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Business Ethics in Building Consumer Trust and Business Sustainability in the Digital Era: Evidence from North Lombok Regency

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ABSTRACT

Digital technologies are reshaping business and marketing practices among micro, small, and medium-sized enterprises (MSMEs) in North Lombok Regency, Indonesia, while introducing ethical challenges involving misleading product information, pricing and promotional manipulation, fabricated reviews, misuse of customer data, and inconsistent service. This study examines how business ethics may strengthen consumer trust and support business sustainability. It adopts a qualitative descriptive literature review using secondary data from Statistics Indonesia, Satu Data Kabupaten Lombok Utara, and scholarly publications. The source data report 23,948 registered MSMEs in 2025, up from 15,174 in 2024, alongside an internet usage rate of 85% in 2024. The synthesis identifies honesty, transparency, fairness, accountability, consumer data protection, and consistent customer service as central ethical practices associated conceptually with customer confidence, business reputation, loyalty, and long-term viability. It also develops the locally oriented ETIKA UMKM KLU framework as a practical guide for ethical business conduct. Integrating business ethics and digital literacy into MSME capacity-building initiatives may help local enterprises pursue sustainable growth in increasingly digital markets.

KEYWORDS

Business Ethics; Micro, Small, and Medium-Sized Enterprises; Consumer Trust; Digitalization; Business Sustainability; North Lombok Regency

INTRODUCTION

Micro, small, and medium-sized enterprises (MSMEs) play an essential role in regional economies by generating household income, creating employment, stimulating local economic activity, and developing local products. North Lombok Regency, in West Nusa Tenggara Province, has a diversified economic base encompassing tourism, trade, agriculture, plantations, fisheries, handicrafts, culinary enterprises, and community-based businesses.

The expansion of registered MSMEs underscores their importance in North Lombok. According to Satu Data Kabupaten Lombok Utara (2025), the recorded number of MSMEs increased from 6,389 units in 2023 to 15,174 in 2024 and 23,948 in 2025. These administrative figures draw on DISKOPERINDAG and the Online Single Submission (OSS) system. The annual counts are shown in Table 1.

Table 1. Number of Registered MSMEs in North Lombok Regency

Year	Number of MSMEs
2023	6,389
2024	15,174
2025	23,948

Source: Satu Data Kabupaten Lombok Utara; DISKOPERINDAG and OSS.

Growth in registered enterprises reflects an expanding entrepreneurial landscape but also increases competition. Under these conditions, consumer trust becomes an increasingly important asset. Digital technologies further transform the competitive environment: customers can discover products through social media, online marketplaces, search engines, messaging applications, and other digital channels.

Satu Data Kabupaten Lombok Utara (2024) reports an internet usage rate of 85% in 2024. This figure highlights the relevance of internet connectivity to everyday life and creates opportunities for MSMEs to reach residents, tourists, and customers in wider regional and national markets. A study of digital marketing in Salut Village, Kayangan District, describes digital marketing education as an effort to broaden community marketing strategies (Yanti, 2022). Initiatives in Malaka Village, Pemenang District, likewise point to marketing challenges and the need for rebranding and digital marketing assistance.

Digitalization, however, is not without ethical risks. Ease of online content production may facilitate misleading product images, exaggerated claims, undisclosed charges, fabricated testimonials, and inadequate responses to customer complaints. Business ethics therefore becomes essential to digital commerce. Its central principles include honesty, fairness, accountability, transparency, integrity, respect for consumer rights, and consideration of stakeholders affected by business practices.

These principles are particularly consequential for North Lombok MSMEs because business owners often maintain direct relationships with consumers and depend on word of mouth and social-media reputation. Scholarly work on digital marketing ethics indicates that online channels offer market-expansion opportunities while making responsible marketing practices increasingly important for sustaining customer confidence and enterprise continuity. The literature further identifies accurate product descriptions, transparent prices and policies, consumer data protection, responsive digital communication, and consistent service as relevant dimensions of ethical digital marketing.

This study examines the application of business ethics to consumer trust and business sustainability in the digital era, using North Lombok Regency as its contextual focus. It integrates documented local MSME growth and internet usage with a conceptual literature synthesis, and it offers a practical, locally oriented framework for strengthening ethical conduct in MSME development initiatives. The analysis does not claim to measure causal effects using primary enterprise- or consumer-level observations.

LITERATURE REVIEW

1. Business Ethics and Entrepreneurial Ethics

Business ethics refers to the application of moral principles to commercial activities. It provides guidance for individuals and organizations in determining what is right, fair, responsible, and accountable. Ethical business practice extends beyond seller-buyer transactions to relationships with employees, suppliers, business partners, competitors, government, communities, and the natural environment. Accordingly, ethical entrepreneurship seeks legitimate commercial returns while remaining accountable for the means by which those returns are achieved.

