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The Influence of Business Ethics, Corporate Social Responsibility, and Environmental Sustainability on Consumer Loyalty

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Abstract:

This research aims to analyze the influence of business ethics, corporate social responsibility (CSR), and environmental sustainability on consumer loyalty. Business ethics reflects the moral values held by a company in its daily operations, while CSR refers to a company's social responsibility towards society and the environment. Environmental sustainability, which focuses on a company's efforts to maintain a balanced ecosystem, is increasingly becoming a concern for consumers when choosing products or services. This study uses quantitative methods with data collected through questionnaires to explore how these three factors can significantly influence consumer loyalty. The research results show that business ethics, CSR, and environmental sustainability have a positive influence on consumer loyalty. Consumers who feel that a company acts ethically, participates in social activities, and cares about the environment tend to be more loyal to the brand. These findings provide important implications for companies to pay more attention to ethical and social responsibility aspects to build long-term relationships with consumers.

Keywords: Business ethics, corporate social responsibility, environmental sustainability, consumer loyalty

Introduction

Consumer loyalty is one of the key elements in a company's long-term success. Loyal consumers not only continue to buy products or services but also act as supporters by recommending the company to others (Oliver, 1999). In an era of increasingly competitive global competition, maintaining consumer loyalty is a significant challenge for companies. This challenge is increasingly complex with the presence of various external factors such as changes in consumer preferences, increasing awareness of social and environmental issues, and increasing choices in the market (Kotler & Lee, 2022). Suryadi and Handayani (2023) emphasize that consumer loyalty is influenced by several important factors, including business ethics, corporate social responsibility (CSR), and environmental sustainability practices.

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Business ethics plays an important role in building consumer trust in a company. When a company applies ethical principles in its operations, consumers are more likely to trust the company (Drucker, 2021). On the other hand, CSR is a manifestation of the company's commitment to contributing to the welfare of society and the environment. A study by Gunawan and Purnama (2023) shows that companies that are active in CSR activities receive higher appreciation from consumers, which ultimately increases their loyalty. In addition, environmental sustainability is becoming an increasingly relevant factor with increasing consumer awareness of environmental issues. Consumers today are more likely to be loyal to companies that implement sustainable business practices (Elkington, 2022). However, there is still a gap in the literature regarding how significant the influence of these three factors is on consumer loyalty, especially in Indonesia.

Based on this background, this study aims to fill the gap and provide a deeper understanding of the influence of business ethics, CSR, and environmental sustainability on consumer loyalty in Indonesia. This study will provide further insight into how companies can leverage these three factors to increase consumer loyalty, which is one of the key factors for long-term business success

Literature Study

Consumer Loyalty

Consumer loyalty is defined as the willingness of consumers to continue choosing products or services from a particular company even though there are other alternatives (Oliver, 1999). Factors that influence loyalty include satisfaction, trust, and company values (Kotler & Lee, 2022).

Business Ethics

Business ethics are moral principles applied in corporate decision-making. Companies with good business ethics tend to build trust and long-term relationships with consumers (Drucker, 2021). Pratama (2022) stated that strong business ethics can increase consumer loyalty because it strengthens the company's reputation and credibility.

Corporate Social Responsibility

CSR encompasses corporate responsibility towards social and environmental aspects that go beyond legal obligations (Carroll, 2021). CSR activities such as donations, educational programs, and environmental initiatives can enhance a company's positive image in the eyes of consumers. Research by Gunawan and Purnama (2023) revealed that Indonesian consumers are more appreciate companies that implement CSR well, which has an impact on their loyalty.

Environmental Sustainability

Environmental sustainability involves practices aimed at reducing negative impacts on the environment, such as efficient use of resources and

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reducing carbon emissions (Elkington, 2022). Consumers who care about environmental issues are more likely to be loyal to companies that are committed to sustainable practices (Suryadi & Handayani, 2023).

