

THE INFLUENCE OF ISLAMIC BUSINESS ETHICS IMPLEMENTATION IN BUILDING CUSTOMER LOYALTY AT PT. ASKRINDO

Husnul Khotima

Faculty of Islamic Economics and Business, Universitas Islam Negeri Sumatera Utara, IAIN
street no.1, Gaharu, East Medan, Medan city, Indonesia
E-mail: khotimahusnul363@gmail.com

Muhammad Arif

Faculty of Islamic Economics and Business, Universitas Islam Negeri Sumatera Utara, IAIN
street no.1, Gaharu, East Medan, Medan city, Indonesia
E-mail: muhammadarif@uinsu.ac.id

Nurul Inayah

Faculty of Islamic Economics and Business, Universitas Islam Negeri Sumatera Utara, IAIN
street no.1, Gaharu, East Medan, Medan city, Indonesia
E-mail: nurulinayah@uinsu.ac.id

ABSTRACT

This study aims to analyze the influence of ethical principles in Islamic business practices on customer loyalty at PT Asuransi Kredit Indonesia (Askrindo) in Medan. The research uses a quantitative approach with a survey method involving 100 active customers as samples. The measurement tool used in this study has been tested for validity and reliability to ensure that the data collected is trustworthy and reflects the existing reality. This method was chosen because it is deemed the most suitable for measuring the relationship between the independent variable, the application of Islamic business ethics principles, and the dependent variable, customer loyalty. Moreover, this method allows data to be collected and analyzed statistically using simple linear regression. The analysis results show that the application of Islamic business ethics principles has a significant impact on customer loyalty, reflected in an R-square value of 0.562 and a significance level of 0.000. These findings indicate that the higher the application of Islamic business ethics such as honesty, trustworthiness, fairness, and responsibility, the stronger the level of trust, satisfaction, and customer loyalty towards the company. Therefore, this study recommends that PT Askrindo strengthen the application of ethics principles in its operations by increasing transparency, improving service quality, and providing Islamic business ethics training to employees in order to further maintain and enhance customer loyalty.

Keywords: Islamic Business Ethics; Customer Loyalty; Ethics.

ABSTRAK

Riset ini bertujuan untuk menganalisis pengaruh prinsip-prinsip etika dalam praktik bisnis Islam terhadap loyalitas pelanggan di PT Asuransi Kredit Indonesia (Askrindo) di Kota Medan. Penelitian ini menggunakan pendekatan kuantitatif dengan metode survei yang melibatkan 100 pelanggan aktif sebagai sampel. Alat ukur yang digunakan dalam penelitian ini telah diuji validitas dan reliabilitasnya untuk memastikan data yang dikumpulkan dapat dipercaya dan mencerminkan realitas yang ada. Metode ini dipilih karena dianggap paling sesuai untuk mengukur hubungan antara variabel independen, yaitu penerapan prinsip-prinsip etika bisnis Islam, dengan variabel dependen, yaitu loyalitas pelanggan. Selain itu, metode ini memungkinkan pengumpulan data yang dapat dianalisis secara statistik dengan menggunakan regresi linier sederhana. Hasil analisis menunjukkan bahwa penerapan prinsip etika bisnis Islam berpengaruh signifikan terhadap loyalitas pelanggan, tercermin dari nilai R-square sebesar 0,562 dan

tingkat signifikansi 0,000. Temuan ini mengindikasikan bahwa semakin tinggi penerapan etika bisnis Islam seperti kejujuran, amanah, keadilan, dan tanggung jawab, semakin kuat pula tingkat kepercayaan, kepuasan, dan loyalitas pelanggan terhadap perusahaan. Oleh karena itu, penelitian ini menyarankan agar PT Askrindo memperkuat penerapan prinsip Ethics dalam operasionalnya dengan meningkatkan transparansi, memperbaiki kualitas layanan, dan memberikan pelatihan etika bisnis Islam kepada karyawan untuk mempertahankan dan meningkatkan loyalitas pelanggan lebih lanjut.

Kata Kunci: Etika Bisnis Islam; Loyalitas Konsumen; Etika.