Entrepreneurial ethics concerns the moral responsibilities involved in establishing and developing enterprises. Creativity and risk-taking alone are insufficient: entrepreneurship also requires integrity, honesty, discipline, fairness, trustworthiness, respect for customers and employees, fulfillment of commitments, avoidance of deception, and consideration of business impacts on others.

2. Core Principles of Ethical Business Conduct

Seven interrelated principles underpin ethical business practice. Honesty requires product claims to represent actual characteristics. Transparency requires clear disclosure of prices, product quality, transaction terms, delivery costs, warranties, and return policies. Fairness entails equitable treatment of customers and partners. Accountability requires sellers to take responsibility for goods and services. Integrity requires consistency between statements and actions. Consumer protection entails respecting customer rights and safeguarding personal information. Social responsibility entails contributing to community welfare and avoiding preventable social harm.

3. Consumer Trust

Consumer trust is the belief that a business will honor its commitments and provide products or services consistent with its representations. Trust is particularly significant in digital transactions because buyers may have no face-to-face contact with sellers or opportunity to examine products before purchase. Customers therefore rely on product information, seller reputation, customer reviews, transparent pricing, service quality, transaction security, and complaint resolution when assessing credibility.

4. MSME Digitalization

MSME digitalization involves applying digital technologies to promotion, customer communication, ordering, payments, accounting, transactions, and customer relationship management. For North Lombok, digital channels have potential relevance to tourism-linked products, food, handicrafts, fashion, agricultural products, and other local offerings. Work on tourism-village empowerment in the regency discusses digital marketing training as a means of strengthening community digital literacy and social-media marketing capabilities.

5. Business Sustainability

Business sustainability refers to an enterprise's capacity to survive, adapt, and develop over the long term. In this study, it encompasses more than immediate financial returns: recurring customers, reputation, supplier relationships, workforce quality, technological adaptation, and environmental and social responsibilities also matter. Ethical conduct may contribute to long-term continuity by supporting credible relationships with consumers and other stakeholders.

MATERIALS AND METHODS

This research employs a qualitative descriptive approach based on a literature review and secondary documentary data. The approach was selected to explore ethical business conduct and its conceptual relationship with consumer trust and MSME sustainability in North Lombok Regency. No primary interviews, surveys, controlled interventions, or firm-level experiments were reported in the source study.

The documentary sources comprise Satu Data Kabupaten Lombok Utara, publications of Statistics Indonesia (Badan Pusat Statistik) for North Lombok Regency, scholarly journal articles, books on business ethics and entrepreneurship, previous research, government documents, and other relevant academic sources. Figures for registered MSMEs were taken from Satu Data Kabupaten Lombok Utara, which attributes the underlying data to DISKOPERINDAG and OSS.

The analysis follows four stages: data collection, data reduction, data presentation, and conclusion drawing. Available documentary evidence was compared with the conceptual principles of business ethics and the reported patterns of MSME development and digitalization in North Lombok. This interpretive approach supports thematic synthesis but does not establish statistical associations, causality, or the representativeness of ethical practices among local enterprises. The source manuscript does not report a reproducible database search protocol, a complete screening log, or formal quality appraisal of included literature.

RESULTS

1. MSME Growth and Digital Opportunities

The secondary administrative data show growth in the recorded number of MSMEs from 6,389 in 2023 to 15,174 in 2024 and 23,948 in 2025. This increase should be interpreted cautiously: additional registered enterprises do not necessarily indicate equivalent improvements in productivity, digital maturity, or long-term viability. The development challenge thus involves not only expanding business participation but also improving management practices and enterprise quality.

The reported 85% internet usage rate for 2024 indicates a substantial digital environment for local economic activity. MSMEs may use online access to advertise products, reach new customers, communicate with buyers, receive orders, develop brands, access market information, process transactions, and cultivate customer communities. Such opportunities, however, must be accompanied by responsible digital conduct.

2. Truthful Product Information and Transparent Pricing

A central ethical issue in digital commerce is the accuracy of product representations. Businesses should avoid misleading photographs, provide accurate information on product size and ingredients, disclose relevant product characteristics, avoid unsupported promotional claims, and refrain from fabricated testimonials. Digital customers often make decisions solely on displayed information; inconsistency between representations and delivered goods can undermine trust.

Pricing transparency requires disclosure of product prices, shipping charges, additional fees, discount conditions, minimum orders, payment requirements, and cancellation policies. Promotional practices that conceal unavoidable charges may produce negative customer experiences. MSMEs in North Lombok can strengthen accountability by using clear, accessible, and consistent transaction information.