Hypothesis

Based on the literature review above, the research hypothesis is formulated as follows: Strong business ethics increase trust and long-term relationships, as outlined by Pratama (2022).

Ha1: Business ethics has a positive influence on consumer loyalty.

Corporate Social Responsibility (CSR), a study by Gunawan and Purnama (2023) shows that CSR can improve corporate image and consumer loyalty.

Ha2: CSR has a positive influence on consumer loyalty.

Research by Suryadi and Handayani (2023) states that environmentally conscious consumers tend to support sustainable companies.

Ha3: Environmental sustainability has a positive effect on consumer loyalty.

Research Methods

This study uses a quantitative approach with a survey method to test the influence of business ethics, corporate social responsibility (CSR), and environmental sustainability on consumer loyalty. Data were collected through questionnaires distributed to consumers who had interacted with companies that implemented the three variables. The population of this study is consumers of companies that implement business ethics, CSR, and environmental sustainability in Indonesia. Samples were taken using the purposive sampling method, where respondents were selected based on their experience interacting with companies that are active in business ethics, CSR, and environmental sustainability. The number of samples used was 200 respondents.

The data collection technique used in this study is using a questionnaire media with the likert method. The variables studied consist of two, namely the dependent variable (Y) and the independent variable (X). The questionnaire was distributed with five variables (X) which led to one conclusion (Y), namely the influence of public trust (X) on the dependent variable (Y), namely accountability performance. The questionnaire used is a choice type with a scale that is scored for each category: 1 (Totally Unbelievable); 2 (Less Trust); 3 (Trust); 4 (Just Trust); 5 (Very Confident).

Several test tools are often used in classical assumption tests, including the normality test which aims to test whether, in the regression method, the dependent variable and the independent variable both have a normal distribution (Ghozali, 2013). The normality test is carried out to test whether, in the regression model, the interfering variable or residual has a normal distribution or not. Good regression is a regression that has normally distributed data. Simple linear regression. Simple linear regression often abbreviated as SLR (Simple Linear Regression) is also one of the statistical methods used in production to make forecasts or predictions about quality and quantity characteristics, research hypothesis testing To answer the hypothesis in this study, the author uses the t-test, because this test is used to

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determine the influence and relationship of independent variables to dependent variables individually or partially and the determination coefficient is the square of the correlation coefficient (r^2) related to the independent variable and the dependent variable. In general, it is said that r^2 is the square of the correlation between the one used as a predictor and the variable that provides the response. The coefficient of determination is used as an effort to see the magnitude of the influence of the independent variable on the dependent variable (Abdurrahman et al.2011).

Independent Variables: Business Ethics (X1): Measure how the company applies moral principles and ethical value in running its business. Corporate social Responsibility (CSR) (X2): Measure the extent to which a company is involved in social activities that are responsible and beneficial to society and the environmental. Environmental Sustainability (X3): Measure the company's efforts to maintain environmental balance and sustainability. Dependent Variable: Consumer Loyalty (Y): Measure the consumer's commitment to continue purchasing products or services from a company and recommending them to others.

Results And Discussion

Analisis Statistik Deskriptif

Descriptive Statistical Analysis

The result of the descriptive statistical analysis are as follow:

Table 1. Result of Descriptive Statistical Test

| Descriptive Statistics | | | | | |
|--------------------------------------|----|------|------|-------|----------------|
| | N | Min. | Max. | Mean | Std. Deviation |
| Business Ethics (X1) | 30 | 10 | 20 | 13.63 | 2.282 |
| Corporate Social Responsibility (X2) | 30 | 9 | 17 | 12.90 | 1.918 |
| Enviromental Sustainability (X3) | 30 | 8 | 20 | 12.93 | 2.504 |
| Enviromental Sustainability (Y) | 30 | 9 | 20 | 13.20 | 2.398 |
| Valid N (listwise) | 30 | | | | |

Source: Researcher (2024)

