

THE INFLUENCE OF BUSINESS ETHICS ON CUSTOMER SATISFACTION (Study of the HATI Apparel Business in Makassar City)

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ARTICLE INFO

Keywords:

Business Ethics, Customer Satisfaction

ABSTRACT

This study aims to determine the effect of business ethics on customer satisfaction at HATI Apparel Business in Makassar City. Indicators of business ethics consist of justice, honesty and trust. This type of research is quantitative associative in nature. The population is 471 customers in the January-December 2021 period of HATI Apparel Business in Makassar City. The sampling technique used was accidental sampling with a sample size of 70 respondents. The data collection technique was carried out by distributing questionnaires to customers. The data analysis technique uses simple regression with the help of SPSS version 25 software. The results of this study indicate that business has a positive and significant effect on customer satisfaction, partially on customer satisfaction of HATI Apparel Business in Makassar City. Simultaneously, the influence of business ethics has a significant effect on Customer Satisfaction at HATI Apparel Business in Makassar City.

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1. INTRODUCTION

The continuously developing business world is a challenge and threat for business actors in Makassar City. For actors who want to compete and maintain the continuity of their company or business, they must be able to offer superior products or services at lower prices than their competitors, with faster turnaround times in order to gain a competitive advantage compared to their competing companies. The large business opportunities involved in t-shirt screen printing and convection in Makassar City have spurred other businesses to develop. Sourced from the Makassar City BPS report[1]. There are 160 convection/textile industry businesses, whereas previously in 2020 there were only 17 businesses. The emergence of various kinds of businesses operating in the field of t-shirt screen printing and convection shows that this business is quite popular and has the potential to generate profits. However, competition in businesses operating in this field is very tight, therefore, competition is faced as a motivator to improve quality in providing the best service to consumers. Business actors must be able to adapt their business strategies to the ever-changing environment in order to win business competition, maintain the market they have, and win the current market. Fulfill and provide services by paying attention to business ethics towards each customer's increasingly varied and dynamic requests. Business actors must be able to develop the quality of goods and provide a shopping experience to consumers by paying attention to the code of ethics.

Since the HATI Apparel business was founded in 2021, based on initial observations with Haidir Ali, the CEO (Chief Executive Officer) of the business has implemented business ethics in various aspects in determining the course of the business. For example, in determining promotional strategies where decision makers always consider being sporty without denigrating other businesses in similar fields, then in determining prices, HATI Apparel Business is honest and does not harm customers who shop with them. This aims to ensure that customers who shop at the business HATI Apparel feels satisfied and will later be loyal to HATI Apparel's business. Haidir Ali added that HATI Apparel Business also provides a return guarantee for units sold if an error occurs in the production process so that the resulting product has defects.

So customer satisfaction is closely related to business ethics, the satisfaction obtained by customers cannot be separated from the application of business ethics in running a business[2]. Therefore, business ethics provides encouragement to customers to establish good relationships with

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business actors. In the long term, good relationships between customers and business actors enable business actors to carefully understand customer expectations and consumer needs. In this way, business actors can increase customer satisfaction by maximizing pleasant customer experiences and minimizing unpleasant customer experiences.[3].

Factors that determine satisfaction are consumer perceptions regarding the implementation of business ethics by business actors. This research focuses on fairness, honesty, and trustworthiness of the business itself which is in accordance with the values and principles of business ethics.[4]. Customers in choosing a product or service do not only depend on the quality of service, but also depend on the value that customers feel. Traders must add value to make customers get what they paid for or more than they expected. So that customers can survive and become loyal customers[5].

With the increase in the number of customers but sales decreasing in the January-December 2021 period, HATI Apparel Business makes us aware that running a business requires a climate that is truly built on good and correct business ethics, respecting ethics and morality, and still maintaining values - existing cultural values.

Literature Review

Business Ethics

Ethics (Ancient Greek: "ethikos", meaning "arising from habit") is the main branch of philosophy that studies values or qualities. Ethics includes the analysis and application of concepts such as right, wrong, good, bad, and responsibility. Ethics is the science that deals with evil and moral rights and obligations[6]. Ethics can be defined as a set of moral principles that distinguish good from bad. Ethics is a field of science that is normative because it plays a role in determining what an individual should or should not do. Ethics also regulates the relationship between institutions in society and other institutions in the social system and its environment[7]. A business is an organization that carries out production and sales activities of goods and services desired by consumers to obtain a profit. The goods in question are products that physically have a form (can be seen with the senses), while services are activities that provide benefits to consumers or business people.[8].

