

**RESEARCH ARTICLE**

**EXAMINING BUSINESS ETHICS IMPLEMENTATION  
IN CORPORATE CULTURE OF AQUA GROUP**

**BY:**

**REGINA PARAHITA RAHMADHI**

**NIM. 125020307121015**



**INTERNATIONAL UNDERGRADUATE PROGRAM IN ACCOUNTING**

**DEPARTMENT OF ACCOUNTING**

**FACULTY OF ECONOMICS AND BUSINESS**

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# EXAMINING BUSINESS ETHICS IMPLEMENTATION IN CORPORATE CULTURE OF AQUA GROUP

Regina Parahita Rahmadhi

International Undergraduate Program in Accounting  
Faculty of Economics and Business

## Abstract

AQUA Group is one of leading manufacturing companies in Indonesia that has run the business for more than 40 years. The sustainability of the company must be established on a supportive management and a particular culture. Thus, this research aims to examine business ethics of AQUA Group through its corporate culture. By this research, it is expected to explore whether the company has been ethical in treating people and environment, instead of conducting beneficial business only. This qualitative study was taken in AQUA Group – PT. Tirta Investama (TIV) Pandaan. The methods used in collecting data were observation in Pandaan plant, as well as interview to employees and residents living around the plant. Based on the research results, it was found that personal values of local employees in PT. TIV Pandaan are more dominant than the culture designed by the foreign company (French). This disparity occurs because there is a cultural relativism between Danone Group management and Indonesian local community. Even though the implementation of corporate culture in field is different with the way it is set, the existence of ethical relativism theory supports that the way of employees establish their own culture is ethical based on their local values.

**Keywords:** *business ethics, corporate culture, AQUA Group, PT. TIV Pandaan*

## A. INTRODUCTION

Corporate scandals such as Enron, WorldCom, and Tyco make ethics is being a main concern cases in business scope. According to Adobor (2006, p.57), these cases demonstrate the magnitude of mishap in corporate misconduct impacting employees, investors, and society as a whole. These universal scandals are the best examples that inform people about the danger of fraud and provide examples of unethical acts done by irresponsible persons negatively affecting many other parties. This is a reason that makes ethics become significant in running business today.

According to the Indonesia Stock Exchange (IDX) data in 2009-2015, there are approximately 150 manufacturing companies operating in Indonesia land, one of them is AQUA Group. This company has a familiar name in Indonesians' heart because it always serves people with a product known as a high quality bottled drinking water or *Air Minum Dalam Kemasan (AMDK)*. In contrast, the positioning of AQUA Group also made this company become a threat to other companies in the same business because it has more than 40% market shares. As reported on Antara News (Ariwibowo, 2011 cited in Haurissa and Praptiningsih, 2014), the high rate of market shares owned by AQUA Group led the company to be indicated of practicing market monopoly of bottled water in Indonesia.

The inside of the company will mirror the way of them establishing, maintaining, and expanding their business into multinational scope. Salehi, Saeidinia and Aghaei (2012, p.3) stated that "ethics, the search for 'a good way of being' for a wise course of action, as it could be practiced by business firms is called *business ethics*". Ethics provides standards in judging

people's actions in every single aspect of their life; either people's personal lives or business lives affected by ethics.

Ethics in business scope is started from personality of each employee. Personal ethics is the main point that can lead people in doing ethical or unethical act regardless when they are alone or when they are in a society. In addition, many empirical issues wonder whether personal ethics may cause either an increase or a decrease in income (Lam and Hung, 2005, p.199). In other words, personal ethics may have significant impact that determines the way of how people do their job. Past researches also support that personal ethics have important roles for company's success (e.g. Flynn, Chatman and Spataro, 2001; Hackman and Oldham, 1976; Victor and Cullen, 1988). Even though the other organizational factors such as job tasks, ethical climate, and personal characteristics also affect the way of people state their performance in an organization.

However, each company has different characteristics one to another, so that each company may need employees who have more suitable personalities with its business type. The conformity of employee's personalities to company's characteristics is needed in order to embrace all employees into certain culture of a company. On the other hand, even though the employee's personalities should have contribution into building the culture of a company, sometimes the culture would be influenced by the tone at the top only (Guiso, Sapienza and Zingales, 2013, p.6). In sum, the quality of organizational ethics may rely greatly on how good the personal ethics of people who have powers.

Smith stated in New York Times (n.d. cited in Guiso, Sapienza and Zingales, 2013, p.2) that culture is a vital part of a company that revolves around teamwork, integrity, a spirit of humility, and always doing right by our clients. However, since the irrefutable fact of the competitive competition, many companies implement strategies which sometimes ignore ethics. For example some companies may ignore their integrity intentionally in creating new business idea, cheat the production and marketing process, neglect the payment of employee's wages, etc. Whereas being fair and honest to employees, consumers, shareholders, suppliers, or even to society is the main effort to be steady in a rough competition to gain their trust. Thus, the culture of AQUA Group should be exposed to understand about their business ethics implementation.