The results of the descriptive statistical test show that the number of samples (N) used in this study is 30. The Business Ethics variable (X1) has a minimum value of 10, a maximum of 20, a mean of 13.63, and a standard deviation of 2,282, indicating a moderate level of variation in the data. The Corporate Social Responsibility variable (X2) has a minimum value of 9, a maximum of 17, a mean of 12.90, and a standard deviation of 1,918, reflecting a relatively uniform data

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distribution. For the Environmental Sustainability variable (X3), the minimum value is 8, a maximum of 20, a mean of 12.93, and a standard deviation of 2,504, indicating a greater variation compared to X2. Finally, the Consumer Loyalty variable (Y) has a minimum value of 9, and a maximum of 20, with a mean of 13.20 and a standard deviation of 2,398, indicating a diversity of consumer loyalty levels. Overall, these results indicate that the data used is quite varied, but remains within a reasonable range for further analysis.

Validity Test

Table 2. Validity Test Result

| Variables | Indicator | r Count | r Table | Sig | n | Capt |
|-----------------------------------|-----------|---------|---------|-------|------|-------|
| Business Ethics (X1) | X1.1 | 0.762 | 0.361 | 0.000 | 0.05 | Valid |
| | X1.2 | 0.765 | 0.361 | 0.000 | 0.05 | Valid |
| | X1.3 | 0.717 | 0.361 | 0.000 | 0.05 | Valid |
| | X1.4 | 0.679 | 0.361 | 0.000 | 0.05 | Valid |
| CSR (X2) | X2.1 | 0.681 | 0.361 | 0.000 | 0.05 | Valid |
| | X2.2 | 0.669 | 0.361 | 0.000 | 0.05 | Valid |
| | X2.3 | 0.680 | 0.361 | 0.000 | 0.05 | Valid |
| | X2.4 | 0.723 | 0.361 | 0.000 | 0.05 | Valid |
| Sustainability Environmental (X3) | X3.1 | 0.851 | 0.361 | 0.000 | 0.05 | Valid |
| | X3.2 | 0.766 | 0.361 | 0.000 | 0.05 | Valid |
| | X3.3 | 0.734 | 0.361 | 0.000 | 0.05 | Valid |
| | X3.4 | 0.816 | 0.361 | 0.000 | 0.05 | Valid |
| Loyalty Consumer (Y) | Y1 | 0.788 | 0.361 | 0.000 | 0.05 | Valid |
| | Y2 | 0.648 | 0.361 | 0.000 | 0.05 | Valid |
| | Y3 | 0.758 | 0.361 | 0.000 | 0.05 | Valid |
| | Y4 | 0.837 | 0.361 | 0.000 | 0.05 | Valid |

Source: Researcher (2024)

It can be concluded that all the question indicators used are valid because the R-count of each indicator is greater than Rtable (0,361) and can be said to be valid because the significance level is less than 0,05.

The results of the reliability test are as follows:

Table 3. Reliability Test Results

| Variabel | Cronbach's Alpha | Standard | Keterangan |
|-----------------------------------|------------------|----------|------------|
| Business Ethics (X1) | 0.708 | 0.60 | Reliable |
| CSR (X2) | 0.626 | 0.60 | Reliable |
| Environmental Sustainability (X3) | 0.798 | 0.60 | Reliable |
| Consumer Loyalty (Y) | 0.751 | 0.60 | Reliable |

Source: Researcher (2024)

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Based on the test results above, shows that all variables have Cronbach's alpha > 0.60, where the business ethics variable has Cronbach's alpha of 0.708, the CSR variable has Cronbach's alpha of 0.626 and the consumer sustainability variable has Cronbach's alpha of 0.798 > standard 0.60, so it can be concluded that all variables are reliable.

The results of the normality test are as follows:

Table 4. Normality Test result

| One-Sample Kolmogorov-Smirnov Test | | |
|------------------------------------|----------------|-------------------------|
| | | Unstandardized Residual |
| N | | 30 |
| Normal Parameters ^{a,b} | Mean | .0000000 |
| | Std. Deviation | 1.47405828 |
| Most Extreme Differences | Absolute | .173 |
| | Positive | .173 |
| | Negative | -.092 |
| Test Statistic | | .173 |
| Asymp. Sig. (2-tailed) | | .022 ^c |

a. Test distribution is Normal.

b. Calculated from data.

