

The Role of Business Ethics in Increasing Customer Loyalty

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Abstract

This research aims to determine and analyze the role of business ethics on increasing customer loyalty at MDS Jaya Buah Surabaya Fruit Shop. The sample in this study was 3 people as informants, namely employees and customers of the MDS Jaya Buah Surabaya Fruit Shop. The research method used is a descriptive research method with qualitative method analysis and data collection used is primary data in the form of interview observations. Secondary data obtained from this study is documentation. The data analysis technique used is the Miles and Huberman Interactive Model, data reduction, data presentation, drawing conclusions and verification. The results of the study indicate that the application of business ethics at the MDS Jaya Buah Surabaya Fruit Shop is good. The implementation of business ethics is carried out by committing to continue to carry out honest, fair and responsible business practices. The impact of the implementation of business ethics on customer loyalty at the MDS Jaya Buah Surabaya Fruit Shop is very significant. Customers feel satisfied with good, honest, fair and responsible service.

Keywords: Business Ethics, Customer Behavior, Customer Loyalty.

INTRODUCTION

In a highly competitive business world, companies are required to build good relationships with customers. Business ethics is one of the key factors that can influence this relationship. Business ethics focuses on the principles and values that govern the company's behavior in interacting and operating with various *stakeholders* including customers. Companies are also required to be able to organize management professionally. The implementation of a mature strategy, especially in terms of Marketing Management, can definitely support the company in order to provide the best performance. According to Kotler et al. (2022), marketing management is an art and science of getting customers, retaining customers, and increasing customers by determining target markets and making superior customer value

Companies that apply the principles of business ethics tend to have a positive reputation in the eyes of customers. This reputation can increase customer trust and when customers feel that a company acts ethically, they are more likely to remain loyal and continue to interact with the company. One important aspect of business ethics is transparency, Companies that are open about their business practices such as prices, product quality, and production processes will tend to gain more trust from customers. Transparency will create a sense of security and comfort for customers, which in turn can support their loyalty to the company. Besides transparency, integrity is also an important part of business ethics. When a company abides by the promises and commitments it has made, customers feel valued and cared for. Dishonesty or violation of promises can cause customers to feel betrayed, which can damage relationships and reduce loyalty. According to Andayani et al. (2022), business ethics is a method for carrying out business activities, which includes aspects related to companies, individuals, and society.



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The importance of business ethics in increasing customer loyalty can also be seen in the management of complaints and suggestions from customers. Companies that handle complaints well and show empathy are more likely to retain customers even after a problem occurs. This suggests that companies should pay attention to long-term relationships and be committed to improving the customer experience. Meanwhile, companies that have a strong culture of ethical practices tend to have more comfortable employees as well. Employees will feel proud to work for an ethical company and will indirectly improve the performance of the employees as well. This can create a positive experience for customers. By building trust and upholding integrity companies can create strong relationships with customers. Customer loyalty focuses not only on the quality of the product or service, but also on how the company behaves ethically in every aspect of its operations. According to Ekasari (2019). It can be said that the application of ethics will not reduce profits and will not affect the achievement of profits. In general, customers, employees, and society are very concerned about the application of ethics in a company, society and the surrounding environment.

Loyal customers are the most important thing for companies, because these customers not only return to buy products, but also tend to provide recommendations and advice to others. So, it is important for companies to understand how business ethics can contribute to increased customer loyalty. According to Soepratono (2024) organization or company needs improve ethical sales behavior and meeting customer needs to increase customer loyalty. Companies that pay attention to social responsibility can also increase customer loyalty. Customers are increasingly concerned about the environmental and social impacts of the products they buy. When companies demonstrate a commitment to social responsibility, customers feel more connected and are more likely to support the company. According to Siswati et al. (2024) Customer loyalty is a commitment given by customers to repurchase a product or service consistently even though they are in the midst of many choices or certain situations that can influence behavior change. From the background described, the problem formulation is obtained, namely how the role of business ethics on increasing customer loyalty at MDS Jaya Buah Surabaya Fruit Shop.