As realized, water is the prime needs of all creatures in this world for surviving. This important issue triggers some people to utilize water as a money generator. Considering to products offered by the business must impact many people's lives, the products should be safe and beneficial. However, as well as taking concerns to the products, the company also has to seriously considerate the impact after production activities. According to some previous studies (Jakmoed, 2015; KRuHA, 2011), many people found that bottled water companies pose negative impact on the surrounding society. Ironically, in producing the bottled water the companies need to exploit underground water by digging a waterway and suck it up with high pressure water pump instead of utilizing the surface water. Thus, because of the massive suction, the residents have to go through water crisis. Their wells are dried and there is no water source to irrigate their fields.

Considering that the business harms external parties' interests, knowing how ethical a leading beverage manufacturing in running their business becomes the important of this study. In other words, this study purposes to gain empirical evidences related to the way of the company implements the business ethics through its corporate culture. Moreover, this study is believed to prove that ethics will always have linkages to all aspects done by human, especially in business.

## B. LITERATURE REVIEW

### Ethics in Production

Production is the process through which scarce resources, as inputs, are combined and transformed into outputs (Case, Fair and Oster, 2009). Transforming inputs into outputs is to multiply the number of goods maximally and to increase usefulness of goods in the society. Generally, the company would minimize the cost in producing goods in order to gain more profits. The cost minimization may be fair if the goods are produced in the right numbers or for the appropriate profits, but it will turn to be unethical if the company tries to produce the goods as many as possible by doing some improper acts that will harm the customers. However, sometimes the customers do not want to cooperate as well. Logically, in providing a safety product the company needs to spend more cost, but the customers hoping for the marked up safety are unwilling to pay a higher price (Menezes, 1993, p.284). It means that unethical conduct can be done by either producers or customers.

Due to unethical issues, *ethics in production* is needed in order to provide boundaries for the company with respect to do any production operation. Usually, the guarantee of ethical implementation can be seen from the manner of company is obedient to law. Especially for international company, the company must consider some regulations and standards in implementing production process, such as ISO (International Standards Organization). Relating to the production, the company may use ISO 9000, 10000, and 14000 as the references. In brief, the standards provide guidelines for the organization about increasing productivity, reducing unnecessary costs, ensuring quality of processes and products, and improving environmental responsibilities (ISO).

Besides ISO—particularly in Indonesia, there are some regulations addressed for the producers performing production process and for the customers as well. The regulations are stated on the *Undang-Undang Republik Indonesia Nomor 8 Tahun 1999 about Perlindungan Konsumen* (referred to as UUPK). In short, UUPK contents regulate the rights and obligations of both producers and consumers, and dos-and-don'ts for the producers. For example, article 4 point b states, “consumers have a right to choose the goods and/or services and obtain goods and/or services in accordance with the exchange rate and conditions and guarantees promised”, besides “consumers are obliged to read or follow the instructions and procedures for the use or the utilization of the goods and/or services, for security and safety” as stated in article 5 point a. As for article 7 point b, it is written, “producers are obliged to guarantee the quality of goods and/or services produced and/or traded is under the applicable provisions of the quality standards”.

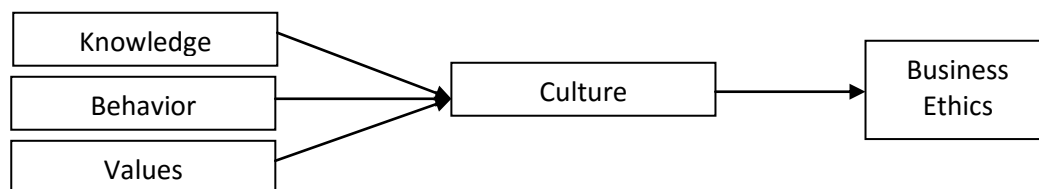
Kotler and Armstrong (2012, p.248) stated that product is anything that can be offered to a market for satisfying a want or need by being attention, acquisition, or consumed. In other words, the product is intentionally made for used by the customers. Even though the product is targeted for the customers, it does not mean that the company must be responsible to the customers only. The production process also should be ethical if the company also gives protection for the employees, community, and environment. It proves that the company has to be responsible to the stakeholders as well as merely to the shareholders. Yuliana, Purnomosidhi and Sukoharsono (2008) stated that based on *Stakeholders Theory* and *Legitimacy Theory*, the stakeholders have an important role in maintaining the going concern of an entity. Thus, the company has to adapt with value system built by the community. Besides, Sudana *et al* (2012) said that sustainability should be achieved by considering the integration of economic, social, and environmental considerations as practical guidance of sustainable development. Based on the pervious study, the factors that maintain the sustainability of a business are in accordance to the *Triple Bottom Line* (TBL) concept

developed by John Elkington in 1988. It means that, in running the business, the proven TBL concept is essential to be applied as a philosophical guidance.

### Corporate Culture

Summarizing from Corporate Leadership Council (2003, p.1) and Mowat (2002, p.3), the personality of the organization—including beliefs, values and behaviors—which have to be widely shared across individual members of a given social unit is defined as *corporate culture*. Guiso, Sapienza and Zingales (2013, p.4) stated that corporate culture has a role like *social control* in a company. As a social creature, literally, individuals will always interact with surrounding people. Supporting this idea, Mowat (2002) and O'Reilly (1989, p.12) stated that by interacting, individuals will share a set of beliefs and a common purpose with the people they work with, then work strategies and thinking processes will be developed. During the cooperation, they cannot stand-alone which means they have to merge into other employees' control whenever they are in company's presence. Therefore, the culture is formed and functioned in a company by its members.

