

Implementation of Ethics and Social Responsibility in Export-Import Activities of International Business in Timor-Leste

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ABSTRACT

Introduction/Main Objectives: This paper examines the application of ethics and social responsibility in export-import activities of international business in Timor-Leste. In a globalized economy where trade plays a central role, ethical conduct and corporate social responsibility (CSR) have become crucial for business sustainability and stakeholder trust, especially in developing markets such as Timor-Leste. **Background Problems:** This research addresses the problem of how international businesses in Timor-Leste implement ethical principles and CSR practices in their export-import operations, asking: How are ethics and social responsibility applied and what are the challenges in doing so within the Timor-Leste context? **Novelty:** The novelty of this study lies in its focus on the specific socio-economic and regulatory environment of Timor-Leste, a context that has not been adequately explored in previous literature on business ethics and CSR in international trade. **Research Methods:** The study uses a qualitative approach based on a systematic literature review. Relevant academic articles, organizational reports, and policy documents from the last ten years were analyzed through content analysis to identify key themes, challenges, and best practices in the application of ethics and CSR. **Finding/Results:** The findings show that ethical practices—such as honesty, transparency, and accountability—and CSR programs—such as community development and environmental protection—significantly contribute to business sustainability, improved reputation, and stakeholder engagement in international trade operations. **Conclusion:** This study concludes that adopting ethical standards and CSR strategies provides companies in Timor-Leste with a competitive advantage and long-term sustainability. The main takeaway is that integrating ethics and social responsibility is not only a moral imperative but a strategic necessity in international business.

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1. Introduction

The globalization of markets has significantly transformed the landscape of international trade, making export and import activities essential pillars of global economic interaction. In this complex environment, companies face numerous challenges, including navigating different legal

systems, cultural contexts, and expectations from various stakeholders. Among these challenges, the implementation of business ethics and corporate social responsibility (CSR) emerges as a critical concern. Ethical conduct and responsible practices are increasingly viewed not only as moral imperatives but also as strategic elements that influence long-term business sustainability and competitiveness (Bararuallo, 2019).

The core motivation behind this study lies in the increasing pressure on international businesses to align with ethical standards and demonstrate social accountability. Recent cases of unethical practices and environmental violations have amplified the need for greater transparency and stakeholder engagement. Furthermore, the rapid diffusion of information through social media has heightened consumer awareness and demand for ethically sound business operations (Nafsani, 2023). Timor-Leste, as a growing participant in the international trade system, presents a valuable context for examining how ethical and social responsibility frameworks are adopted in export-import activities.

The significance of this research lies in its exploration of how companies operating in Timor-Leste manage the ethical dimensions of trade, such as labor practices, environmental compliance, and community development. The study also seeks to uncover the strategic advantages companies may gain through ethical conduct and CSR integration in cross-border trade operations.

The main research problem is formulated around the gap between global ethical expectations and the practical application of these principles in export-import activities in Timor-Leste. The study raises key research questions: How are ethics and social responsibility implemented in the export-import business practices in Timor-Leste? What challenges and best practices emerge from these implementations? By addressing the complex dimensions of business ethics in international contexts, this study contributes to theoretical development and practical insights relevant to corporate governance, sustainability, and international business operations.

This research adopts a qualitative literature review approach to synthesize key findings from previous studies, case examples, and academic frameworks. The objective is to identify effective strategies, critical gaps, and actionable recommendations for businesses seeking to align export-import practices with ethical and socially responsible standards. Ultimately, this study aims to provide a meaningful contribution to the literature by bridging the theoretical and practical understanding of ethical business conduct in developing trade environments such as Timor-Leste.

2. Literature Review

The discourse on business ethics and corporate social responsibility (CSR) has evolved significantly in the context of international trade, reflecting both normative expectations and strategic business considerations. Ethics in business refers to the application of moral principles that govern behavior in the corporate environment, while CSR encompasses broader responsibilities towards social and environmental well-being beyond legal compliance (Putrianingsih & Fitri, 2023). In international operations, these concepts become more complex due to differing legal frameworks, cultural values, and stakeholder demands.

Previous research has established that ethical practices and CSR are positively correlated with corporate reputation, stakeholder trust, and market competitiveness (Hadi, 2017). However, there is still a notable gap in how these principles are operationalized, particularly in developing countries where regulatory enforcement may be weak and cultural interpretations of ethics vary. In export-import businesses, ethical concerns include fair labor practices, transparency in trade documentation,

environmental impact of logistics, and fair dealings with suppliers and customers (Azra et al., 2023). Violations in these areas can damage a firm's reputation and create legal and operational risks.