INTRODUCTION

Business is a human activity aimed at earning a livelihood. In practice, business activities should always be based on ethical values (Siagian & Rahma, 2023). In Islam, business ethics serve as an essential principle, though often neglected by some Muslim entrepreneurs. In fact, ethics in business are not merely moral guidelines but also part of the effort to obtain lawful profit (Bayhaqi et al., 2022). Through such profit, the ultimate goal of business becomes noble, namely to promote prosperity and general economic development.

The services provided by a company are among the main determinants that influence customer perceptions and satisfaction. In the context of a service-based company such as PT Asuransi Kredit Indonesia (Askrindo), service quality serves as a benchmark for establishing long-term relationships with customers. High-quality service reflects the company's commitment to customer satisfaction and needs, which in turn enhances customer loyalty.

At PT Askrindo In Medan, as an insurance company that emphasizes Islamic principles in its operations, services are not merely administrative formalities. They also encompass moral and spiritual aspects reflected in professionalism, empathy toward clients, and commitment to Islamic business ethics values. When the services provided are perceived as fair, honest, and responsible, they strengthen customer trust and foster loyalty toward the company. In an era of increasingly complex business competition, customer loyalty becomes a valuable asset that determines a company's sustainability. Companies must not only offer quality products or services but also nurture trust and establish lasting relationships with customers. An effective way to build such trust is by implementing business ethics principles in all corporate activities.

PT Askrindo is a state-owned enterprise (SOE) focusing on credit insurance and providing guarantees for micro, small, and medium enterprises (MSMEs). The company's mission is to support the growth of real sectors and strengthen MSMEs by offering risk protection in financing activities. To attract customers to use its insurance products, PT Askrindo must consider several key factors related to perceived value, trust, and customer needs.

In a competitive business environment, maintaining customer loyalty is a challenge that companies cannot overlook. Customer loyalty is an important indicator of long-term success because loyal customers tend to make repeat purchases, recommend products to others, and show higher tolerance toward service shortcomings (Haryono & Nurlaela, 2018). To build such loyalty, companies need to foster trust and sustainable relationships with customers, one of which is through the consistent application of strong business ethics principles.

Islamic business ethics provide universal foundations for building healthy business relationships, such as honesty (*shidq*), justice (*adl*), trustworthiness (*amanah*), and social responsibility (Darmawan, 2019). In this sense, applying Islamic business ethics is not only an act of religious obedience but also a means to strengthen customer trust in the company. From an Islamic perspective, business ethics are rooted in the *Sharia* teachings that emphasize honesty, trustworthiness, fairness, and social responsibility as the core principles of business transactions (*muamalah*), as stated in Surah Al-Mutaffifin (verses 1–3) and Surah Al-Baqarah (verse 282).

Business ethics can be understood as a set of principles that define what is right or wrong, and what is positive or negative, in human behavior during business activities. In Islam, these values are grounded in *Sharia* law. Therefore, studying business ethics means learning how a person should act and interact properly in business activities. By applying these ethics, business actors are able to make sound decisions, ensuring that their business operations align with moral values and truth (Eri Nur Azizah et al., 2023; Rafki et al., 2022).

In Islamic teachings, there are various sources that explain the principles of *ethics* (manners) in business, both from modern literature, such as journals, articles, and Islamic blogs, and primarily from the Qur'an and Sunnah. According to Islamic law, *ethics* in business must be grounded in fundamental principles such as monotheism (*tauhid*), balance (*equilibrium*), freedom of choice, benevolence (*ihsan*), and responsibility. All aspects related to business activities must be carried out correctly and optimally in accordance with these rules (Aisyah et al., 2023). These principles form the main foundation of *Sharia*-based business practices.

The concept of *tauhid* serves as the core of Islamic business ethics. It emphasizes complete faith in the oneness and omnipotence of Allah. This belief encompasses all aspects of human life, politics, economics, religion, and social affairs, united under one divine system (Ummu Khoirotn Nisfah & Sri Ramadhani, 2024). Thus, *tauhid* demands total submission to Allah's decrees in all activities, including business operations.

The principle of balance in Islam refers to justice that allows income disparities since everyone has the freedom to work and earn according to their efforts. This balance ensures that economic activities are carried out fairly, without harming others and without allowing oneself to be exploited (Yafiz, 2015).

