

## **BUSINESS ETHICS, CORPORATE SOCIAL RESPONSIBILITY AND GOING CONCERN IN GURINDAM DUA BELAS FRAMEWORK**

**Sri Ruwanti<sup>a</sup>Alfa Rahmiati<sup>b</sup>**

<sup>ab</sup>*Universitas Airlangga, Indonesia*

[alfa@feb.unair.ac.id](mailto:alfa@feb.unair.ac.id)

### **ABSTRACT**

This research reveals the importance of the ethical values of Gurindam Dua Belas towards the Company's Going Concern. This research is a literature study (library research) and is analyzed descriptively qualitatively. This research explains the importance of the Gurindam Dua Belas ethical values for each company's Going Concern. Going Concern requires that every company must maintain ethics towards shareowners and stakeholders. The four ethical values of Gurindam Dua Belas in this study, namely honesty, maintaining good social relations, not excessive and willingness to make sacrifices, ultimately become important aspects that form trust and satisfaction in the form of credibility of a business. Business continuity will occur if the company continuously maintains and ensures that credibility is present in its business practices. The contribution of this research is additional insight into Gurindam Dua Belas which can be a guide when companies want to survive in the long term. The novelty of this research is that it explains the ethical values of Gurindam Dua Belas which are aligned with business ethics.

**Keywords:** Business Ethics, Corporate Social Responsibility, Going Concern, Gurindam Dua Belas

### **INTRODUCTION**

Bankruptcy conditions can be experienced by all companies, such as due to the Covid-19 pandemic. However, this is one of the external factors that triggers bankruptcy. Factors that cause company bankruptcy can come from internal or external to the company, if every problem in the company is not immediately resolved or dealt with then bankruptcy in the company is just a matter of time (Setyo, 2017). Going concern is different from the concept of business continuity (Massimo et al., 2023). Massimo explained that this concept explains two things. First, the company demonstrated its ability to continue operating its business in the near future. Second, evaluate the company's ability to maintain operational implementation despite extraordinary events/potential threats. Going Concern is synonymous with the company's survival as stated in one of the accounting principles. Survival or Going Concern is related to management's ability to manage the company so that the company can survive for a long period of time. The Going Concern assumption means that a company can continue doing business for a long time and won't have to shut down soon. (Hani et al., 2003).

Christie et al (2013) explain two views of going concern assumptions, namely, mainstream and multistream. The mainstream view explains that (1) it is short term (1 year), (2) financial measures are things that are considered, (3) it is at the level of analysis of one entity. The multistream view reflects the idea of "sustainability development" and (1) is long-term, (2) considers various forms of welfare, and (3) matters related to larger social and ecological systems are taken into consideration in considering contributions and weaknesses.

One of the internal factors that influences Going Concern is company ethics, such as ethical violations in management, and ethical violations in business in the digital era (Muslim, 2019). The role of business ethics in a company is crucial; success is not solely determined by good morals and

management, but also by possessing good business ethics. Companies need to be able to maintain quality and meet market demands in accordance with societal standards that are deemed good and acceptable. Unethical behavior in business activities frequently arises from the exploitation of statutory regulations, which are passed and subsequently misused during their implementation. These regulations then serve as a foundation for engaging in actions that breach business ethics (Butarbutar, 2019). It must be assumed that, in general, following business ethics will always be advantageous to the company in the medium and long terms. This is because it can lower expenses by averting potential conflicts both internally and externally, boost employee morale, uphold the concept of free trade, and boost competitive advantage. High employee satisfaction scores are typically indicative of businesses that respect business ethics, particularly if they forbid unethical behavior such as discrimination in compensation or career opportunities. It must be realized that the company's most precious asset is its workforce (Butarbutar, 2019).

The influence of business ethics on productivity shows that ethics creates close relationships between companies. With business ethics, leaders and employees form fair and healthy cooperation and build close cooperation (Jannah & Handayani, 2020). Business relationships are influenced by the internal, external, and business ethics environments, which enhances the success of the organization (Suryana, 2014). Business ethics can also influence consumer satisfaction (Dahmiri & Bhayangkari, 2020). Therefore, business ethics influences the company's responsibility in the social environment (Andjarwati & Budiadi, 2018). As a result, business ethics are valued by the company's internal and external environments, as they may affect the long-term viability of the enterprise.