**Figure 1**  
**Related factors in the corporate culture**



Source: Shakeel, Khan and Khan (2011, p.65)

Based on the discussion above, corporate culture is formed by human knowledge, behaviors, and values. It means that corporate culture will not exist without individuals' role within. However, in building corporate culture, all employees may not have accurate rights to control people in the company. According to Guiso, Sapienza and Zingales (2013), employee perceptions of ethical climate in their organization will be influenced by the tone at the top. In addition, one of factors of creating corporate culture is the organization's origins and founders; as well as external environment, industry, size and nature of the organization's workforce, and technologies the organization uses (Bliss, 1999; Corporate Leadership Council, 1998). In other words, the quality of organizational ethics may rely on how good the individuals ethics of the ownership in a company.

### Ethical Relativism

Ethics represent norms or values or guidelines that can help people to act relying on moral principles and to be able to judge the right or wrong. However, there are different moral principles among different cultures. This issue is usually known as ethical relativism. *Ethical relativism* is the theory that morality or judgment is relative to the norms of individual or culture (LaFollette, 1991, p.146). It means there will be no common framework for reaching agreement on ethics among different societies since the same action may be morally right in one society but be morally wrong in another.

Ethics that could be practiced by business firm is called as business ethics (Salehi, Saeidinia and Aghaei, 2012, p.3). In business ethics, ethical relativism issue has the same portion in influencing the company perceptions, since culture in a company may be not the same with another. It is supported by Solomon (1997, p.140). He stated that different

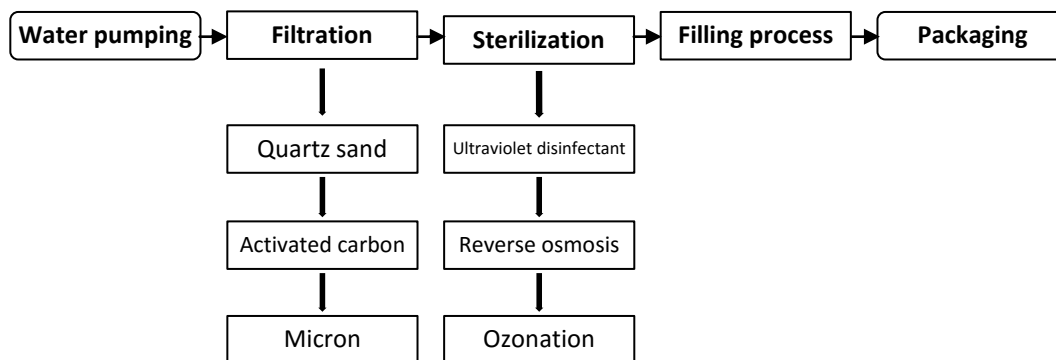
business provide different cultural, and different cultural define different values, different ethics, different lives. Therefore, it may be the factor that causes companies to have different perceptions in running their business.

In addition, the different perceptions of ethics principles also can be the factor that influences organizational ethics. There are five main principles of ethics known universally; utilitarianism, deontological, virtue, theological, and religious. Salehi, Saeidinia and Aghaei (2012, p.3) assumed that people who run their business by holding utilitarianism ethics may obtain short-term gains by acting in an unethical conduct, while those who believe on deontological ethics should establish a company ethically even though ethics diminishes their profitability. It can be concluded that different principles will rationalize different perceptions.

### Bottled Water Production Process

In outline, the process of bottled water production is composed by five steps (Redita, 2015), illustrated below.

**Figure 2**  
**Bottled water production process**



During the first step, plant will pump water from their legal sources, for example, lake, wellspring, groundwater, public water, *et cetera*. After pumped with a high pressure, the water will be stored in holding tank and pumped forward the next filtration unit (Redita, 2015).

In the filtration process, water will flow on three filters. Firstly, sand filter is aimed to traps dirt in large particles. The sand must be clean and resistant, e.g. quartz. Besides trapping dirt, sand filter also can neutralize ions from metallic elements within water. Also, there are some living organisms in certain layer of sand functioning to clean the water by eating organic elements. As the second filter, activated carbon (e.g. charcoal filtration) works by adsorbing with high capacity. Activated carbon is utilized to filter smaller particles which cannot be handled by the first filter, such as pesticides and herbicides. It also can neutralize any odor, color, and chlorine. The last filter is filtration using micron. Water will be filtered again from any contaminants slipped off from previous filtration using two tool sizes; 3-micron and 1-micron. (DMCW, n.d.; Redita, 2015).