From birth, humans possess *free will* to manage their lives. However, this freedom is not absolute, as it remains bounded by Allah's commands. Humans are endowed with intellect to think, make choices, and plan their future, but all decisions must remain consistent with *Sharia* principles (Yafiz & Dharma, 2023). In the economic context, this freedom is reflected in lawful business practices, avoiding hoarding, monopoly, fraud, and *riba*. A true believer uses this freedom to obey Allah's commands and avoid His prohibitions.

Responsibility is the obligation of an individual for every action taken. According to Quth, responsibility must be exercised in a balanced way across all aspects of life: between the physical and spiritual, individual and family, and among members of society (Mauliana & Sisdianto, 2024). This principle is closely linked to *free will*, as every freedom in business is followed by an obligation to be accountable for one's decisions and actions.

In Islam, individuals are not permitted to act recklessly or justify any means to achieve business goals, such as through deception, fraud, false oaths, *riba*, bribery, or wrongful acts. Islam sets clear boundaries regarding what is permissible and prohibited, what is positive or negative, and what is lawful (*halal*) or unlawful (*haram*). These boundaries form the basis of morality or ethics, which serve as guidance for every activity, including business (RI, 2019).

Customer loyalty is a crucial aspect of business sustainability. Many companies consider it a key objective since loyalty directly impacts brand and corporate longevity. Customer loyalty generally arises from satisfaction with products or services received. Satisfied customers are likely to recommend the company's products and services to others and may even expand their use of other offerings from the same company. Therefore, truly loyal customers are characterized by frequent and consistent repurchases from one company rather than switching to competitors (Mustafa Kamal Rokan et al., 2022).

PT Asuransi Kredit Indonesia (Askrindo) In Medan, as part of a financial institution that integrates Sharia-based principles, is expected to apply Islamic ethical values in its service delivery. However, customer loyalty is not shaped merely by price or product factors but also by how fairly, transparently, and responsibly the company treats its customers. Theoretically, business ethics can be explained through stakeholder theory and trust theory (Nuzulyani et al.,

2023). Stakeholder theory asserts that a company has moral obligations not only to shareholders but also to all stakeholders, including customers. Meanwhile, trust theory emphasizes that customer loyalty develops through consistent, honest, and reliable company behavior.

Although previous studies have discussed the relationship between business ethics and customer loyalty (Indika, 2017; Hasibuan & Waizul, 2022; Hadi & Budiman, 2023; Razaqi et al., 2024), most of them focused on retail or banking sectors, with limited research examining state-owned insurance institutions operating under Islamic principles, such as Askrindo. Furthermore, few studies have explicitly used Islamic ethical values as a core variable. Therefore, this study seeks to fill that gap by focusing on the implementation of Islamic business ethics and their influence on customer loyalty at PT Askrindo In Medan.

However, the previous introduction has not explicitly demonstrated the urgency of this research, particularly in relation to the impact of customer dissatisfaction on the well-being of MSMEs, the primary target of Askrindo's services. Customer dissatisfaction in insurance services is not merely an issue of company–client relations, but it also has the potential to hinder the financial protection and security of MSME actors who rely on Askrindo to maintain business continuity. In addition, broader socio-economic contexts such as intense competition in the insurance industry, bureaucratic limitations within state-owned enterprises, as well as cultural challenges and low insurance literacy in society also influence the implementation of Islamic business ethics, yet these aspects have not been examined in depth. A clear emphasis on the research gap, social urgency, and academic contribution is therefore crucial to establish this study as relevant and necessary in the present context.

The urgency of this research becomes even more pronounced considering empirical realities showing that the implementation of ethical values has not been fully optimal. Customer complaints are still found in several areas, including transparency of premium information, the speed of claim services, communication mechanisms, and the consistency of services across branch units. These conditions have the potential to lower customer loyalty and simultaneously weaken the company's efforts to expand protection for MSME actors. Therefore, an empirical investigation is needed to identify the extent to which the implementation of Islamic business ethics truly influences customer loyalty, particularly within PT Askrindo In Medan as a strategic actor in the Islamic insurance industry.