In the context of Timor-Leste, the literature remains limited and fragmented. Some studies highlight the emerging role of CSR in post-conflict economic development, while others point to institutional weaknesses that hinder effective ethical governance. Ningrum (2020) emphasizes the importance of multi-stakeholder collaboration, including NGOs and government institutions, in promoting socially responsible trade practices. Yaumidin (2013) also notes that internal organizational factors, such as leadership commitment and employee training, are essential in embedding ethical behavior in daily operations.

Another key gap identified in the literature is the lack of integrated frameworks that guide companies in aligning export-import processes with ethical norms and CSR principles. The majority of existing studies focus on multinational corporations in developed markets, whereas the dynamics in smaller or emerging economies like Timor-Leste require tailored approaches. Furthermore, while there is growing awareness of the need for environmental responsibility in trade, research on its practical implementation—such as carbon footprint reduction in logistics or sustainable sourcing—is still underdeveloped.

This literature review thus sets the foundation for addressing the core research question: how ethics and CSR are applied in export-import activities in Timor-Leste, and what lessons can be drawn from international best practices. By reviewing both global insights and local realities, this study contributes to bridging the knowledge gap and offers a conceptual basis for policy and business practice improvements in ethical international trade.

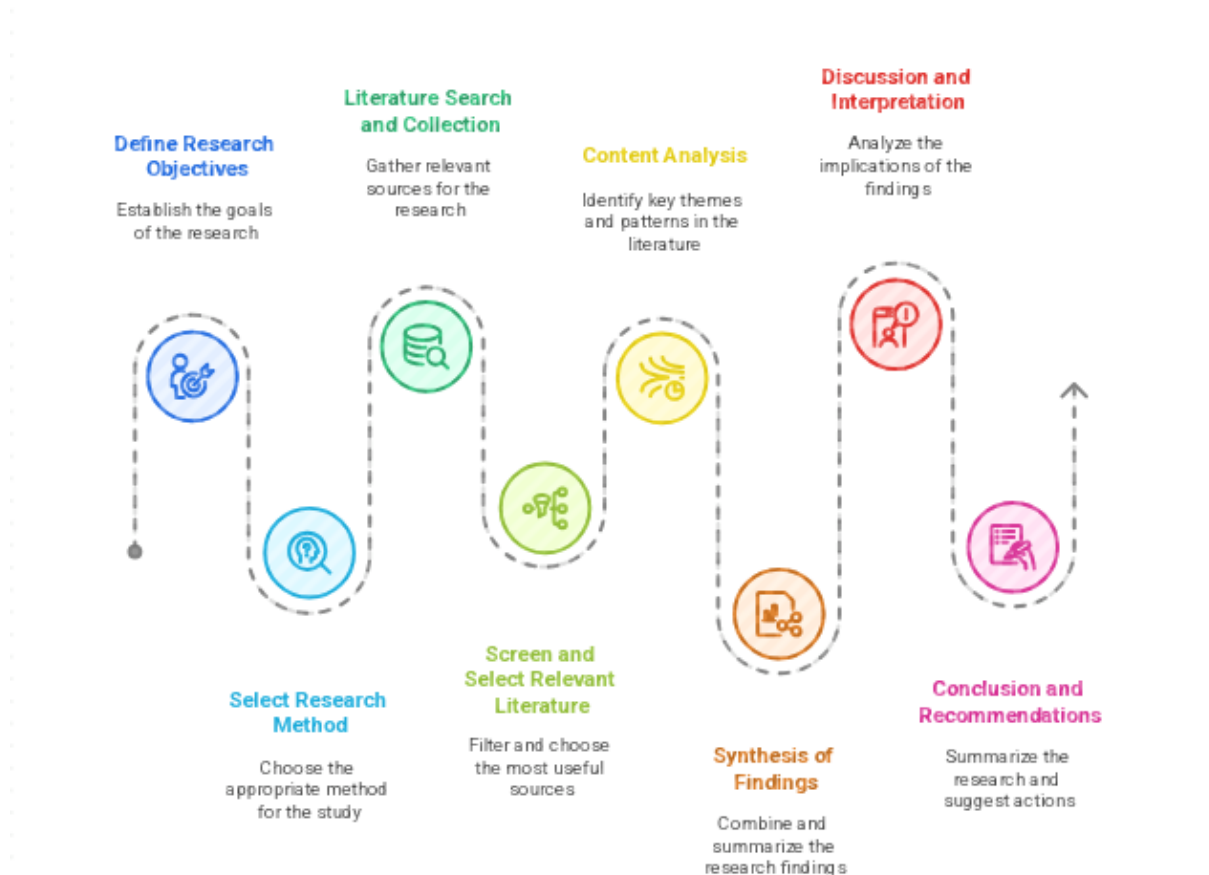
3. Method, Data, and Analysis

This research employs a qualitative approach using the literature review method to explore the application of ethics and social responsibility in the export-import activities of international business in Timor-Leste. This method was chosen because it allows the researcher to deeply examine various relevant literature, including scholarly articles, books, organizational reports, and policy documents related to the research topic. A literature review provides a strong theoretical foundation and enables the researcher to identify trends, challenges, and best practices in the application of ethics and social responsibility within the context of international business (Zakariah, Afriani, & Zakariah, 2020). The first step in this research method is the collection of relevant literature. The researcher conducted a literature search using various academic databases such as Google Scholar, JSTOR, and ScienceDirect, with keywords such as "business ethics," "corporate social responsibility," "export-import," and "international business." The selected literature includes publications from the past ten years to ensure that the data used is current and relevant to the present context.

After the literature is collected, the next step is content analysis. Content analysis is conducted to identify the main themes emerging from the reviewed literature (Sugiyono, 2019). These themes include the ethical principles applied in international business, the corporate social responsibility strategies adopted by companies, and the challenges and opportunities in integrating ethics and social responsibility into export-import activities. This analysis allows the researcher to construct a comprehensive overview of ethical and social responsibility practices in international business. With this systematic research method, the study is expected to make a significant contribution to the understanding of the application of ethics and social responsibility in export-import activities in

international business. Additionally, it aims to provide useful recommendations for companies operating in the global market.

Research Process on Ethics and CSR in International Business



4. Result and Discussion

Ethical Principles in Export-Import Activities