METHODS

The research was conducted through a qualitative approach. According to Sugiyono (2020), qualitative research is a research method based on the philosophy of postpositivism, used to research on natural object conditions, (as opposed to experiments) where the researcher is the key instrument, data collection techniques are carried out by triangulation or combination, data analysis is inductive, and qualitative study results emphasize meaning over generalization. The type of study approach is descriptive. According to Arikunto (2019) descriptive research is a type of study that aims to explore and provide a description of a predetermined situation or condition and for the results obtained will be presented in the form of a research report. The research was conducted from November 2024 to January 2025. Meanwhile, the location of this research was conducted at the MDS Jaya Buah Surabaya Fruit Shop located on Jl. Tanjungsari No. 47, Surabaya. MDS Jaya Buah was used as the object in this research because it is the most complete fruit wholesale center with competitive prices, besides that it has many loyal customers, both end users and agents to resell products.

ANALYSIS AND DISCUSSION

Application of Business Ethics at MDS Jaya Buah Surabaya Fruit Shop

The application of business ethics at MDS Jaya Buah Surabaya Fruit Shop is good. The implementation of business ethics is carried out by committing to continue to carry out honest, fair and responsible business practices. Honest business practices mean that employees do not commit any fraudulent acts in their activities. Fair business practices mean

that employees do not discriminate against customers. And responsible business practices mean that MDS Jaya Buah Fruit Shop is open to customers who want to make complaints, complaints received will be immediately responded to as soon as possible and will be handled as best as possible.

According to Andayani et al. (2022), there are 5 principles in business ethics which include the principle of autonomy, the principle of honesty, the principle of justice, the principle of mutual benefit, and the principle of moral integrity. First, the principle of autonomy. The principle of autonomy refers to the ability and attitude of individuals to make decisions independently, based on personal awareness of actions that are considered right or appropriate. At MDS Jaya Buah Surabaya Fruit Shop, employees provide the best possible service to customers and do not force customers to buy a product. Customers are given the freedom to choose which fruit to buy.

Second, the principle of honesty. This principle is related to trust. Honesty in the business realm is an aspect related to compliance with contact requirements, the provision of balanced products and services in terms of quality and price, and the establishment of ethical working relationships within the company's internal environment. At MDS Jaya Buah Surabaya Fruit Shop, employees are always honest in providing explanations about the products they sell. MDS Jaya Buah Surabaya Fruit Shop also provides the best quality products. However, with prices that are still able to compete.

Third, the principle of justice. This principle demands equal treatment for each individual based on objective, rational, and ethically and logically accountable criteria. At MDS Jaya Buah Surabaya Fruit Shop, the store is ready to take responsibility if there are customers who find fruit that is not fresh in the fruit they buy. Customers will get compensation in the form of exchange or replacement with fresher fruit.

Fourth, the principle of mutual benefit. This principle emphasizes the importance of efforts to provide solutions that benefit any party or *win-win solutions*, even in situations of intense business competition. At MDS Jaya Buah Surabaya Fruit Shop, the store is open to customers who have complaints and every complaint will be followed up quickly to reach a satisfactory solution. Fifth, the Principle of Moral Integrity. For business people, this principle is an ethical or moral demand to always uphold reputation and maintain a good name in every business activity. At MDS Jaya Buah Surabaya Fruit Shop, employees always maintain the good name of the company by not committing fraud in any form.

The Impact of Business Ethics Implementation on Customer Loyalty at MDS Jaya Buah Surabaya Fruit Shop

The impact of the application of business ethics on customer loyalty at MDS Jaya Buah Surabaya Fruit Shop is very significant. Customers are satisfied with good, honest, fair and responsible service. Customers are also happy with the absence of fraud committed. Also, with the openness of MDS Jaya Buah Surabaya Fruit Shop to complaints received. These factors make customers always come back to MDS Jaya Buah Surabaya Fruit Shop.

According to Siswati et al. (2021) Customer loyalty has 5 indicators which include repeat purchases, purchases with more quantity, more frequent visits, giving recommendations to people, showing resistance from competitors. First, the existence of repeat purchases reflects consumer loyalty to a particular brand or product. At MDS Jaya Buah Surabaya Fruit Shop. Customers who are satisfied with the quality of service will always come back to this store to repurchase products.