Table 1. PT Askrindo In Medan Customer Satisfaction Survey Data (2019–2023)

Year	Number of Respondents	Satisfied	Dissatisfied
2019	120	82%	18%
2020	135	58%	42%
2021	150	70%	30%
2022	140	66%	34%
2023	160	52%	48%

Source: PT Askrindo In Medan Customer Satisfaction Survey Data (2019–2023)

Field observations reveal that despite PT Askrindo In Medan’s efforts to implement Islamic business ethics, several issues remain in practice. A preliminary survey conducted by the researcher in 2023 showed that 27% of customers were dissatisfied with the slow claims process, while 21% expressed concerns over a lack of transparency regarding product information and benefits. These issues raise an important question about the extent to which Islamic business ethics principles are applied consistently and effectively in fostering customer loyalty.

Several customer complaints identified from the 2023 pre-survey include delayed claims affecting benefit certainty, lack of product transparency leading to customer confusion, and complex service procedures. This indicates a gap between the ethical values that should be upheld and the actual service practices observed in the field. The following table presents the historical data of PT Askrindo In Medan’s customer satisfaction survey over the past five years (2019–2023), which shows a declining trend in satisfaction levels:

These problems raise a significant question regarding the consistency and impact of Islamic business ethics implementation on customer loyalty. In other words, there exists a gap between the ethical values that should be upheld and the actual service practices observed. Therefore, this study aims to analyze the effect of implementing Islamic business *ethics* on customer loyalty at PT Askrindo In Medan, both partially and simultaneously. It seeks to identify the extent to which Islamic business *ethics* has been applied at PT Askrindo In Medan and how it influences customer loyalty.

RESEARCH METHOD

This study employed a quantitative approach with an associative design to analyze the influence of Islamic business ethics on customer loyalty at PT Askrindo In Medan. A quantitative approach was selected because the research was conducted directly in the field and aimed to objectively test the relationship between variables (Abdullah et al., 2022).

Population and Sample

The population of this study consisted of all active customers of PT Askrindo In Medan. The sample size was determined using the Lemeshow formula, which is suitable for social research with an unknown population size. With a 95% confidence level and a 5% margin of error, the minimum required sample was 80 respondents. To enhance analytical robustness, the sample size was increased to 100 respondents. Respondents were selected using **purposive sampling**, with the criteria of being active customers who have used Askrindo's services for at least one year.

In addition to the sample size, the study also collected demographic information (age, gender, duration of being a customer, and type of service used) to ensure the transparency of sample characteristics and support the generalizability of the research findings.

Research Instruments and Data Collection Techniques

Data were collected using a Likert-scale questionnaire ranging from 1 ("Strongly Disagree") to 5 ("Strongly Agree"). The instrument measured two main variables: (1) the implementation of Islamic business ethics, including honesty, trustworthiness, fairness, and responsibility, and (2) customer loyalty, covering repurchase intention, recommendation behavior, and subscription commitment.

To enrich empirical insight, the study also included **one open-ended question** to capture customers' qualitative perceptions regarding the company's ethical conduct. This step was taken to address limitations associated with relying solely on quantitative data collection.

Instrument Quality Testing

The instrument was tested using validity and reliability tests. The validity test ensured that each item accurately measured the research constructs, while the reliability test ensured the instrument-maintained consistency when applied in different settings but under the same research conditions (Ramdhan, 2021).

Data Analysis Techniques

Before hypothesis testing, classical assumption tests, normality, linearity, and heteroscedasticity tests, were performed to ensure the feasibility of the regression model (Sugiyono, 2019). The primary analysis used simple linear regression to determine the influence of Islamic business ethics on customer loyalty. This analysis was complemented by:

1. Correlation analysis, to examine the strength of the relationship between variables

2. Determination coefficient (R^2), to determine the magnitude of the contribution of Islamic business ethics in explaining customer loyalty

Additionally, the study conducted supplementary regression diagnostic tests to ensure the reliability and robustness of the model and minimize the risk of biased results.

RESULT AND DISCUSSION

RESULT

Respondent Description

Out of the total 100 respondents involved in this study, 56% were male and 44% were female. This composition indicates that male customers slightly dominate the user base of Askrindo, although female participation is also relatively significant. In terms of age, most respondents were within the 25–35 age range, suggesting that the majority of customers are in their productive and economically active phase. Additionally, most respondents had been customers for more than one year, indicating that they possess sufficient experience with the company's services. This condition implies that the respondents have relevant familiarity and awareness to provide meaningful assessments regarding service quality and the implementation of Islamic business ethics at PT Askrindo In Medan.