In international business, particularly in export-import activities, the application of ethical principles is crucial. These principles include honesty, transparency, fairness, and responsibility, all of which play a role in building a strong reputation and good relationships with stakeholders. Honesty is the foundation of every successful business interaction. In the context of export-import, companies must ensure that the information provided to customers, suppliers, and authorities is accurate and not misleading. Honesty encompasses aspects such as product specifications, pricing, and delivery times. For instance, a company that sells goods with clear specifications and does not make exaggerated claims about product quality will gain more trust from its business partners. This honesty not only enhances the company's reputation but also reduces the risk of legal disputes and loss of customers (Hudiarini, Kartiko, & Mundzir, 2018).

Responsibility is a principle that requires companies to be accountable for the impact of their business activities on society and the environment. Companies must adopt socially and environmentally responsible business practices to minimize the negative impacts of their operations. For example, companies that implement recycling programs and utilize renewable energy sources in their production processes demonstrate a commitment to environmental responsibility. Additionally,

companies that support social initiatives, such as education and community development programs, exhibit tangible social responsibility (Khoirudin, Hidayat, & Yulianto, 2016). The application of these ethical principles in export-import activities in Timor-Leste not only enhances the company's reputation but also creates stronger and more sustainable relationships with stakeholders. Companies that are consistent in applying these principles tend to be more successful in facing challenges and seizing opportunities in the competitive international market.

Corporate Social Responsibility in Export-Import

Corporate Social Responsibility (CSR) has become an essential element in global business strategy, particularly in the context of export-import activities in Timor-Leste. Companies that adopt CSR are committed not only to seeking financial profit but also to making a positive contribution to the social and environmental well-being of the areas in which they operate. One of the main aspects of CSR in export-import is the initiative to enhance the welfare of local communities. This can take the form of community development programs designed to improve infrastructure, healthcare services, or education in the regions where companies operate (Thian, 2024). Real-world examples include companies that build schools, health centers, or other public infrastructure to improve the living standards of local communities. By providing direct benefits to the surrounding community, companies not only fulfill their social responsibilities but also create harmonious and sustainable relationships with local residents.

Education is also a primary focus in corporate CSR initiatives within the context of export-import. Companies can support education by providing scholarships, training programs, or skill development opportunities for local communities. This helps to enhance the quality of life and offers economic opportunities for individuals who previously had limited access to education and training. Environmental aspects should not be overlooked in the integration of CSR into export-import operations. Companies can adopt sustainable business practices, such as using renewable energy, efficient waste management, or environmental conservation programs. Concrete examples include initiatives to reduce carbon footprints, restore natural habitats, or use environmentally friendly raw materials in the supply chain. By addressing both educational and environmental concerns, companies can create a more comprehensive and impactful CSR strategy that benefits the community and supports sustainable development.