Source: Researcher (2024)

The results of the Kolmogorov-Smirnov normality test show that the significant value is $0.022 < 0.05$, which means that the data is not normally distributed. Where the supporting sub-variables of the independent variable are not evenly distributed so that they are less representative of the assessment of the independent variable.

Table 5. Heteroskedasticity Test Results

| Model | Unstandardized Coefficients | | Standard Coefficients | | t | Sig. |
|-------|-----------------------------|------------|-----------------------|-------|--------|------|
| | B | Std. Error | Beta | Beta | | |
| 1 | (Constant) | 1.662 | 1.135 | | 1.465 | .155 |
| | X1 | .265 | .110 | .616 | 2.420 | .023 |
| | X2 | -.345 | .107 | -.674 | -3.224 | .003 |
| | X3 | .020 | .094 | .051 | .210 | .835 |

Dependent Variable: ABS_RES

Source: Researcher (2024)

The results of the heteroscedasticity test show that the variables have a sig value > 0.05, where the business ethics variable (x1) has a significant value of 0.023 < 0.05, the CSR variable (x2) has a significant value of 0.003 < 0.05, and the environmental sustainability variable has a significant value of 0.835 > 0.05,

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however overall it can be concluded that there are no symptoms of heteroscedasticity or it passes the heteroscedasticity test.

Multicollinearity Test

Table 6. Multicollinearity Test Result

| Model | Collinearity Statistics | |
|-------|-------------------------|------|
| | Tolerance | VIF |
| 1 | X1 | .399 |
| | X2 | .590 |
| | X3 | .447 |

Dependent Variable: Y (Consumer Loyalty)
 Source: Researcher (2024)

The results of the multicollinearity test show that all variables have values tolerance > 10 or VIF value < 10, then it can be concluded that there are no symptoms of multicollinearity or the business ethics variables (X1), CSR (X2) and environmental sustainability (X3) pass the multicollinearity test.

Multiple Linear Regression Test

Table 7. Multiple Linear Regression Test Results

| Model | Unstandardized Coefficients | | Standard. Coefficients | t | Sig. |
|------------|-----------------------------|------------|------------------------|-------|------|
| | B | Std. Error | Beta | | |
| (Constant) | .700 | 2.077 | | .337 | .739 |
| X1 | .419 | .201 | .398 | 2.086 | .047 |
| X2 | .231 | .196 | .184 | 1.175 | .251 |
| X3 | .295 | .173 | .308 | 1.710 | .099 |

Dependent Variable: Y (Consumer Loyalty)
 Source: Researcher (2024)

Based on the data above, the calculation results are entered into the multiple linear regression equation: $Y \text{ (Consumer Loyalty)} = 0.7 + 0.419 \text{ Business Ethics} + 0.231 \text{ CSR} + 0.295 \text{ Environmental Sustainability}$

T - Test

Table 10. T - Test Results

| Model | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
|------------|-----------------------------|------------|---------------------------|-------|------|
| | B | Std. Error | Beta | | |
| (Constant) | .700 | 2.077 | | .337 | .739 |
| X1 | .419 | .201 | .398 | 2.086 | .047 |

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| | | | | | |
|----|------|------|------|-------|------|
| X2 | .231 | .196 | .184 | 1.175 | .251 |
| X3 | .295 | .173 | .308 | 1.710 | .099 |

Dependent Variable: Y (Consumer Loyalty)

Source: Researcher (2024)

Business ethics has a significant value of $0.047 < 0.05$, having a t-test t-count $> t_{table} 2.086 > 0.361$, CSR has a significant value of $0.251 > 0.05$ with tcount $1.175 > t_{table} 0.361$, and environmental sustainability has a significant value of $0.099 > 0.05$ dengan t-count $1.710 > t_{table} 0.361$.