Validity Test

The validity test aims to ensure the extent to which the instrument or questionnaire accurately represents the actual conditions of the research variables. An instrument is considered valid if the correlation coefficient obtained (r-count) is greater than the r-table value. The validity test is presented in table 2 and table 3.

Based on the results of the validity test in table 2 for the Islamic Business Ethics variable (X), all items obtained r-count values greater than the r-table value (0.195) with a significance level of 0.000. The indicators *Shidq* (0.712), *Amanah* (0.689), *'Adl* (0.733), and Social Responsibility (0.750) demonstrate that each item is relevant and representative in measuring the construct of the study. However, to strengthen the interpretation, additional clarification is needed regarding the rationale for selecting these indicators. For instance, the Social Responsibility indicator was included because Islamic business ethics not only emphasizes interpersonal business relationships but also considers the company's impact on society and the environment.

Overall, the high correlation and significance values confirm that each item effectively measures the Islamic Business Ethics variable both statistically and conceptually within the context of this research.

Table 4 shows that the Pearson correlation value of 0.750 indicates a strong and positive relationship between the implementation of Islamic business ethics and customer loyalty. The significance value of $0.000 < 0.05$ confirms that this relationship is statistically meaningful. In other words, the higher the customers' perception of the ethical business practices applied by PT Askrindo In Medan, the higher their level of loyalty to the company.

From the perspective of practical significance, this high correlation demonstrates that the implementation of Islamic business ethics does not only fulfill moral obligations but also has a direct impact on customer behavior. This relationship has important implications for business strategy, indicating that consistent application of values such as honesty, trustworthiness, fairness, and social responsibility can encourage customers to continue using the company's services, recommend them to others, and maintain long-term commitment. Therefore, Islamic business ethics can be utilized as a differentiation strategy as well as a foundation for strengthening long-term relationships between PT Askrindo In Medan and its customers.

Normality Test

This test aims to verify whether the residuals in the simple linear regression model are normally distributed. The Kolmogorov-Smirnov test was used for this analysis. The normality test is presented in table 5.

Interpretation: Since the Sig. (p-value) = 0.200 > 0.05, it indicates that the residuals follow a normal distribution. Therefore, the normality assumption of the simple linear regression model has been satisfied.

Simple Linear Regression Test

The simple linear regression analysis in this study aims to determine the extent of the influence of implementing Islamic business ethics principles on customer loyalty at PT. Askrindo In Medan. The data were analyzed using SPSS version 25, and the results are presented in table 6. Based on the table 6, the simple linear regression equation can be written as follows:

Regression Equation:

$$Y = 1.25 + 0.66X$$

The *R Square* value of 0.562 indicates that 56.2% of the variation in customer loyalty is explained by Islamic business ethics, demonstrating that this variable is not only statistically

significant but also holds strong practical relevance in the context of PT. Askrimdo In Medan. This percentage implies that more than half of customer loyalty is shaped by the company's implementation of Islamic ethical principles, such as honesty, fairness, transparency, and trust, in its service interactions. This finding confirms that Sharia-based service values are not merely complementary attributes but a key determinant of customers' decisions and long-term attachment to the company. When compared with previous studies in the Islamic financial services sector, which generally report the influence of business ethics on customer loyalty in the range of 45%–60%, the 56.2% obtained by PT. Askrimdo In Medan falls within a high and competitive category. Supported by a *t-value* of $9.21 > 1.984$ and a significance level of $0.000 < 0.05$, this result reinforces that Islamic business ethics significantly affect customer loyalty both statistically and practically, making it a strategic foundation for companies to sustain and expand their customer base.

Coefficient of Determination (R²) Test

The determination test aims to determine how far the independent variable can explain the dependent variable. The coefficient of determination (R²) ranges between 0 and 1. If the R² value approaches 1, it means the independent variable provides most of the information needed to predict the dependent variable. In this study, the independent variable is the implementation of Islamic business ethics, while the dependent variable is customer loyalty.