Integrating CSR into export-import activities is not just about fulfilling moral obligations; it is also a smart strategy from a business perspective. Companies that are active in CSR tend to gain a competitive advantage by building a strong reputation in the eyes of customers, suppliers, and investors. Increasingly aware consumers are choosing products and services from companies that demonstrate a genuine commitment to social and environmental responsibility, while investors prefer to invest in companies perceived as sustainable in their business practices (Pardede, 2023). Thus, the integration of CSR into export-import operations in Timor-Leste not only contributes to the long-term sustainability of the company but also strengthens relationships with stakeholders and provides significant added value in the context of an increasingly complex and interconnected global business environment.

Challenges and Opportunities in Implementing Ethics and Social Responsibility

The implementation of ethics and corporate social responsibility (CSR) in export-import activities is not without its challenges. One of the main challenges is the complex cultural differences across various international markets. Companies must understand and respect local cultural values

that may differ from their own. For instance, concepts such as human rights, environmental protection, and fair treatment of workers can have different interpretations in different countries, necessitating a sensitive and tailored approach. Complex regulations also pose significant challenges in implementing ethics and CSR in export-import activities. Each country, including Timor-Leste, has different regulations regarding the environment, labor, and business transparency. Companies must comply with the applicable local regulations without compromising their ethical principles. This can become complicated due to variations in interpretation and enforcement of laws in each jurisdiction (Juliswara, 2019). Despite these challenges, there are also opportunities for companies that effectively implement ethics and CSR. By embracing ethical practices and social responsibility, companies can differentiate themselves in the marketplace, enhance their reputation, and build stronger relationships with stakeholders. Moreover, companies that proactively address these challenges can often identify innovative solutions and practices that not only comply with regulations but also contribute positively to society and the environment. This dual approach can lead to long-term success and sustainability in the competitive global market.

Implementation costs are another critical factor that can pose a barrier to adopting ethical practices and CSR in export-import activities. Adopting sustainable technologies and business practices often requires significant upfront investment. For example, transitioning to renewable energy sources or improving workplace safety standards in the supply chain can incur high expenditures. Companies must consider these costs as part of their long-term business strategy. Despite the significant challenges faced in implementing ethics and CSR, there are also opportunities to strengthen ethical and socially responsible practices within the company. One of the primary opportunities is to enhance operational efficiency and reduce long-term risks. For instance, by minimizing waste or improving energy efficiency, companies not only lessen their environmental impact but also lower long-term operational costs (Soesanto, 2022). By strategically investing in sustainable practices, companies can position themselves for greater resilience in the market, attract socially conscious consumers, and potentially open new markets that prioritize ethical and responsible sourcing. This proactive approach can lead to a more sustainable business model that benefits both the company and society as a whole.

Enhancing a company's reputation and brand is also a significant opportunity that arises from implementing ethics and CSR in export-import activities. Increasingly conscious and forward-thinking consumers tend to support companies that are committed to social and environmental responsibility. This can lead to higher customer loyalty and differentiate the company from its competitors in the competitive global market. To address challenges and leverage these opportunities, holistic and integrated strategies are necessary. Companies need to adopt a comprehensive risk-based approach, collaborate with stakeholders, and invest resources in innovation to achieve long-term success in their ethical and CSR practices. By doing so, they not only improve their market position but also contribute positively to society and the environment, fostering a sustainable business model that aligns with the values of modern consumers.

5. Conclusion and Suggestion

The implementation of ethical principles such as honesty, transparency, fairness, and social responsibility has proven essential in building a strong reputation and sustainable relationships with stakeholders in the context of international business. These practices not only help companies fulfill their moral obligations but also provide significant competitive advantages. Companies that consistently apply ethics and CSR tend to be better equipped to navigate challenges such as cultural differences and regulatory complexities while capitalizing on opportunities to enhance operational

efficiency and strengthen their position in Timor-Leste as well as in the global market. By embracing these ethical frameworks, businesses can foster trust and loyalty among customers, suppliers, and the communities in which they operate, ultimately contributing to long-term success and sustainability.

To achieve success in implementing ethics and social responsibility in export-import activities in Timor-Leste, companies are advised to adopt a holistic and integrated approach. This involves establishing clear and measurable policies related to ethics and CSR, providing education and training for employees to understand and apply these principles, and actively collaborating with stakeholders. Additionally, investing in sustainable technologies and innovations is key to reducing environmental impact and enhancing long-term operational efficiency in Timor-Leste. By adopting this approach, companies can not only meet the demands of an increasingly complex global business landscape but also become agents of positive change in the broader global community. Emphasizing ethical practices and social responsibility can lead to sustainable growth, improve company reputation, and contribute to the overall well-being of society.

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