3. Ethical Customer Service and Complaint Handling

Customer service connects the enterprise directly to the consumer through channels such as WhatsApp, Instagram, Facebook, TikTok, online marketplaces, telephone, and messaging applications. Ethical service includes timely responses, courtesy, accurate information, and willingness to resolve problems. Responsibility should continue after payment and delivery, because after-sales interactions are also relevant to customer confidence.

Complaints can provide useful information about product and service shortcomings rather than merely represent reputational threats. The source article proposes a practical sequence: complaint → verification → explanation → solution → evaluation. When the delivered product differs from the order, for example, an enterprise should consider a reasonable remedy, such as a replacement or another resolution consistent with its stated policies. The literature discussed in the source associates complaint handling, transaction openness, product safety, and fraud prevention with trust-building practices.

4. Consumer Data Protection and Fair Competition

Digital transactions create access to personal information, including names, phone numbers, addresses, purchase histories, and consumer preferences. Businesses should handle such information responsibly, avoid sharing customer contact details without a lawful basis, and refrain from incompatible uses of customer data. The source article also notes consumer protection concerns highlighted by Bank Indonesia, including unauthorized use of personal information and ineffective complaint resolution.

Healthy competition does not justify false statements about competitors, deceptive imitation of brands, unverifiable claims, or conduct that unfairly harms other businesses. Ethical competition should instead emphasize product quality, innovation, service performance, fair pricing, and creativity.

5. Consumer Trust, Reputation, and Sustainability

The source article outlines a five-stage conceptual process of trust formation: consumers encounter product information; evaluate credibility using prices, reviews, and reputation; decide whether to transact; assess the actual purchasing and post-purchase experience; and then choose whether to maintain a longer-term relationship. Consistent positive experiences

may encourage repeat purchases and recommendations, whereas misleading claims or poor service may weaken trust.

For MSMEs, reputation is a valuable but vulnerable intangible asset. Product quality, courteous service, honest information, transparent pricing, and accountability may together support positive consumer evaluations. Trust, in turn, may contribute to stable customer relationships and longer-term viability, although the present literature review does not measure these outcomes directly.

Table 2. Ethical Practices and Their Potential Implications for Trust and Business Sustainability

Ethical practice	Potential implication
Accurate product information	Reduced consumer uncertainty
Transparent pricing	Stronger perceptions of fairness
Responsive service	Greater customer satisfaction
Complaint resolution	Maintenance of customer relationships
Consumer data protection	Increased sense of security
Reliable product quality	Stronger customer confidence
Fair competition	Improved business reputation

Source: Compiled by the authors (2026), based on the original manuscript.

Research on ethical digital marketing among MSMEs also indicates that responsible practices may contribute to consumer trust and enterprise sustainability. These relationships are interpreted conceptually here rather than estimated statistically.

DISCUSSION

1. Ethical Challenges in North Lombok MSMEs

The literature synthesis and regional development context identify six main challenges: uneven digital literacy, limited understanding of digital business ethics, competitive pressures that may incentivize shortcuts, responsibilities relating to customer data, inconsistency between marketing promises and service delivery, and constrained financial, human, and technological resources. Research on MSME regulation and digital transformation likewise discusses limitations in legal literacy, infrastructure, digital skills, workforce capabilities, and technology access (Sari et al., 2026).

These issues suggest that digital adoption should not be evaluated solely by whether an enterprise operates a social-media account or participates in an online marketplace. The quality of online information, fairness of transaction conditions, customer privacy practices, and responsiveness after purchase also shape the ethical quality of the digital customer experience.

2. Strategies for Business Owners, Local Government, and Higher Education

MSME owners can establish clear service standards, ensure truthful product descriptions, disclose prices and conditions, safeguard consumer information, provide accessible complaints procedures, use social media responsibly, and invest in lasting reputational relationships. These actions transform broad ethical values into concrete business routines.

North Lombok's local government can integrate business ethics into MSME training and advisory programs. Training should address not only how to sell through digital channels but also how to sell responsibly. Relevant subjects include digital marketing, ethical advertising, customer service, personal data protection, financial management, branding, business licensing, packaging, and product safety.

Higher education institutions may contribute through research, community engagement, MSME mentorship, digital marketing workshops, business ethics modules, and financial management assistance. Cooperation between government, universities, and enterprises can link training to mentoring, monitoring, evaluation, and subsequent development rather than relying only on one-time interventions.

3. The ETIKA UMKM KLU Framework

Based on the thematic synthesis, the source article proposes the locally oriented "ETIKA UMKM KLU" framework. Its five operational components are presented in Table 3. The acronym is retained as originally developed because it is the name of the proposed local model; its component definitions are rendered in academic English.