The ethical values in Gurindam Dua Belas, by Raja Ali Haji, provide philosophical guidance in extreme situations for maintaining good relations with stakeholders, especially business partners and customers and maintaining social harmony. Business ethics cannot be separated from the moral guidelines and messages in the articles of Gurindam Dua Belas which, if implemented by the company, will provide additional value, such as good relations in the company's internal environment to good relations in the company's external environment. This research wants to reveal how corporate moral awareness can be grown and rooted in the company's business activities. The novelty of this research is to explain the ethical values of Gurindam Dua Belas in the life of the company in maintaining Going Concern. The contribution of this research is to provide new insight and knowledge in business ethics which is linked to the ethical values of Gurindam Dua Belas in maintaining the company's sustainability in the long term.

## **LITERATURE REVIEW**

### ***Going Concern***

Based on the going concern assumption, the company was established to run its business for an unlimited period of time (Galant & Zenzerović, 2023). Current developments show that managers do not only focus on company operational activities in order to maintain stability and increase profitability, but also other activities that are in line with these goals, for example social responsibility. A key consideration when creating financial statements is going concern. Companies must not ignore the impacts arising from their operational activities on the environment and society. When risks arise due to company negligence, they can affect financial processes which in turn affect business continuity. The going concern concept does not provide a specific time frame for business entities. When the company still generates sufficient income, it means it still has the potential to continue operating (Hammond, Opoku, Kwakwa, & Amissah, 2023). Investors and other users use disclosures in financial reports to evaluate the company as a whole (Kordecki & Grant, 2023). Businesses must come up with new and inventive strategies to satisfy stakeholder demands while reducing the detrimental effects of operations and products (Nagendrakumar et al., 2022).

Company efforts to improve going concern are not only driven by financial performance, but also by considering corporate governance (Hammond, Opoku, Kwakwa, & Berko, 2023). Good corporate governance mitigates the risk of financial difficulties and increases the long-term survival of the company. There are financial and environmental risks that companies face in running their business. Environmental risks that companies ignore have the potential to affect the company's financial condition. Emerging environmental risks include (Szczepankiewicz, 2021):

- Possibility of soil pollution
- Possibility of tainted water
- Possibility of air pollution
- Danger of production-related disruptions (noise, vibration)
- Risks of using natural resources
- Hazardous material risk in building supplies
- Risk of producing waste, including B3 waste

Companies must link ethical and sustainable principles in developing corporate culture in order to improve social and environmental performance and long-term profits (Arduini et al., 2023). The company's ethical attitude in carrying out operational activities can be responded positively by stakeholders. Even though it has long-term benefits, the agenda brought about in sustainability cannot always be measured directly or is purely financial (Leszczynska, 2012).

### ***Ethical Principles in Management***

Ethics is a system of moral attitudes and behavior that includes concepts, standards and rules demonstrated in the form of informal (customs, etiquette, traditions) and formal elements (codes, laws, contracts) (Schumacher & Wasieleski, 2013). Ethics is used to regulate human relations, including in running a business. Business Ethics is knowledge about ideal procedures for regulation and management, including: norms and morality that apply universally and apply economically and socially. When managers act ethically, they adhere to these ideals and principles. Managers set standards for employees in place, and can demonstrate ethical behavior by using resources for the benefit of the company and not for personal gain (Muslim, 2019).

In current developments, the relevance of company values is not only influenced by the company's financial performance, but also ethical behavior as reflected in the company's culture. The relevance of values exhibited by a responsible attitude toward all stakeholders, a dedication to corporate social responsibility (CSR), sustainable development, and resource conservation to substantiate environmental protection procedures, policy respect, and human rights can all be increased by engaging in ethical behavior (Hichri, 2023).

### ***Ethic Value in Gurindam Dua Belas***

Gurindam Dua Belas opens with the sentence "Whoever does not adhere to a religion, no name can ever be mentioned" (Barang siapa tiada memegang agama, sekali-kali tiada boleh dibilangkan nama) (Haji, 2003). This work shows that there is a moral message that the author wants to convey. Raja Ali Haji (1809-1873) was a thinker and poet in the Riau Lingga Sultanate. Gurindam Dua Belas contains great rhythms, meaningful values, and guidelines for humans originating from Islamic teachings (Helmianti, 2021). Many of his works show moral messages. Among his literary works, namely Syair Abdul Muluk, Syair Suluh Pegawai, Syair Siti Shianah, Syair Awai, Syair Sinar Gemala Mestika Alam, Syair Taman Permata and Syair Warnasarie (Malik & Shanty, 2019) wrote thoughts related to human behavior and character, as well as dynamics interactions in it.