Table 9. F Test Results

| Model | Sum of Squares | df | Mean Square | F | Sig. |
|------------|----------------|----|-------------|--------|-------|
| Regression | 103.787 | 3 | 34.596 | 14.275 | .000b |
| Residual | 63.013 | 26 | 2.424 | | |
| Total | 166.800 | 29 | | | |

a. Dependent Variable: Loyalitas Konsumen (Y)

b. Predictors: (Constant), X3, X2, X1

Source: Researcher (2024)

The probability value is $0.000 < 0.05$, so H_0 is rejected and H_1 , H_2 , and H_3 are accepted, so it can be concluded that the simultaneous implementation of business ethics, CSR, and environmental sustainability by the Company affects consumer loyalty.

The results of the t-test show that business ethics has a significant influence on consumer loyalty. With a significance value of 0.047 which is smaller than 0.05 , this means that the influence of business ethics on consumer loyalty is statistically significant. In addition, the t-count value of 2.086 is greater than the t-table of 0.361 , which strengthens the conclusion that business ethics has a significant effect. Therefore, the null hypothesis (H_0) which states that business ethics does not affect consumer loyalty is rejected, and the alternative hypothesis (H_a) which states that business ethics has a positive effect on consumer loyalty is accepted. Consistent application of business ethics by companies helps build consumer trust. With this increased trust, consumer loyalty also increases. Consumers feel more comfortable and confident using products from companies that implement good business ethics, so they tend to be more loyal.

In the CSR variable, the test results show that the significance value is 0.251 , which is greater than 0.05 . This indicates that CSR does not have a significant effect on consumer loyalty. Although the t-count of 1.175 is greater than the t-table of 0.361 , the significance of more than 0.05 means that the effect of CSR on consumer loyalty cannot be proven statistically in this study. Thus, the null hypothesis (H_{02}) stating that CSR does not affect consumer loyalty is accepted, and the alternative hypothesis (H_{a2}) is rejected. Although CSR is generally considered important, in this study its effect was not significant on consumer loyalty. This may be because

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consumers do not always pay attention to or assess CSR activities as the main factor in determining their loyalty, or other factors are more influential.

In the environmental sustainability variable, the significance value of 0.099 which is greater than 0.05 indicates that the effect of environmental sustainability on consumer loyalty is not statistically significant. Although the t-count of 1.710 is greater than the t-table of 0.361, a significance value greater than 0.05 indicates that the effect cannot be considered significant. Therefore, the null hypothesis (H03) which states that environmental sustainability does not affect consumer loyalty is accepted, and the alternative hypothesis (Ha3) is rejected. Although consumers are increasingly aware of the importance of environmental issues, this study did not find significant evidence that a company's commitment to environmental sustainability directly affects consumer loyalty. This could be because consumer preferences in terms of environmental sustainability are still not strong enough to significantly influence their loyal behavior.

Conclusion

Based on the results of the study and data analysis using the t-test, it can be concluded that business ethics have a significant influence on Consumer Loyalty. The implementation of good business ethics by companies can build consumer trust, which ultimately increases their loyalty. With a significance value of 0.047 which is smaller than 0.05 and a t-count greater than the t-table, these results confirm that consumers are more likely to be loyal to companies that adhere to ethical principles in running their businesses. Meanwhile, the variables Corporate Social Responsibility (CSR) and environmental sustainability do not show a significant influence on consumer loyalty. Although CSR and environmental sustainability are generally considered important, this study did not prove that both variables significantly affect consumer loyalty. This result may be due to consumer perceptions that may emphasize other aspects more in determining their loyalty to the company. Thus, the main conclusion of this study is that companies that want to increase their consumer loyalty need to focus on implementing good business ethics, while CSR and environmental sustainability aspects may need to be managed more strategically so that their impact on consumer loyalty becomes more significant in the future.

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