The next step is sterilization. After finishing all filtration, water has to be sterilized to ensure that all bacteria, viruses, microbiological contamination has been removed. There are three sub-steps in sterilization that must be passed through; ultraviolet disinfectant, reverse osmosis, and ozonation. Ultraviolet disinfectant is the first technology for assure that water is free from any living contamination. It has an ultraviolet light source functioning as a powerful sterilizing agent which destroys the genetic material of any left contaminants in order to eliminate the possibility of their proliferation. After that, the water will be pumped

with high pressure into reverse osmosis unit. Reverse osmosis unit is a tight twenty-layer membrane in which the high pressure will force pure water only without any smooth impurities can cross it. The final sterilization process is ozonation. Ozonation is an activity to inject ozone gas ( $O_3$ ) to the pure water evenly.  $O_3$  is believed to be 1,500 times more effective in protecting water from many types of contaminants than chlorine because it is able to oxidize almost all organisms. By oxidizing water with  $O_3$ , it will make the water become more fresh and clean. Also, the process will not surface any disadvantage for people health because  $O_3$  is an unstable gas which can easily retransform to oxygen ( $O_2$ ) needed by people (DMCW, n.d.; Redita, 2015).

After the purest water is ready, next is the time for filling process. Clean bottles/gallons/cups that have been sanitized will be filled with ozonated water and covered by lid/cap. Next, the packaging step will finish the bottled water by attaching the labels, setting cap seal, preparing box, until it is ready to distribute (Redita, 2015).

In Indonesia, the quality of bottled water is always being concern. Therefore, the AQUA Group keeps *Peraturan Pemerintah Republik Indonesia Nomor 42 Tahun 2008* about *Pengelolaan Sumber Daya Air* and *Undang-Undang Republik Indonesia Nomor 7 Tahun 2004* about *Sumber Daya Air* on their tracks all the time. Besides, the government also determines some regulations than can be as guidelines in monitoring the bottled water production process; one of them is stated in *Peraturan Direktur Jenderal Industri Agro dan Kimia Nomor 29/IAK/Per/3/2007* about *Pedoman Pengawasan Penerapan SNI Air Minum Dalam Kemasan di Pabrik*.

### C. RESEARCH METHOD

This research was as a qualitative research using case study approach, which all information in this research was collected via observation and interviews. According to Hancock, Ockleford and Windridge (2009, p.7), “Qualitative research is concerned with developing explanations of social phenomena. That is to say, it aims to help us to understand the social world in which we live and why things are the way they are”. Thus, social information such as opinions, norms, values, and behaviors will be obtained effectively through qualitative research (Mack *et al.*, 2005, p.1). In other words, qualitative study has subjective characteristic, which generates results based on multiple perspectives and people knowledge in seeing the “fact” (Greener, 2008, p.17). Thus, the results of this type of research are in form of exploration, description, or analysis (textual), instead of things countable in numbers (numeric).

Qualitative research can be done in many ways; one of them is through a case study approach. Case study is an examination of phenomena in real-world context done by compiling comprehensive and systematic data in order to analyze the changes and explain the theoretical issues being studied (Hancock, Ockleford and Windridge, 2009; Hartley, 2004; Mayoux, 2001; Yin, 2011). Generally, a certain case is the beginning reason arising questions to be studied. Based on the case study’s definition, the questions will trigger the researchers to understand comprehensively any complexity relating to the case, such as the characteristics, history, functions, purposes, locations, actors, *et cetera*. Thus, case study approach eventually provides more explanation about the truly fact of happened case, the relations between theories studied and the case, the issues/problems occurred within the case, and the results of studying the case that can be used to solve problems or improve performance for the future.

By doing qualitative research with case study approach, it should be useful in examining employees’ behavior during running the business and in providing highly detailed reasons why ethics become a supervisor behind all business activities. Although qualitative

research focuses more on the process than its result, the result of the case study is expected to give contextual analysis of ethics implementation in corporate culture to evaluate some disadvantages in the related activities, and to provide solutions for discovered problems based on existed theories.

This study was performed at a leading bottled water manufacture in East Java, AQUA Group – PT. Tirta Investama Pandaan. Precisely, Manufacturing (MFG) Area 1 was the only focus of the study. Hereinbefore, AQUA Group is the biggest bottled drinking water manufacture in Indonesian market. Absolutely, this fact became the prime reason of choosing this company rather than the others. Moreover, knowing the #1 company deeper may be able to give a good model to motivate other companies in similar business. Another reason is laid on the location of this company. Considering to that company has 20 plants in Indonesia, the plant situated in Pandaan is being the most reachable for doing this research.

According to the way of collecting data—observation and interviews, primary data is the main sources of this study. Primary data are organized information collected first-hand from parties of interest for solving specific problems at hand. Observing is a technique of collecting information by watching, exploring, and perceiving directly all happened activities with personal senses, in which types of data that can be obtained are information in form of body languages, social interactions, responses and actions, or physical environment (Yin, 2011). Observation in this research was conducted for approximately one month by doing internship at the research site. This process was focused on observing the employees' behavior during doing their jobs and the relationship among employees over different level of positions in manufacturing department only. Employees' behaviors or habits might show how effective its culture could bring the company to be better. Moreover, the harmony of employees' relationship is also important indicator of leadership and cooperation in this company. Every individual is a crucial part in maintaining image of the company.

