For know application And benefit ethics business at POSCO.	Sample: Employees, colleagues, business, customers holder share and investors	Use method analysis descriptive qualitative.	Findings study this, POSCO makes ethics business as the company's core values, making code ethics business,	Findings This support on application ethics business on POSCO

						internalization ethics business to all over joined employees on POSCO group.	
Vera Maria Arfan Maulana	2022	Indonesia	For know application ethics business at PT. Indofood is a successful, prosperous Tbk in the digital era and development IT world.	Sample: employees And colleague PT work. Indofood is prosperous, Tbk.	Use method descriptive with approach studies literature with literature - based related For strengthen argumentation on article This.	Findings study This is made as based argumentation about ethics business in the digital era and the world of IT, which is implemented at PT. Indofood Success Prosperous Tbk.	Findings This supports application ethics business in the digital era and IT world at PT. Indofood Tbk.
Africa Putritama	2018	Indonesia	To try to formulate how? Supervision application ethics business Islam in industry banking sharia, and action For the overcome challenge the.	Sample: stakeholders interest	Use qualitative method. Technique data collection with studies documents and data analysis using qualitative methods.	Findings study this, apply principle ethics business Islam in banking appropriate sharia _ with terms, fiqh, or siyasa very important in frame create benefit the people who are objective establishment banking sharia.	Findings This supports the challenging application of the principle of ethics business Islam in the banking industry sharia.

RESULTS AND DISCUSSION

Previously, We must be aware of the importance of ethics in business, and of course, ethics plays an important role in the success of an organization. Depending on the corporation's goals, business ethics issues may differ. That is because there are so many different areas of expertise within organizations, and each has its own ethical issues. Below is a description of various business ethics issues faced in several operational areas of the Company, namely business ethics in the fields of accounting (accounting ethics), finance (finance ethics), production and marketing (production and marketing ethics), and information technology (information technology ethics)

A good company must have good ethics and social responsibility. The definition of business ethics is knowledge about ideal business regulation and management procedures that take into account the norms and morals that apply economically/socially. Still, applying these norms and morals is the goal of business activities and supports these goals. In addition, recently, there has been increasing debate about the need for business action, especially in the preparation phase for free market mechanisms. The free market

mechanism provides all economic actors a wide range of freedom to operate and engage in economic development. This occurs due to deviation from ethical standards. Corporate ethics violations and unhealthy competition to dominate the market are increasingly burdening uncompetitive middle and low-income entrepreneurs. Of course, this violation of business ethics must be corrected; if it is left unchecked, it means that management is not aware of the bad impacts it has on society; underage children will think that buying cigarette products and contraceptives is normal because of the easy access to buying them. This violation of business ethics will also be dangerous if employees simply give cigarette products to consumers who are pregnant at the time; this will be dangerous for the mother and fetus.

Business ethics is a statement of good or bad, right or wrong, of actions carried out by individuals or business entities related to moral issues in the business world. Business ethics is a guideline for business actors to determine whether a business activity is ethical. In trading activities, business ethics play an important role in business continuity. Trading companies in carrying out their business cannot stand by themselves. Trading companies need employees, suppliers and the community to ensure the company can run well.

Compliance with Kalbe's Business Ethics will avoid the emergence of unfair relationships with stakeholders, which will ultimately be detrimental to the Company. The principles of Kalbe Business Ethics include standards of behavior and compliance with laws and regulations, commitment to employees, shareholders, and business partners, business competition principles, business integrity, conflicts of interest, product and service standards, respect for intellectual property rights, commitment towards the environment, partnerships with the community, as well as organizational and political activities.

Applying business ethics principles is translated into a management philosophy, "Corporate Citizenship." The goal is to become a valued member of society, grow with various stakeholders, such as employees, shareholders, customers, suppliers, vendors, and local communities, and pursue the values of consideration, coexistence, and symbiosis.

PT Indofood still applies business ethics in the onslaught of the digital era and the acceleration of technology. It has been proven that until now it is rare for employees to go on strike. Or until the demonstration becomes popular and is highlighted by the media

The word banking comes from *banque* in French and *banco* in Italian, which means chest or cupboard. In the 12th century, the word *banco* in Italy referred to a table, counter, or place where money was exchanged. There is no literal term "bank" in the Islamic concept. Still, functionally banking transactions have existed since the time of Rasulullah SAW, for example, the management of *zakat*, *sadaqah*, *Khaimah* (spoils of war), *bai'* (buying and selling), *day* (trade debts), and *malls* (treasures) which have a role in community economic activities so that Islamic banks are then defined as financial institutions whose main business is providing credit and other services in payment traffic and money circulation whose operations are adapted to Islamic principles.

Good Corporate Governance: in Business Ethics Perspective

Good Corporate Governance is a system (input, process, output) and a set of regulations that regulate the relationship between various interested parties (stakeholders), especially in the narrow sense of the relationship between shareholders, the board of commissioners, and the board of directors to achieve company goals.

The Code of Ethics in business conduct in the company implements one of the principles of Good Corporate Governance. The code of ethics requires employees and

company leaders to carry out the best business ethics practices in all matters carried out on behalf of the company.

Business ethics in a company has a very important role, namely to form a strong company with high competitiveness and can create high value (value creation); a solid foundation is needed. There is no better way to examine the relationship between ethics and business than by observing how real companies have attempted to implement ethics into business.

In writing this paper, analytical prescriptive research specifications were used, namely providing an overview or formulating the problem according to existing circumstances or facts related to implementing and resolving problems in implementing the Principles of Good Corporate Governance in Indonesia as a part of business ethics.

CONCLUSION

In the explanation presented above, it can be concluded that ethical business must be seen from three points of view, namely economic, legal and moral (Bertens, 2013). a) From an economic point of view, a good business is a business that produces profits without harming other people b) From a legal point of view, a good business is a business that does not violate legal rules c) From a moral point of view, a good business is a business which corresponds to the standards of morality. If there is a moral deviation, a violation of business ethics will occur. For example, in the cases described above, some factors support their violations, such as 1) gaining much profit from the Telkomsel company regarding the manipulation of prize quizzes, 2) HIT mosquito repellent that liquid and spray are very dangerous, causing nausea and vomiting, 3) FIFA World Cup leaders, some of whose leaders are corrupt, 4) exploitation of children in the PB Djarum selection. In the activities held, children wore t-shirts with the Djarum brand written on them, which was quite prominent, and invited children to Djarum events where there was much tobacco, which was very dangerous for small children. 5). Albothyl Company, which contained dangerous substances, 6 Sixth Case PT. Freeport PT Freeport Indonesia has violated the rights of Indonesian workers (HAM) based on Law no. 13/2003 concerning legal strikes. These violations can be committed because ethics are not carried out when running a business, which should be an indispensable basis.

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