Table 3. The "ETIKA UMKM KLU" Business Ethics Framework

Component	Operational meaning
E – Ethical information	Present accurate and truthful product information.
T – Transaction transparency	Clearly disclose prices and transaction conditions.
I – Integrity in service	Maintain consistency between commitments and actions.
K – Consumer data security	Protect customers' personal information.
A – Accountability for complaints	Take responsibility when problems occur.

Source: Developed by the authors (2026), as presented in the source manuscript.

The framework offers a practical organizing tool for local MSME capacity-building activities. It should be treated as a conceptual proposal rather than a validated instrument: the source study does not report field testing, psychometric assessment, or an impact evaluation of its implementation.

4. From Profit Orientation to Sustainable Competitive Advantage

The article advocates broadening entrepreneurship from a narrow profit orientation toward the joint consideration of profitability, trust, social responsibility, and sustainability. Profit

remains essential, but how profits are generated influences the quality of customer relationships and long-term business continuity. Product offerings, prices, and promotions can often be imitated, whereas a reliable reputation is typically accumulated through repeated interactions.

This reasoning is especially relevant in North Lombok, whose local economy is connected to tourism, commerce, agriculture, fisheries, and creative industries. Visitors and local consumers evaluate not only the products they purchase but also the experiences surrounding those products. Responsible service, truthful information, transparent prices, and respectful communication can support positive impressions, while unethical experiences may circulate rapidly through digital platforms.

CONCLUSIONS

The application of business ethics provides an important conceptual foundation for building consumer trust and supporting the sustainability of MSMEs in North Lombok Regency. Secondary administrative records indicate 23,948 registered MSMEs in 2025, while the reported internet usage rate was 85% in 2024. Together, these figures underscore the relevance of enterprise development and digital channels to the region; they do not, by themselves, establish that digitalization has improved business survival or customer trust.

Digital technologies can expand market reach, promotion, and customer communication, but they also create ethical risks involving misleading claims, opaque promotional conditions, manipulated reviews, misuse of personal data, and inconsistent service. The literature synthesis highlights honesty, transparency, fairness, accountability, integrity, consumer protection, and service reliability as important principles for building credible business relationships.

MSME development efforts in North Lombok should therefore combine entrepreneurial and digital skills with business ethics education, consumer protection, personal data stewardship, and improved customer service. The proposed ETIKA UMKM KLU framework provides a context-sensitive structure for communicating these priorities, subject to future empirical evaluation.

RESEARCH LIMITATIONS AND FUTURE RESEARCH DIRECTIONS

This study is limited by its reliance on a qualitative literature review and secondary administrative data. It contains no direct observations of business practices, interviews with MSME operators or consumers, or empirical measurement of customer trust and enterprise sustainability. Accordingly, the relationships between ethical conduct, trust, loyalty, reputation, and sustainability remain conceptual rather than causally demonstrated.

A further limitation concerns documentary coverage and data comparability. The source manuscript does not provide a systematic literature search strategy, explicit inclusion and exclusion criteria, or a formal quality appraisal. The administrative counts of MSMEs and the internet usage figure also have different reference years and may reflect distinct measurement and reporting processes. They should not be interpreted as a combined longitudinal measure of enterprise digitalization.

Future research could survey business owners and consumers, conduct qualitative interviews or case studies, and compare enterprises in tourism, trade, agriculture, and other local sectors. Quantitative and longitudinal designs could test whether information accuracy,

transparent pricing, complaint responsiveness, and privacy protection are associated with trust, repeat purchasing, and business survival. The ETIKA UMKM KLU framework could also be pilot-tested through training interventions and evaluated using clearly specified implementation indicators and outcome measures.

CONTRIBUTIONS

This article contributes a context-specific synthesis linking business ethics, digital consumer trust, and MSME sustainability in North Lombok Regency. Conceptually, it identifies ethical behaviors that may support credible seller-consumer relationships in digital markets. Practically, it proposes the ETIKA UMKM KLU framework and highlights actions for business owners, local government, and higher education institutions. Relevant policy implications include incorporating ethical conduct into entrepreneurship and digital marketing training, offering sustained mentoring, strengthening responsible local-product branding, supporting government-university-MSME cooperation, and improving access to digital infrastructure and business information. These contributions constitute a literature-based framework and recommendations rather than verified intervention effects.

ACKNOWLEDGMENTS

The authors acknowledge the scholarly contributions of researchers and institutions whose publications and publicly available data informed this literature-based study. Their work provides an important foundation for understanding business ethics, consumer trust, digitalization, and the sustainability of micro, small, and medium-sized enterprises. No specific individual or institution is credited with additional assistance without confirmation.

FUNDING

The authors received no external funding for this research.

CONFLICTS OF INTEREST

The authors declare no conflicts of interest.

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