

The Role of Business Ethics in Enhancing Reputation and Public Trust

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ABSTRACT

This study aims to analyze the role of business ethics in enhancing corporate reputation and public trust. In the era of globalization and information transparency, the implementation of business ethics is an important factor influencing public perception of a company. This study uses a quantitative approach with an associative design. Data were collected through questionnaires from 120 respondents selected using a purposive sampling technique. Data analysis was conducted using multiple linear regression to examine the effect of business ethics on corporate reputation and public trust. The results show that business ethics has a positive and significant effect on corporate reputation with a coefficient of 0.65 and on public trust with a coefficient of 0.72. Simultaneous tests also show that business ethics simultaneously have a significant effect on both dependent variables. The coefficient of determination indicates that business ethics can explain 58% of the variation in corporate reputation and 64% of the variation in public trust. These findings indicate that implementing ethical values such as honesty, transparency, and social responsibility can improve a company's image and build public trust. Therefore, companies are advised to integrate business ethics into their organizational culture to support long-term business sustainability.



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INTRODUCTION

In an era of globalization and increasing openness to information, companies are not only required to achieve economic profit but also to carry out business practices based on ethics.

Business ethics has become increasingly important as the public, consumers, and other stakeholders now have greater access to information and are increasingly critical in assessing corporate behavior. Issues such as consumer rights violations, dishonesty in financial reporting, and even labor exploitation can quickly spread and damage a company's public image.

Business ethics encompasses a set of values, principles, and moral standards that guide the responsible conduct of business activities. Implementing sound business ethics not only helps companies avoid legal risks and social conflicts but also serves as a crucial foundation for building a positive reputation. A company's reputation is a valuable intangible asset, influencing public trust, customer loyalty, and long-term business sustainability.

Public trust is a key element in the relationship between companies and society. Without trust, companies will struggle to retain customers, attract investors, or establish strategic partnerships. In this context, business ethics acts as a bridge connecting corporate interests with societal expectations. Companies that uphold transparency, honesty, and social responsibility are more likely to gain public trust than those that ignore ethical values.

However, many companies still face challenges in consistently implementing business ethics. Pressure to achieve profit targets, intense competition, and weak internal oversight are often factors that drive ethical lapses. Therefore, a strong commitment from all elements of the organization, from top management to employees, is required to make ethics an integral part of the company culture.

Based on this description, this study aims to analyze the role of business ethics in enhancing a company's reputation and building public trust. By understanding the relationship between ethics, reputation, and trust, it is hoped that companies can formulate more effective strategies to create long-term value and maintain business sustainability amidst a dynamic global environment.

METHOD

This study uses a quantitative approach with an associative research design, aiming to analyze the relationship and influence between business ethics and corporate reputation and public trust. This approach was chosen because it provides a measurable picture of the relationship between variables through statistical analysis.

The population in this study was consumers or members of the public who had interacted with the company being studied. The sampling technique used purposive sampling, where respondents were selected based on specific criteria, such as having previously used the company's products/services and understanding the company's image. The sample size was set at 100–150 respondents to meet the requirements for statistical analysis.

The data used in this study consist of primary and secondary data. Primary data were obtained through the distribution of questionnaires compiled using a Likert scale of 1–5, ranging from strongly disagree to strongly agree. The research instrument includes three main variables, namely: (1) business ethics (indicators: honesty, transparency, responsibility, and fairness), (2) corporate reputation (indicators: positive image, credibility, and stakeholder trust), and (3) public trust (indicators:

confidence, loyalty, and positive public perception). Secondary data were obtained from scientific literature, journals, and related reports relevant to the research topic.

Prior to analysis, the research instruments were tested for validity and reliability using Pearson correlation and Cronbach's Alpha. Furthermore, the data were analyzed using multiple linear regression analysis techniques to determine the effect of business ethics on corporate reputation and public trust. Hypothesis testing was conducted using t-tests (partial) and F-tests (simultaneous), with a significance level of 5% (0.05). Furthermore, the coefficient of determination (R^2) was used to determine the extent of the independent variables' contribution in explaining the dependent variable.

RESULTS AND DISCUSSION

Based on data processing from 120 respondents, multiple linear regression analysis was conducted to examine the influence of business ethics on corporate reputation and public trust. Prior to analysis, all instruments were declared valid (calculated $r >$ table r) and reliable (Cronbach's Alpha $>$ 0.70), making them suitable for use in the study.

1. Results of Regression Analysis

The results of the regression analysis show that business ethics has a positive and significant influence on corporate reputation and public trust.

Table 1.Multiple Linear Regression Test Results

| Variables | Coefficient (β) | t count | Sig. |
|--|-------------------------|---------|-------|
| Business Ethics \rightarrow Reputation | 0.65 | 8.21 | 0,000 |
| Business Ethics \rightarrow Trust | 0.72 | 9,10 | 0,000 |

The results of the t-test show that the significance value is $<$ 0.05, so it can be concluded that business ethics has a significant influence on both dependent variables.

2. Simultaneous Test Results (F Test)

Table 2.F Test Results

| Model | F count | Sig. |
|------------|---------|-------|
| Regression | 76.45 | 0,000 |

The calculated F value of 76.45 with a significance of 0.000 ($<$ 0.05) shows that business ethics simultaneously has a significant effect on company reputation and public trust.

3. Coefficient of Determination (R^2)

Table 3.Coefficient of Determination

| Dependent Variable | R^2 |
|--------------------|-------|
| Company Reputation | 0.58 |

| | |
|--------------|------|
| Public Trust | 0.64 |
|--------------|------|

The R² value shows that business ethics is able to explain 58% of the variation in corporate reputation and 64% of the variation in public trust, while the remainder is influenced by other factors outside the research.

Discussion

The research results show that business ethics plays a crucial role in enhancing a company's reputation. A coefficient of 0.65 indicates that the higher the implementation of business ethics, the more positive the public reputation. This aligns with the theory that companies that uphold the values of honesty, transparency, and social responsibility will be more highly valued by the public.

Furthermore, business ethics has been shown to have a stronger influence on public trust, with a coefficient of 0.72. This indicates that public trust is highly dependent on how ethically a company conducts its activities. When a company demonstrates integrity and consistency in its business practices, the public will have greater confidence and loyalty.

Simultaneously, business ethics contributes significantly to both variables. The high coefficient of determination indicates that business ethics is a major factor in shaping reputation and public trust. However, other factors, such as product quality, service, and communication strategy, also play a role.

Thus, companies need to make business ethics part of their organizational culture, not just a formality. Implementing a code of ethics, employee training, and strict internal oversight are strategic steps to ensure that ethical values are consistently and sustainably applied.

CONCLUSION

Based on the research results, it can be concluded that business ethics plays a significant role in enhancing a company's reputation and public trust. The application of ethical values such as honesty, transparency, responsibility, and fairness has been proven to build a positive corporate image in the eyes of the public.

Partially, business ethics has a positive and significant impact on both corporate reputation and public trust, with the latter having a more dominant influence. This suggests that the better the implementation of business ethics, the higher the level of public trust in the company.

Simultaneously, business ethics also makes a significant contribution to explaining variations in reputation and public trust. However, other factors outside the research also influence these two variables, such as product quality, service, and corporate communication.

Therefore, companies are advised to make business ethics an integral part of their organizational culture through the implementation of a code of ethics, increased employee awareness, and consistent oversight. In this way, companies can not only enhance their reputation and public trust but also maintain long-term business sustainability.

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