Another technique was by interview. According to Yin (2011, p.133), interview is a debriefing process between interviewer and interviewee (participant). This research used semi-structured interviews approach. Basically semi-structured interview consists of a series of questions to unveil the phenomena and is similar to structured interview performed, but it has flexibility that allows improvisation during the interview as developing questions over interviewees' answers (Edwards and Holland, 2013). Targeted interviewees were the head of manufacturing (MFG) department, supervisors in MFG and CSR department, personnel in MFG department, and surrounding company area residents who have domiciled more than 30 years around the plant. Opinions from the one who has the most control over the company is important because they should have wider knowledge about the company, which means all questions mostly should be obtained from the manager and supervisors. Besides, points of view were not obtained from the leaders only. Knowledge and experiences gained by personnel who run production and marketing activities became significance as well. The last interview participant was the stakeholders who have known the product of AQUA Group for long time. Discussing with some stakeholders was expected to bring understanding of their viewpoints about sustainability of the company.

In addition, secondary data is also needed in order to obtain information relating to company profile and CSR reports. Secondary data are collected from existing materials created by past researchers with a purpose for other than problems at hand (Hox and Boeije, 2005).

Data analysis of qualitative research aims to make valid conclusions from all information gathered. Qualitative data analysis generally includes three steps, which are data reduction, data display, and drawing conclusions (Miles and Huberman, 1994). *Data reduction* is a process of selecting, simplifying, and transforming the data into transcriptions through coding and categorization (Miles and Huberman, 1994; Sekaran and Bougie, 2009).



Coding allows researcher to reduce and retrieve the data to be rearranged and grouped into categories. Second step was *data display* which means that researcher needs to develop the reduced data in textual or pictorial descriptions. Mostly, data display is poured in form of narrative texts in order to translate the actual information in more complex way. The final step, *drawing conclusion*, is the moment where researchers take conclusions over the studies that have been conducted in order to answer their research questions. Drawing conclusion can be done by finding meanings of problems in research site, thinking about explanations for observed relationships, or making comparisons of theories and facts (Sekaran and Bougie, 2009).

## D. RESULTS AND DISCUSSIONS

### Corporate Culture as the Company's Ethics Personality

According to Cameron and Quinn (2006), organizational (or corporate) culture can be classified into four types: Adhocracy (Create), Clan (Collaboration), Hierarchy (Control), and Market (Compete). Based on the theory, PT. TIV Pandaan is generally designed to have a *hierarchy* corporate culture model. Hierarchy culture means structured and controlled, in which rules and procedures are strictly tying people's behavior. Creating structured place to work is aimed to maintain stability, predictability, and efficiency as the long-term goals in order to develop a smooth-running organization (Übius and Alas, 2009; Tharp, 2009). This is proved by the management system and many regulations applied in the plant. Some of regulations in PT. TIV Pandaan include regulations of safety and standards of quality.

In fact, many violations are still occurred in Pandaan plant although there are lots of rules display banners and posters decorated the whole plant as a reminder. The probable violations conducted intentionally are on the usage of PPE, the application of LOTO, packaging usage, consuming rejected products, eating around production areas, and/or passing under conveyor. Based on some employees' confessions, they do some shortcuts because some standards are inconvenient, impractical, or insignificant. Even though all regulations are created to maintain safety, quality, or even appropriateness for both people and company image, the violators in Pandaan plant still have many excuses to justify their incorrect actions. Seeing the regulation violations occurred every day and in every shift, the corporate culture of PT. TIV Pandaan tends to be a *culture of neglect*. This type of culture is one of four types distinguished by Sauser and Sims (2007) in "*Fostering an ethical culture for business: The role of HR managers*". Culture of neglect is a condition where people may want to follow legal and ethical norms, but often the management may not detect and correct ethical violations even though following ethical standards is their goal (Graham, 2013).

Generally, all policies above are set by the top management of Danone Group, considering that more than half shares of AQUA Group owned by Danone Group which basically is a European company. Western and eastern people definitely have so many different behaviors, habits, beliefs, or summarized into cultures, similar to culture of Indonesia and France. Mrs. Yanti Dyah Lestari, a Production Administrator, said that western culture is upholding discipline. But many Indonesian, it still becomes a major problem. According to Sarwanto (2007), Indonesian will act as discipline and punctual as long as they are monitored and supervised by the people in power. In other words, many Indonesian people are still "pampered" in which they are much relied on supervisors to act discipline. Being called as collectivistic, Indonesians are used to work in cooperation. This may be one reason to have high level of depending on others. This issue is one of examples that Indonesian people—especially those who live traditionally in rural area—have very different behaviors with foreigners in developed countries. Thus, by the existence of culture

discrepancy, the violations may happen because there is cultural relativism between Danone Group and Indonesian employees.

As an international company, Danone Group should realize that the existence of relative judgment on culture should get some special treatments. In order to establish ethical behavior in different culture, a company must respect people's values and rights by protecting individual rights, avoiding relationship that violate human being's rights, and providing safe products and services in a safe workplace (Donaldson, 1996). Basically, the company has provided those choices delivered in safety rules. However, the some employees do not want to use them. Thus, the company may have to apply the preventive discipline. Preventive discipline is an approach hold to encourage and force people to obey and comply with the rules (Sarwanto, 2007). This approach aims to discipline employees, so that the workplace has to be designed and managed in such a way to prevent violations. For example, if the problem lies on the presence of supervisors to be discipline, the company may be better to install CCTV inside production building—considering that during observation, there was no CCTV seen around the areas with frequent violations.