Gurindam Dua Belas is the work of Raja Ali Haji explaining how humans should behave in relation to God, fellow humans and the surrounding environment. Malik & Shanty (2019) formulated twenty-one character indices contained in the five literary works. The twenty-one character indices include (1) honoring guests, (2) thorough and vigilant, (3) honest, (4) upholding customs/ obeying the law, (5)

working together/ helping, (6) feeling mutual sorrow, (7) respecting others, (8) maintaining harmony, (9) defending the community, (10) willing to sacrifice, (11) loving each other, (12) considerate, (13) open to criticism, (14) good socializing, (15) does not like to criticize people, (16) does not open people's disgrace, (17) being fair to friends, (18) does not distinguish people's dignity, (19) deliberation and consensus, (20) charity, and (21) invites to do good.

The 21 character indexes contained in five of Raja Ali Haji's literary works can be interpreted as Raja Ali Haji's ethical values, including five of which are found in the work *Gurindam Dua Belas*. The character index is very relevant to be implemented in business relationships. Efforts to improve going concern do not only focus on understanding business strategy and efforts to present accounting information, but must also consider ethics. The characters instilled in *Gurindam Dua Belas* can become self-controlling which in turn forms ethics when related to human relationships.

Based on the five character indices in *Gurindam Dua Belas*, four of them can be important aspects to support business continuity (Going Concern). Apart from strengthening internal ethics, it is also a form of social involvement, usually corporate social responsibility. Ethical values are a common norm and a necessity in business activities.

The first aspect is not to overdo it. In *Gurindam Dua Belas*, chapter III verses 1-5, Raja Ali Haji wrote:

*(Apabila terpelihara mata,)*

When the eyes are preserved,

*(sedikitlah cita-cita)*

few ambitions

*(Apabila terpelihara kuping,)*

When the ears are protected,

*(khabar yang jahat, tiadalah damping)*

bad news, there is no close

*(Apabila terpelihara lidah,)*

When the tongue is preserved,

*(niscaya dapat daripadanya paedah)*

will surely benefit from it

*(Bersungguh-sungguh engkau memelihara tangan,)*

Earnestly you keep your hands,

*(daripada segala berat dan ringan)*

of all weight and lightness

*(Apabila perut terlalu penuh,)*

When the stomach is too full,

*(keluarlah fi'il yang tiada senunuh)*

come out verbs that have no meaning

Business entities are required to provide information to stakeholders regarding their performance as a form of responsibility. On the other hand, business entities also need to receive other information as consideration for implementing strategies. What is relevant from verses 1-4 to the principle of business continuity is that when presenting information or responding to information, it should not be excessive or exaggerated. Business entities must be careful in providing information so that stakeholder reactions do not have a negative impact on the company. The 5th verse indicates that when owning or consuming something, don't overdo it because it will have bad consequences. This is relevant to the going concern and CSR principles where the company's success is not only focused on internal welfare but also by paying attention to the surrounding environment.

The second aspect is honesty. In Gurindam Dua Belas, Article VIII Verses 1-2, Raja Ali Haji wrote:

*(Barang siapa khianat akan dirinya, apalagi kepada lainnya)*

Anyone who betrays himself, let alone others

*(Kepada dirinya ia aniaya, orang itu jangan engkau percaya)*

To him he is wronged, you should not trust that person

Honesty is an absolute thing in running a business, because with honesty trust will be built. Trust will ultimately breed loyalty. Loyalty reflects satisfaction. Satisfaction and loyalty ultimately become the foundation for business continuity. The company has a responsibility to stakeholders. To maintain stakeholder trust, companies need to run their businesses honestly.