Second, more quantity purchases, which can reflect a high level of loyalty to a brand is when consumers buy more and more products or services from that brand. At MDS Jaya Buah Surabaya Fruit Shop, customers who initially bought just to try it will come back to buy more after knowing the quality of the products owned by MDS Jaya Buah Surabaya Fruit Shop.

Third, there is a more frequent frequency of visits. When consumers visit the place of business more often and have the desire to make more frequent visits, it reflects customer loyalty that is starting to increase. At MDS Jaya Buah Surabaya Fruit Shop, when customers feel happy with the quality of existing products and services, they will definitely come to this shop more often when they want to buy fresh fruit. Fourth, giving recommendations to people. When customers are satisfied with the quality of the products and services they get, they will recommend or give advice to others. At MDS Jaya Buah Surabaya Fruit Shop, when customers are satisfied with the quality of service and products available, they will usually give recommendations to others.

Fifth, it shows the durability of competitors. The durability of competitors can be demonstrated through the concepts of competitiveness and competitive advantage. Competitiveness is the ability of a company or industry to show better, faster, or more meaningful results than its competitors. At MDS Jaya Buah Surabaya Fruit Shop, customers tend to prefer to come to this shop even though there are other fruit shop options to choose from around this shop. This shows that MDS Jaya Buah Surabaya Fruit Shop already has its own loyal customers and is able to survive despite having many competitors.

This finding is in line with the opinion of Andayani et al. (2022) who stated that business ethics includes the way a company carries out its activities, both in terms of the company itself, the individuals in it, and relations with the community. At Toko Buah MDS Jaya Buah, not only individuals (employees) demonstrate ethical behavior, but also the company as a whole shows concern for satisfaction and justice for the community (customers). Furthermore, the principle of mutual benefit applied by Toko Buah MDS Jaya Buah shows the company's efforts to create harmonious and sustainable relationships with customers, which reflects the principle of a win-win solution as referred to in modern business ethics. This supports the findings of Ekasari (2019) who stated that the application of ethics in business does not reduce profits or hinder the achievement of profits. On the contrary, the application of ethics actually increases customer trust and strengthens the company's reputation, which ultimately has a positive impact on business sustainability.

The aspect of moral integrity maintained by employees also shows that they have a high awareness of the importance of maintaining the company's good name. This is a real form of moral responsibility and professionalism, in accordance with the ethical principles underlined by Andayani et al. and reinforced by Ekasari, that ethics is something that is considered not only by customers, but also by employees and the surrounding community. Overall, the application of business ethics principles at Toko Buah MDS Jaya Buah Surabaya is not only in line with the theory put forward by Andayani et al. (2022) and Ekasari (2019), but also serves as a concrete example of how ethical values in business can be applied practically and provide real benefits, both for the company and for society.

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CONCLUSION

Conclusions that can be drawn regarding the role of business ethics in increasing customer loyalty at MDS Jaya Buah Surabaya Fruit Shop, as follows, The application of business ethics at MDS Jaya Buah Surabaya Fruit Shop is good. The implementation of business ethics is carried out by committing to continue to carry out honest, fair and responsible business practices. Honest business practices mean that employees do not commit any fraudulent acts in their activities. Fair business practices mean that employees do not discriminate against customers. And responsible business practices mean that MDS Jaya Buah Fruit Shop is open to customers who want to make complaints, complaints received will be immediately responded to as soon as possible and will be handled as best as possible. For development, MDS Jaya Buah Surabaya Fruit Shop can also implement business ethics by reducing the use of plastic bags and using more recyclable *packing* to be more environmentally friendly. The impact of the application of business ethics on customer loyalty at MDS Jaya Buah Surabaya Fruit Shop is very significant. Customers are satisfied with good, honest, fair and responsible service. Customers are also happy with the absence of fraud committed. Also, with the openness of MDS Jaya Buah Surabaya Fruit Shop to complaints received. These factors make customers always come back to MDS Jaya Buah Surabaya Fruit Shop. In terms of Customer Loyalty, MDS Jaya Buah Surabaya Fruit Shop needs to develop strategies to retain its customers such as by implementing a membership system and loyalty program. By implementing strategies like this, of course, Customer Loyalty from MDS Jaya Buah Surabaya Fruit Shop will be able to grow even more in the future.

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