According to the table 7, the R Square value of 0.562 means that 56.2% of the customer loyalty variable (Y) is influenced by the Islamic business ethics variable (X). The remaining 43.8% is influenced by other factors not included in the model. The Adjusted R Square value of 0.558 adjusts for the number of independent variables and sample size. Since there is only one independent variable and 100 respondents, the difference is very small, indicating a stable model. The application of Islamic business ethics has a substantial and significant effect on customer loyalty. The greater the ethical principles applied in service, the stronger the customer loyalty toward PT. Askrimdo in In Medan.

T-Test

The t-test analysis aims to determine whether the independent variable (implementation of Islamic business ethics principles) has a significant partial effect on the dependent variable (customer loyalty).

The T-test results in Table 8 indicate that Islamic Business Ethics has a significant effect on Customer Loyalty, as reflected by the p-value of 0.000 (< 0.001) and the t-statistic of 8.354,

which is substantially higher than the critical t-value (1.984). These findings confirm that the alternative hypothesis (H1) is accepted and the null hypothesis (H0) is rejected, demonstrating that the implementation of Islamic business ethics principles has a positive influence on the loyalty of PT. Askrindo in Medan customers. However, although the statistical results clearly show the significance of the effect, the reporting does not yet include information regarding effect size or confidence intervals. These measures are essential to describe the magnitude of the influence in a practical sense, rather than merely indicating statistical significance. For instance, effect size allows for an understanding of how strongly Islamic Business Ethics contributes to increasing customer loyalty, while confidence intervals provide a more precise estimate of the regression coefficient and its reliability across a wider population. Including these measures would result in a more comprehensive interpretation of the T-test findings and align the study more closely with rigorous scientific statistical reporting standards.

Table 2. Validity Test of Islamic Business Ethics (X)

Item	r-count	r-table	Sig. (p)	Description
1 (Honesty)	0.712	0.195	0.000	Valid
2 (Trustworthiness)	0.689	0.195	0.000	Valid
3 (Justice)	0.733	0.195	0.000	Valid
4 (Social Responsibility)	0.75	0.195	0.000	Valid

Source: Data Processed, 2025

Table 3. Validity Test of Customer Loyalty (Y)

Item	r-count	r-table	Sig. (p)	Description
1 (Repeat Purchase)	0.689	0.195	0.000	Valid
2 (Retention)	0.715	0.195	0.000	Valid
3 (Referral)	0.701	0.195	0.000	Valid
4 (Resistance)	0.6776	0.195	0.000	Valid

Source: Data Processed, 2025

Table 4. Pearson Product Moment Correlation Results

Variable	Islamic Business Ethics (X)	Customer Loyalty (Y)
Islamic Business Ethics (X)	1.000	0.750
Customer Loyalty (Y)	0.750	1.000

Source: Data Processed, 2025

Table 5. Normality Test Results

Statistik Uji	Kolmogrov – Smirnov	Sig. (p-value)
Residual	0.073	0.200

Source: Data Processed, 2025

Table 6. Simple Linear Regression Test Results

Model	Unstandardized	Standardized	t	Sig.
	Coefficients	Coefficients		
	B	Std. Error	Beta	
(Constant)	1.25	0.316	—	3.96
Islamic Business Ethics (X)	0.66	0.072	0.750	9.21

Source: Data Processed, 2025

Table 7. Determination Test Results

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
	750	562	558	411

Source: Data Processed, 2025

Table 8. T-Test Results

Variable	Coefficient (B)	Std. Error	t-value	Sig. (p-Value)
Islamic Business Ethics	0.543	0.065	8.354	0.000

Source: Data Processed, 2025

DISCUSSION

Referring to the results of the simple linear regression analysis conducted on 100 active customers of PT. Askrido Medan, it was found that the implementation of Islamic business ethics has a positive and significant influence on customer loyalty. The positive regression coefficient indicates that the higher the application of ethical business practices, the higher the level of customer loyalty. The R-Square value of 0.562 confirms that 56.2% of the variation in customer loyalty can be explained by indicators of ethical business principles, such as honesty in

communication, fairness in service, integrity in the claims process, and corporate social responsibility. These findings demonstrate that ethical dimensions play an important role in fostering customer trust, comfort, and commitment to continue using PT. Askrindo's services.

Moreover, the high R-Square value suggests that ethical business practices not only serve as a fundamental basis for building strong relationships with customers but also have a tangible impact on customer retention. As customer expectations evolve, particularly in an increasingly competitive market, aligning business operations with ethical values becomes a key differentiator. In the case of PT. Askrindo, the emphasis on transparency, fairness, and responsibility creates a positive feedback loop where customers feel valued and respected, which in turn increases their loyalty to the company.