The third aspect is willingness to sacrifice. In Chapter XI Verses 1-3 of the Gurindam Dua Belas, Raja Ali Haji wrote:

*(Hendaklah berjasa, kepada yang sebangsa)*

Should be of service to fellow countrymen

*(Hendaklah jadi kepala, buang perangai yang cela)*

Be a leader, get rid of bad behavior

*(Hendaklah memegang amanat, buanglah khianat)*

Keep the mandate, throw away betrayal

The purpose of the business is not just profit, but also to provide benefits to other parties. Beneficial for other parties can be interpreted and translated through caring for the environment, and or the wider environment, so that mutual care and protection is created. The term is usually formed a social fence. Corporate Social Responsibility is an effort or initiative strategy from the purpose of caring for each other and protecting for the sake of mutual benefit, by spending a portion of business profits to the purpose and social concern of the company. In the long term, that will bring business continuity. Another thing that is reflected in this article is the sense of responsibility for the trust given by the other party. Often in business relationships there is a transfer of responsibility, for example from investors to managers. Management that runs the company's operations on funds deposited by investors. If the manager does not carry out the trust well or even takes advantage of it for his own benefit, then the manager will fall into the category of treachery or nowadays commonly referred to as fraud.

The fourth aspect is maintaining good social relations. Raja Ali Haji in Chapter V Verse 6 of the Twelve Gurindam wrote:

*(Jika hendak mengenal orang yang baik perangai,)*

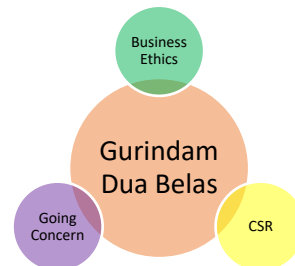
If you want to know a good person,

*(lihat pada ketika bercampur dengan orang ramai.)*



look at when mixing with the crowd.

Business success is not only the result of one's own work, but involves the complexity of networks and relationships. In order to ensure the continuity of the business, companies need to ensure that they take care of the network and social relationships formed during the business. So that social trust is created. If honesty builds personal trust, treating relationships builds social trust. For the business world, social relations are a necessity for business survival.



**Figure 1** Research Framework

## METHOD, DATA, AND ANALYSIS

This research is a library research and uses a normative approach. Data was collected through literature study and analyzed qualitatively descriptively. The data used in this research is library data that is relevant to the research object, based on previous research. This research tries to analyze the thoughts of Gurindam Dua Belas by Raja Ali Haji in implementing the Corporate Social Responsibility (CSR) program and its relation to business ethics. After the data was collected, the researcher analyzed all the findings from various readings. Next, the researcher analyzes and interprets the research data.

## RESULT AND DISCUSSION

### *Business Ethics and Going Concern*

The sustainability of a company (Going Concern) is supported by many things, such as uncertain macro-economic conditions or the company's lack of capital in obtaining capital can affect the going concern (Setyo, 2017). Internal conditions, for example, if you pay attention to internal pressure from the financial side, that is, financial resources that can influence the social activities carried out by the institution (Darus et al., 2015). Maintaining mutual trust and collaboration is essential to upholding business ethics, and it will have a significant impact on the company's reputation in both the macro and micro domains. This is a long-term investment for all aspects of the company environment; it will not yield a profit right now (Butarbutar, 2019).

The principles of business ethics must be maintained, including business responsibility, economic and social impact of business, business conduct, respect for rules, support for multilateral trade, respect for the natural environment, avoiding unethical practices. All of them are not easy for companies. Business ethics maintained by the company's management will provide the sustainability of the company's life in the long term. Business ethics in all aspects can be assumed that ethics can be implemented for internal companies and external companies. Internal company for example, related to employees, management must be able to regulate ethics between employees, management and employees which will ultimately improve the performance of the employee which has an impact on the financial performance of the company which is getting better. When the ethics in the company are good then the possibility of maintaining ethics for external parties will be very easy to do by the company which has an impact on the going concern of the company.

### *The Relevance of Gurindam Dua Belas Views in Enterprise Going Concern*

There are four ethical aspects in the Gurindam Dua Belas that are relevant as a foundation in running a company. The four aspects can be implemented in order to increase the company's going concern. CSR activities are the company's efforts to improve going concern. In carrying out business activities, the company is expected not only to consider the greatest possible profit, but also to consider that the existence of the company can bring benefits to the community and the surrounding environment. By showing the responsibility of the company both to stakeholders, the community and the environment, the credibility of the company will become a concern. In turn, the community will instill trust for example by using the product, so it will improve the company's performance. This becomes a mutually beneficial cycle.