Notably, as another approach to reduce violations, every plant of AQUA Group in Indonesia has its own way in performing the corporate culture. For example, PT. TIV Pandaan has its own vision and mission instead of using AQUA Group's. It means that management in AQUA Group lets each plant to have their autonomy to organize their plant, yet the core values are still embedded implicitly. The autonomy system in AQUA Group should be a good thing because every plant can be motivated in improving their performance and reducing violations day by day. Thus, AQUA Group in overall will get the positive effect as well. Besides in form of vision and mission, PT. TIV Pandaan also makes some innovation on their programs aimed to engage all employees using social policies and regulations, as well as to facilitate them to opine.

The newest vision and mission of PT. TIV Pandaan is targeted until year 2020. The most interesting part of this objective is the vision of “becoming the center of excellence”. Compared to AQUA Group's vision and mission, the vision and mission of PT. TIV Pandaan has smaller scope. As well as it has target of year to be achieved, it also more concerns about the success of Pandaan plant only. In other words—concerning the vision—there are such competitions among AQUA plants in Indonesia to be the best plant. Once again, the vision and mission of PT. TIV Pandaan 2020 is used to design the plant culture. However, the same as hierarchy culture designed by Danone Group, some missions of PT. TIV Pandaan plant still have not accomplished yet. The missions include six items, which three of them can be categorized as within reach, including the quality of the products, convenient and safe workplace, and responsible to social-environment. As for other three points shows the image of PT. TIV Pandaan. The plant is expected to have solid teamwork, proactive and competent personnel, and sustainable performance—as well as high responsible to product's quality and people's welfare.

As well as the existence of autonomy system, the role of leaders is very important in creating a strong culture. It can be concluded that culture is such beliefs, values, and behaviors shared across members in a social unit (Corporate Leadership Council, 2003; Mowat, 2002). As for leadership is the source of those beliefs and values that guide the members to deal with internal and external problems (Schein, 2004). In brief, leadership is an aspect needed to establish the culture *per se*. In the implementation, by DaMaWay—the management system applied in AQUA Group—Danone Group brings values to support the establishment of strong teamwork; it is named as Culture Feasibility Team. Culture Feasibility Team is build by four manners; Committed, Open, Doer, and Empowered (CODE). The CODE is expected that can trigger all individuals to have more leadership spirit and to be more active as a teamwork member. The leadership role for handle the violations

also supported by the Area Manager (AM), Mr. Rudy Pilu. He said that the adherence to standards from the employees have to be improved. Training is absolutely needed in order to improve the awareness of employees, yet something more important is the involvement of leader in pursuing them to contribute. Similarly, one of the Shift Leader (SL), Mr. Rendy Pramanta, said that the most obviously culture in Danone AQUA is the Top-Down, where the leaders must instantiate over and over as a raw model, because the character of subordinates reflects the character of a leader.

Even though the value of leadership has been aware, based on the violations happen in PT. TIV Pandaan, the discipline of employees seems hard to be compromised. Mr. Pramanta also said that one of his methods in building discipline characteristic in his workers is by giving them greater personal responsibilities, and this method is assumed as effective because they will act better to prove that they are able to carry the responsibilities. One of personal responsibilities given by Mr. Pramanta is the duty to scold fellow workers who commit violation—employees at the same grade or position—instead of being punished by the leaders. However, the discipline matters keep repeating over and over for every day, meaning that this thing is such obstacles that have not been solved. Because from the some personnel's viewpoints, they will feel disinclined to reprove and scold their own friends, moreover if their friends are older and more senior in the plant. Thus, the sense of family grows deeper than the leadership skill among the employees.

According to Haydah (2012), some factors of discipline problems is caused by lacks of strict sanctions given by the employers, lacks of professionalism and responsible feelings of employees as personal, and fading of discipline principle in each personal. In fact, these factors are also causes of discipline problems in Pandaan plant. For example, that sense of family sometimes will decrease the professionalism. Moreover, in accordance with the values of AQUA Group—named HOPE—the value of '*Openness*' defines that the AQUA Group has an informal management style. This informal management style favors active listening and open discussion (AQUA Group, n.d.). Basically, the informal management is good for building convenience working environment through the informal communication. However, creating too informal situation can lead people to oversimplify the standards and regulations. Therefore, they will think small violations will not be that significant, whereas it is done regularly.

The next example, the leaders are supposed to reprove any violations occurred in MFG Area 1. More than three times of reproofs, the employee is going to receive a warning letter or fired. However, based on the observation for eight hours per day, there are many people consistently drink from the packaging or pour water of the rejected products into their tumbler because they are too far and too busy to refill their tumblers. One to three employees also regularly pass under conveyor in each shift—out of three shifts per day. In fact during the observation, none of them got sanctions of the violations. The reason is because they regularly do something outside the rules when the supervisors are not around. As well as it proves the Sarwanto's statement (2007) as stated earlier, it also becomes the real example of the lacks of responsible in workplace and the losing discipline principles of the employees as human beings. Therefore, it may not about the SPV's or AM who do not warn them, but it may be the employees who have their own strategies. However, the case that leaders do not correct the violations because they did not detect any incorrect action becomes supporting evidence. The culture occurring in PT. TIV Pandaan is classified into culture of neglect.