The two definitions above are closely related to how a business carries out its business every day, where there are sellers and buyers carrying out transactions every day, where in essence, to achieve good business competition, good service to buyers must be based on moral and responsible ethics so that it will influence on sustainable market existence.

Principles of Business Ethics

According to The principles of business ethics consist of three, namely, justice, honesty and trust [9]. As follows:

1. Justice

The principle of justice includes balance and responsibility. Balance in this world and the hereafter. By acting fairly, a businessman will distance himself from things that are haram, away from matters and goods that are unlawful. The principle of justice which creates balance, balance in life, does not hoard goods so that it will not result in a scarcity of goods and ultimately cause prices to rise. This only prioritizes certain parties and to obtain large profits. People who bring in merchandise to sell will always get sustenance, and people who hoard goods will be cursed by Allah. The principle of justice that carries out responsibility. This principle is that with justice, a person will have empathy for other people so that he will be responsible for all his actions, and before Allah SWT, every human deed will be held accountable.

2. Honesty

Honesty in all things will bring happiness in this world and the hereafter. An honest person will have many relatives and be trusted by other people. Honesty brings calm and dishonesty will give rise to doubt. The principle of honesty will give birth to various commendable attitudes, namely: not covering up defects in the goods being sold, not committing fraud in buying and selling, not committing gharar (fictitious transactions) in buying and selling, not taking usury and not taking oaths so that the goods being sold sell .

3. Trust

Keeping one's trust is a noble moral. The meaning of trust is to return any rights to their owners, not to take anything beyond their rights and not to reduce other people's rights, whether in the form of prices or wages. Trust becomes more important when someone forms a trade union, shares profits (mudharabah), or wakalah (entrusts goods to carry out a project that has been mutually agreed upon). In this case, the other party believes and keeps promises for the common good. If one party does it only for the benefit of his party, then he has betrayed.

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Customer satisfaction

Customer satisfaction is a feeling of pleasure or disappointment that comes from a comparison between his impression of the performance or results of a product and his expectations[10]. So by creating optimal customer satisfaction it will encourage the creation of loyalty in the minds of customers who feel satisfied with the product/service.[11].

According to[10]Several factors that influence customer satisfaction include the following.

- 1) *Tangibles*(physical evidence), can be physical facilities, equipment used, physical representation of products or services.
- 2) *Reliability*(reliability), namely the ability to carry out the promised product or service accurately and reliably.
- 3) *Responsiveness*(responsiveness) namely the ability to help customers by providing products or services quickly or in response.
- 4) *Empathy*(empathy), in the form of a requirement to care, give personal attention to customers.

So it can be concluded that business ethics is the application of values (good/bad) to the activities of buying and selling goods and services which aim to meet the needs of society. This is in line with research.[12]shows that business ethics has a significant effect on customer satisfaction. Furthermore, the results of research conducted by[5]whose research results show that the application of business ethics in a business activity has a positive and significant influence on customer satisfaction. The better the customer's perception of business ethics provided by the company, the higher customer satisfaction will be and if the customer's perception of business ethics is bad, the customer satisfaction will be lower.

2. METHOD

The analytical method used is descriptive analysis and simple linear regression analysis with SPSS version 25 software, which includes partial tests (t tests) and coefficient of determination tests (R²). Before carrying out simple linear regression analysis, the research instrument was tested in the form of a validity test and a reliability test.

3. RESULTS AND DISCUSSION

The results of the validity test showed that the Pearson Correlation was greater than 0.361, so it can be concluded that all statement items used in this research were declared valid and all items showed a positive direction. The reliability test carried out using Spearman Brown correlation showed that all statement items were declared reliable, because the Croanbach's Alpha value was above 0.600. Testing the influence of business ethics on consumer satisfaction (Y), simple linear regression was used and also to test the hypothesis. Based on the classical assumption test, namely the normality test and heteroscedasticity test. The results of the normality test show that the data is spread in the same direction following the diagonal line, so it can be concluded that the regression model is suitable for use because it meets the assumptions of normality. Next, the heteroscedasticity test between the predicted value of the dependent variable, namely ZPRED, and the residual SRESID found that the points spread above and below the number 0 on the Y axis, so there was no heteroscedasticity, so this regression model was acceptable.