Wang & Tuttle, (2014) concluded that information about corporate social responsibility (CSR) performance, to form an overall impression of honesty, credibility, and management trust. The underlying ethical foundation is honesty and maintaining good social relations. In Gurindam Dua Belas implied in articles VIII and V. The principle of business continuity is to be honest, because with honesty trust will be built. Business success is not only the result of one's own work, but involves the complexity of networks and relationships. The public values the honesty of the company above the social responsibility behavior of other companies (O'Connor & Meister, 2008).

Another ethical aspect contained in Gurindam Dua Belas is not to be excessive and willing to sacrifice. Brown-Liburd et al (2018) concluded that among investors, the perception of fairness is higher when CSR investment is above (compared to below) the industry average, and the perception of fairness partially mediates the impact of the level of CSR investment on the allocation of total investment. Justice will emerge when companies not only enjoy themselves what has been produced excessively, but also by paying attention to the community and the surrounding environment.

## CONCLUSION

The importance of ethics in business activities is greatly influenced by how ethics is organized in a company's management. Good habits, good morals, implemented in ethics both among employees in the company, superiors and subordinates as well as to external parties of the company. The teachings contained in the Twelve Principles can be the basic foundation in carrying out the business ethics of a company in order to maintain the continuity of the company's life (going concern). The four ethical values of Gurindam Dua Belas in this study, namely honesty, maintaining good social relations, then not exaggerating and being willing to sacrifice in the end become an important aspect of building the credibility of a business. Business continuity will occur if the company continues to maintain and ensure credibility is present in business practices.

## REFERENCE

- Andjarwati, A. L., & Budiadi, S. (2018). Etika Bisnis dan Perilaku Etis Manajer Pengaruhnya terhadap Tanggung Jawab Perusahaan pada Lingkungan Sosial. *BISMA (Bisnis Dan Manajemen)*, 1(1), 1. <https://doi.org/10.26740/bisma.v1n1.p1-13>
- Arduini, S., Manzo, M., & Beck, T. (2023). Corporate reputation and culture: the link between knowledge management and sustainability. *Journal of Knowledge Management*, July. <https://doi.org/10.1108/JKM-02-2023-0139>
- Brown-Liburd, H., Cohen, J., & Zamora, V. L. (2018). CSR Disclosure Items Used as Fairness Heuristics in the Investment Decision. *Journal of Business Ethics*, 152(1), 275–289. <https://doi.org/10.1007/s10551-016-3307-3>
- Butarbutar, B. (2019). Peranan Etika Dalam Bisnis. *Jurnal Ilmu Manajemen Terapan*, 1(April), 33–35. <https://doi.org/10.31933/JIMT>
- Christie, N., Dyck, B., Morrill, J., & Stewart, R. (2013). CSR and accounting: Drawing on Weber and Aristotle to rethink generally accepted accounting principles. *Business and Society Review*, 118(3), 383–411. <https://doi.org/10.1111/basr.12015>
- Dahmiri, D., & Bhayangkari, S. K. W. (2020). Pengaruh Store Atmosphere, Etika Bisnis dan Kualitas