Communication is a significant element that can support the teamwork performance as well. It is supported by Alfred G. Smith in his preface to "*Communication and Culture*", which culture is a code learned and shared. The process of learning and sharing require communication, and the communication requires coding and symbols that must be learned and shared (Jandt, 2010, p.37). In other words, culture and communication are unity. By

communicating the culture properly, people can understand and comprehend the codes (values) brought, and they will have one similarity of the culture definition. Eventually, this equality will lead them to be in line and to become one group whose objective is the same. Thus, in order to achieve that objective, communication also aims to establish a strong group relationship (teamwork) between members in a social unit.

In Pandaan plant, the AM and four out of five SL's interviewed stated that their teams have good communication. The communication among teamwork is built by personal approach which should be conducted inside and outside working hours. Some of approaches outside Pandaan plant can be done by hanging out to play soccer, to relax and drink coffee, to repair machines together, *et cetera*. They said that communication among employees will be more effective if it is done in informal way; hence the external meetings become a key to establish tight communication. It is also mentioned in a research on word-of-mouth communication (Czepiel, 1974), that informal interaction is very useful to reinforce social links among workers.

As well as personal approach, discussion with the workers is also being a wand to spell the *Adacadabra* properly. Realizing that not all human beings have one straightly identical thought, discussion is needed to come up with a solid and consensual decision, because discussion is a way to share responsibility among all group's members (Nazzaro and Strazzabosco, 2009). Technology also has notable contribution in bonding communication among Pandaan plant's employees. Nowadays, a social media application known as WhatsApp is installed in smart-phones by almost all employees and used to sharing information remotely relating to the plant. This participation of technology can ease people to communicate in case there is trouble in production process, so that all level in MFG Department will notice the problem as soon as possible.

Another way for improving people's performances, the employees are provided with a lot of facilities. According to all people interviewed, they have been satisfied with the facilities received from AQUA Group, even more after merging to Danone Group. Basically, facilities for employees have been stated in *Perjanjian Kerja Bersama (PKB)* of AQUA Group. The PKB is decided by PT. TIV—as the parent company of AQUA Group—and the management of *Serikat Pekerja Danone AQUA Group (SPDAG)*. As seen in accordance with the implementation of Dual Commitment of AQUA Group, the pillar of 'People' stated that employee empowerment is one of company assets (AQUA Group, n.d.). In order to do empowerment, the PKB is a way to develop welfare and harmony in working relationship within a certain company, because—by clear guidance—conflict between the company and employees will be reduced, the employees will have more productive performance and satisfied feelings on the regulation based on mutual agreements, as well as the employees will attempt to maintain the company's assets as gratitude and satisfaction (Gajimu, n.d.; Pahrozi, 2012).

Mr. Santoso, a Technical Area (TA), and Mrs. Lestari said that the minimum amount of salary in PT. TIV Pandaan has exceeded the UMK. Based on the information, the salaries of all employees are above Rp 4 millions. It means that the minimum amount of salary in PT. TIV Pandaan has been calculated as above *UMK Kabupaten Pasuruan 2016* because as stated in *Peraturan Gubernur Jawa Timur Nomor 68 Tahun 2015* about *Upah Minimum Kabupaten/Kota di Jawa Timur Tahun 2016*, the UMK of Pandaan area is Rp 3,037,500. Besides basic salary, all facilities below as reported in the biennial AQUA Reports have been fulfilled as well.

**Table 1**  
**Facilities received by employees**

Type of Facility	Employment Status	
	Permanent Employee	Non-permanent Employee
Basic salary	Provided	Provided
Overtime pay	Provided	Provided
Medical allowance	Provided	Provided
Life insurance	Provided	Provided
Occupational accident allowance	Provided	Provided
Maternity allowance	Provided	Provided
Retirement provision	Provided	Not provided
Stock ownership option	Not provided	Not provided

*Source: AQUA Group, 2010, p.84; 2012, p.43*

Based on interviews with employees and observation, all facilities stated in PKB of AQUA Group 2015–2017 have been fulfilled. The facilities become the main reason for employees remain employed at the plant for decades. According to the observation process, there is no employee recruitment open recently. The most briefly working period in PT. TIV Pandaan is around 3 years, and there are a lot of employees who have working period more than 25 years. Although almost all large companies have some policies relating to employees termination for some cases, in its practice PT. TIV Pandaan does not apply that policy because they have more concerns to employees' prosperity—an implementation of empowering employees.

Other examples of facilities known in private companies are bonuses and rewards. The allocation for the employees' bonuses is based on their assessment score during one year. The employees' score is obtained from a review named PDR (Personal Development Review). Each employee (N) will be assessed by his/her direct superior (N+1). As well as the result of the assessment will affect their bonuses in the current year, it can affect their possibilities of being candidates for promoted. According to some employees at the lower grades, sometimes PDR seems to be subjective. Their N+1 often assess their performances at the average rate, while some employees assume that they did better than that. On the other hand, the Quality Assurance (QA) Area, Mr. Ary Hasanuddin, said that there is very little chance to get excessive score of their performances because there are very few people who have encouragement to work actively and innovatively. In addition, related to the promotion, he found that an excellence of working in PT. TIV Pandaan is having well-run career path. In fact, there are a lot of executors—the lowest grade—who have worked in the plant for over ten years.