The results of simple linear regression analysis show that the R value = 0.788. This means that the relationship between business ethics and consumer satisfaction is 78.8%. This means the relationship is close. Adjusted R square of 0.615 means that 61.5% of the customer satisfaction variable for HATI Apparel Business in Makassar city can be explained by business ethics, while 39.5% is explained by other variables outside this research.

Table 1. Regression Test Results

		Coefficients ^a		t	Sig.
		Unstandardized Coefficients	Standardized Coefficients		
Model		B	Std. Error	Beta	
1	(Constant)	4,008	2,172		1,845 ,069
	ETHICS_ BUSINESS	0.555	0.053	0.788	10,538 ,000

a. Dependent Variable: CUSTOMER_SATISFACTION

1. The a value of 4.008 is a constant or condition when the Business Ethics variable (Y) has not been influenced by other variables, namely Business Ethics (X). If the independent variable (Business Ethics) does not exist then the dependent variable (Customer Satisfaction) does not change.
2. For the Business Ethics variable (X), the regression coefficient value is 0.555 (55.5%) indicating that the Business Ethics variable (X) has a positive value for Customer Satisfaction (Y), which means that for every one level/unit increase in the Business Ethics variable (X) then it will affect Customer Satisfaction (Y) by 0.55.5 (55.5%) with the assumption that other variables are not examined in this research.
3. Based on the output results, the regression equation formula is: $Y = 4.008 + 0.555X$

This research aims to analyze business ethics on customer satisfaction at the HATI Apparel Business in Makassar City. The results of the analysis show that the R value shows a close relationship between the independent variable (X) and the dependent variable (Y) of 0.069. The relationship is said to be close because the R value is close to 1, a positive sign of the R value means that the R value of the independent variable has a direct relationship with the dependent variable, if the independent variable is increased then the dependent variable will also increase, and vice versa. Partial testing shows positive numbers on the business ethics variable, so it can be said that the independent variable has a significant influence on customer satisfaction for HATI Apparel Business in Makassar City. If the business ethics variable is partially improved, consumer satisfaction will also increase.

Types of companies operating in the textile sector, especially screen printing and convection businesses, are always not free from problems that occur during the service delivery process. The more complex the service delivery in the screen printing and convection business, the greater the opportunity for service failure to occur. Failure to provide service can result in loss of customer trust and commitment, negative word of mouth recommendations and customer dissatisfaction. To reduce the negative impact of failure to provide service and to retain customers, companies must understand what customers expect when failure to provide service occurs and how to implement effective strategies for service recovery.

Effective complaint handling can increase customer satisfaction with the company (Jung & Seock, 2017). When customers are dissatisfied, companies can retain dissatisfied customers and maintain market share if they can implement good techniques in handling complaints effectively. Customer satisfaction is a high benchmark for various marketing needs and general company goals. The satisfaction felt by customers cannot be separated from the implementation of business ethics in a business activity.

In this research, Business Ethics has a positive and significant effect on customer satisfaction. This means that customer perceptions regarding business ethics have a direct effect on customer satisfaction. Business ethics demands that everyone be treated equally in accordance with fair, honest and accountable rules. Justice demands that everyone in business activities needs to be treated according to their respective rights and that no party's rights and interests should be harmed. Apart from justice, a dimension of business ethics is honesty. Honesty is an important aspect in running a business, this is in line with this research. So this research shows clearly that business will not be able to survive long and be successful if it is not based on business ethics.

4. CONCLUSION

The business ethics variable (X) has a significant effect on customer satisfaction (Y) of the HATI Apparel business in Makassar city partially. The owners and employees of the HATI Apparel Business in the city of Makassar are advised to improve the business ethics that have been implemented in order to further increase customer satisfaction. This research only concentrates on business ethics variables, therefore it is up to future researchers to conduct research on other variables and different objects in order to produce better research.

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