- Produk Terhadap Kepuasan Konsumen. *Eksis: Jurnal Ilmiah Ekonomi Dan Bisnis*, 11(1), 1. <https://doi.org/10.33087/eksis.v11i1.177>
- Darus, F., Mad, S., & Nejati, M. (2015). Ethical and Social Responsibility of Financial Institutions: Influence of Internal and External Pressure. *Procedia Economics and Finance*, 28(December), 183–189. [https://doi.org/10.1016/s2212-5671\(15\)01099-0](https://doi.org/10.1016/s2212-5671(15)01099-0)
- Galant, A., & Zenzerović, R. (2023). Can corporate Social Responsibility Contribute to Bankruptcy Prediction? Evidence from Croatia. *Organizacija*, 56(3), 173–183. <https://doi.org/10.2478/orga-2023-0012>
- Haji, R. A. (2003). *Gurindam Dua Belas*. UNRI PRESS.
- Hammond, P., Opoku, M. O., Kwakwa, P. A., & Amissah, E. (2023). Predictive models of going concerns and business failure. *Cogent Business and Management*, 10(2). <https://doi.org/10.1080/23311975.2023.2226481>
- Hammond, P., Opoku, M. O., Kwakwa, P. A., & Berko, D. (2023). Comparison of going concern models with and without corporate governance. *Cogent Business and Management*, 10(2). <https://doi.org/10.1080/23311975.2023.2234152>
- Hani, Clearly, & Mukhlisin. (2003). Going Concern dan Opini Audit: Suatu Studi Pada Perusahaan Perbankan di BEJ. *Simposium Nasional Akuntansi*, 1221–1233.
- Helmiati. (2021). Nurturing Islamic and Socio-political Thoughts in Riau and Beyond: Exploring Raja Ali Haji's Works. *Journal of Al-Tamaddun*, 16(2), 99–109. <https://doi.org/10.22452/JAT.VOL16NO2.8>
- Hichri, A. (2023). Audit quality, value relevance, integrated reporting and the moderating role of business ethics: evidence from European ESG firms. *Review of Accounting and Finance*, 22(5), 663–681. <https://doi.org/10.1108/RAF-03-2023-0073>
- Jannah, K., & Handayani, E. Y. (2020). Pengaruh Etika Bisnis Terhadap Produktivitas Kerja Karyawan (Studi di KSPPS BTM Sang Surya Pamekasan). *Competence: Journal of Management Studies*, 13(1), 1–16. <https://doi.org/10.21107/kompetensi.v13i1.6818>
- Kordecki, G. S., & Grant, D. M. (2023). Sustainability Gains through Enhanced Reporting Requirements. *International Journal of Business*, 28(3), 1–26. [https://doi.org/10.55802/IJB.028\(3\).001](https://doi.org/10.55802/IJB.028(3).001)
- Leszczynska, A. (2012). Towards shareholders' value: An analysis of sustainability reports. *Industrial Management and Data Systems*, 112(6), 911–928. <https://doi.org/10.1108/02635571211238518>
- Malik, A., & Shanty, I. L. (2019). *Character Indexes of the People in the Works of Raja Ali Haji*. 295(ICETeP 2018), 148–151. <https://doi.org/10.2991/icetep-18.2019.36>
- Massimo, P., Adrian, I., & Riccardo, P. (2023). Diversity Management: Architecture And Perspectives. *Studies in Business and Economics*, 18(2), 247–256. <https://doi.org/10.2478/sbe-2023-0035>
- Muslim, M. (2019). Problema etika dalam era baru manajemen. *Jurnal Manajemen Bisnis*, 22(2), 205–214.
- Nagendrakumar, N., Alwis, K. N. N., Eshani, U. A. K., & Kaushalya, S. B. U. (2022). The Impact of Sustainability Practices on the Going Concern of the Travel and Tourism Industry: Evidence from Developed and Developing Countries. *Sustainability (Switzerland)*, 14(24). <https://doi.org/10.3390/su142417046>
- O'Connor, A., & Meister, M. (2008). Corporate social responsibility attribute rankings. *Public Relations Review*, 34(1), 49–50. <https://doi.org/10.1016/j.pubrev.2007.11.004>
- Schumacher, E. G., & Wasieleski, D. M. (2013). Institutionalizing Ethical Innovation in Organizations: An Integrated Causal Model of Moral Innovation Decision Processes. *Journal of Business Ethics*, 113(1), 15–37. <https://doi.org/10.1007/s10551-012-1277-7>
- Setyo, T. (2017). Analisis Terhadap Faktor-Faktor Kebangkrutan Pada Industri Jamu Tradisional Parang Husada di Kabupaten Kediri. *Simki-Economic*, 1(5), 1–15.
- Suryana, T. (2014). Pengaruh Lingkungan Eksternal, Internal dan Etika Bisnis terhadap Kemitraan Usaha serta Implikasinya pada Kinerja Usaha Kecil. *Kontigensi: Jurnal Ilmiah Manajemen*, 2(2), 68–88.



- Szczepankiewicz, E. I. (2021). Identification of going-concern risks in csr and integrated reports of polish companies from the construction and property development sector. *Risks*, 9(5). <https://doi.org/10.3390/risks9050085>
- Wang, L., & Tuttle, B. (2014). Using corporate social responsibility performance to evaluate financial disclosure credibility. *Accounting and Business Research*, 44(5), 523–544. <https://doi.org/10.1080/00014788.2014.922408>