From the situation, the gap between high-level and low-level relationship is implicitly perceived from their different viewpoints of management. The gap can be created because of one main factor, loose communication. Communication is the only bridge that can reduce conflict and prevent misunderstanding. As a leader, they are not only required to be good communicators, but they need to learn the way to build communication to the subordinates (Gabriel, n.d., p.10). Because communication is a two-way process—between leaders and subordinates—hence it is really important to mutually understanding between sender and receiver. In conclusion, even though most leaders in Pandaan plant admitted that they have built a good communication through sharing and discussion, the gap may still occur because the way of establishing discussion is unwittingly poorly accurate. Sauser and Sims (2007)

stated that characteristics of culture of neglect are the leaders may fail to know or understand the legal and ethical codes of the industry, they may not adequately communicate those standards within the organization, and they may fail to detect or punish the wrongdoers, which may unintentionally lead to moral failure. So, the communication problems also become evidence of the culture of neglect in PT. TIV Pandaan.

It means that, according to no termination because of the sense of humanity, low motivation among employees in developing their works, as well as loose communication between high-level and low-level; there is something unhealthy inside the corporate culture in PT. TIV Pandaan. However, if compared to ethical relativism between French and Indonesian cultures, the corporate culture in PT. TIV Pandaan seems ethical. In addition, as discussed earlier, culture is a set of values, beliefs, behavior, knowledge, *et cetera*. In accordance to Figure 1, all elements of a culture are carried on individually by the members of a unit. Briefly, the occurrence either of ethical relativism or the gap between position levels may be formed by the values of each member. Even though the ethical climate is set by the top management (Guiso, Sapienza, and Zingales, 2013) the culture will be formed naturally and dominantly by the executors of the group. The framework designed by the top management (French culture) eventually will be used as the wall bordered employees to the outside world (society). However, the way employees create culture within the wall is based on the dominant personnel's values, behaviors and knowledge (Indonesian culture).

For additional information, the ethical business run by PT. TIV Pandaan is also pictured by the CSR implementation. PT. TIV Pandaan has three integrated aspects of CSR programs, which are economy, education, and environment. These aspects are similar with the TBL concept. In sum, PT. TIV Pandaan has executed their business using the practical guidance concerning community and environment—as well as their personal benefits—in order to maintain the sustainability of the company. The company also attempts to be a transparent company by reporting their CSR activities in biennial sustainability report.

## **E. CLOSING REMARKS**

### **Conclusions**

Based on results of the research and discussions, it was found that the discipline problems among low-mid employees still occurred in each shift every day in the plant. This continuously problems make the corporate culture of PT. TIV Pandaan tend into a *culture of neglect*. The establishment of this type of culture has a tight correlation with communication gap. The gap between high-level and low-level relationship is implicitly perceived from their different viewpoints of management. In addition, according to no termination because of the sense of humanity, low motivation among employees in developing their works, as well as loose communication between high-level and low-level; there is something unhealthy inside the corporate culture in PT. TIV Pandaan. Unhealthy condition means that the implementation is not always in accordance with the set regulations. However, the gap may happen because there is a cultural relativism between Danone Group management and Indonesian employees. Although the ethical climate is set by the top management (French culture), the way employees create culture within the company is based on the dominant personnel's values, behaviors, and knowledge (Indonesian culture). In sum, since there is a cultural relativism theory, the way of people run PT. TIV Pandaan is ethical for them.

### **Research Limitations**

This research has some limitations throughout its implementation. First, PT. TIV Pandaan does not open opportunity for merely doing research. The students have to be registered as an intern to collect data in there. Second, since this research used a qualitative method, the process of data collection had to be undertaken through many phases in more

than a month. The benefits obtained during the research period were the existences of many interactions made in the research site. However, the large amount of information obtained makes the process of data analysis more complex. Third, the hectic schedule of in superior levels personnel in MFG Area 1 is also another limitation of this study. There were some people refused to be interviewed as well. Otherwise, workers in lower grades were available to be asked. However, sometimes, the information obtained was merely for chit-chat because of their surfaced knowledge. Besides the bound up schedule, some people in mid and top management strictly defined some areas and information that could not be dug up. Therefore, some information required more intensive time and approach to be collected successfully.

### Suggestions

The future research that intends to collect data in this research site has to prepare and propose way long before the planned time for conducting the research. The future researchers also have to make a structured interview schedules on particular targets to get data needed on time. The future research is also suggested to explore the ethics implementation of AQUA Group from the other business aspects besides production, for example its financial performance after delisting.

For the AQUA Group, the problems among workers have to be solved. Besides the discipline problems, low motivation problems need to be considered seriously. The problems may occur because the company tolerates violations too often. In addition, the local communities have stronger sense of family, and the company absolutely cannot change personnel. However, in order to avoid inconvenient feelings of highly strict regulation, the company may have to decline violation through preventive approach. For example, the company may be better to install CCTV inside production building, considering there was no CCTV seen around the areas with frequent violations. Moreover, the management may be supposed to increase the leadership effectively by searching more references of proven ways to motivate employees.

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