Additionally, the role of corporate social responsibility (CSR) within the Islamic business ethics framework is particularly significant. When businesses align their actions with societal well-being and contribute to community development, they strengthen their reputation, which directly influences customer satisfaction and long-term loyalty. This is consistent with the findings of the research, where CSR practices have been closely tied to customer loyalty, highlighting the growing importance of businesses maintaining not only financial goals but also ethical and social responsibilities in their operational strategies.

The findings also underscore the growing relevance of trust in shaping consumer behavior. Ethical business practices create an environment where customers feel secure in their interactions with the company, knowing that their interests are protected, and that any disputes or claims will be handled with integrity. This leads to increased satisfaction and, ultimately, loyalty. In an era where customers are increasingly aware of the ethical standards of the companies they engage with, PT. Askrindo's commitment to upholding these values positions the company as a trustworthy and reliable partner in the eyes of its customers. Therefore, PT. Askrindo's implementation of Islamic business ethics not only contributes to higher levels of customer loyalty but also enhances the company's long-term sustainability and competitive advantage in the market.

From a theoretical standpoint, this study aligns with customer loyalty theory, which posits that trust and ethical perception toward a company increase customer retention and repurchase behavior (Lubis et al., 2025). However, the connection between theory and findings could be deepened by linking PT. Askrindo Medan's specific ethical practices to established theoretical models, such as the *Trust-Based Relationship Model*. For example, transparency in the claims

process and fairness in service reflect core components of trust formation and long-term customer relationships as emphasized in this model. The findings also reinforce previous research (Eri Nur Azizah et al., 2023; Rafki et al., 2022), which indicates that consistently applied ethical business practices strengthen long-term customer relationships.

While the R-Square value indicates a substantial influence, it should be noted that 43.8% of customer loyalty is explained by other factors not included in the study. This suggests that additional variables, such as service quality, brand image, market competition, customer experience, and digital service performance, may also play an important role in determining customer loyalty. Identifying these factors would provide a more comprehensive foundation for future research and enrich the understanding of customer retention in the risk-guarantee industry.

Furthermore, this study has several methodological limitations. The sample size of 100 respondents and the focus on a single regional office limit the generalizability of the findings. The absence of longitudinal data also restricts the ability to examine changes in customer loyalty over time. Future research is recommended to expand the survey area, increase sample size, and include additional explanatory variables such as service quality or digital customer experience. Employing longitudinal or mixed-method designs may also provide deeper insights into the dynamics of customer loyalty in the long term.

In conclusion, although the findings confirm that Islamic business ethics serve as a competitive advantage for PT. Askrindo Medan, continuous reinforcement of ethical practices, accompanied by improvements in service responsiveness and transparency, is essential to sustain long-term customer loyalty.

CONCLUSION

The implementation of Islamic business ethics has proven to be a crucial foundation for building and maintaining customer loyalty in insurance companies, including Askrindo. Core values such as honesty, trustworthiness, fairness, and responsibility, expressed through transparent information delivery, timely claim processes, and consistency in fulfilling promises, strengthen customer trust, which in turn encourages continuous service usage, repeat transactions, and positive recommendations despite the presence of competitors. However, the successful application of Islamic business ethics is not solely determined by normative values; it also depends on managerial factors such as employee training, internal supervision systems, and strong leadership commitment to ensuring ethical compliance across all operational levels.

In addition to the potential benefits, several challenges may hinder the implementation of Islamic business ethics, including increasing industrial competition, market uncertainty, and internal resistance to changes in organizational culture. Without appropriate mitigation strategies, ethical practices risk becoming ineffective and may even lead to negative outcomes, for instance, when delays in claim processes or unclear information diminish customer satisfaction and drive customers toward competitors. Therefore, Islamic business ethics must be positioned not only as a moral obligation but also as a sustainable business strategy supported by concrete actions, capacity-building initiatives, and accountable control mechanisms.

Through such an approach, insurance companies can fulfil both spiritual and social obligations while strengthening their competitive advantage in the market by developing stronger and more sustainable customer loyalty.

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