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**IMPLEMENTATION OF BUSINESS ETHICS PRINCIPLES IN HOSPITAL  
MANAGEMENT SYSTEM IN INDONESIA: LITERATURE STUDY**

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**Abstract:** *This study aims to analyze the application of business ethics principles in the management of Islamic hospitals in Indonesia and evaluate their contribution to increasing profitability, strengthening institutional reputation, and building employee loyalty. Using a qualitative approach based on literature studies, this study examines various scientific sources to gain an in- depth understanding of the correlation between ethical values and hospital organizational performance. The findings of this study indicate that the application of business ethics, although not always having a direct impact on service quality, still has a significant role in strengthening the governance system, forming a professional and accountable organizational culture, and building public trust in hospital institutions. The integration of institutional ethics into managerial policies, such as through the implementation of the Indonesian Hospital Code of Ethics (KODERSI), has been shown to provide a positive contribution to the sustainability of hospital operations, especially in facing the challenges and dynamics of the increasingly competitive and complex health care industry. Therefore, business ethics not only functions as a moral guideline or behavioral norm, but also as a strategic instrument in creating a health care system that is fair, oriented towards humanity, and sustainable in the long term.*

**Keywords:** *Principles of Business Ethics, Management Systems, and Hospitals.*

**Abstrak:** Penelitian ini bertujuan untuk menganalisis penerapan prinsip-prinsip etika bisnis dalam pengelolaan rumah sakit Islam di Indonesia dan mengevaluasi kontribusinya terhadap peningkatan profitabilitas, penguatan reputasi institusi, dan pembentukan loyalitas karyawan. Dengan menggunakan pendekatan kualitatif yang berbasis pada studi pustaka, penelitian ini mengkaji berbagai sumber ilmiah untuk memperoleh pemahaman yang mendalam tentang hubungan antara nilai-nilai etika dan kinerja organisasi rumah sakit. Temuan penelitian ini menunjukkan bahwa penerapan etika bisnis, meskipun tidak selalu berdampak langsung pada mutu pelayanan, tetap memiliki peran yang signifikan dalam memperkuat sistem tata kelola, membentuk budaya organisasi yang profesional dan akuntabel, serta membangun kepercayaan publik terhadap institusi rumah sakit. Integrasi etika institusi ke dalam kebijakan manajerial, seperti melalui penerapan Kode Etik Rumah Sakit Indonesia (KODERSI), terbukti memberikan kontribusi positif bagi keberlanjutan operasional rumah sakit, terutama dalam menghadapi tantangan dan dinamika industri perawatan kesehatan yang semakin kompetitif dan kompleks. Oleh karena itu, etika bisnis

tidak hanya berfungsi sebagai pedoman moral atau norma perilaku, tetapi juga sebagai instrumen strategis dalam menciptakan sistem perawatan kesehatan yang adil, berorientasi pada kemanusiaan, dan berkelanjutan dalam jangka panjang.

**Kata Kunci:** Prinsip Etika Bisnis, Sistem Manajemen, dan Rumah Sakit.

## INTRODUCTION

Hospitals are essential components of the healthcare system, playing a pivotal role in ensuring the provision of high-quality medical services to the public. As the primary providers of healthcare, hospitals bear a significant responsibility not only to deliver clinically effective treatments but also to uphold professional ethical standards in all aspects of their operations. Ethical professionalism within hospital settings encompasses multiple dimensions, including efforts to guarantee patient safety, provide humane and compassionate care, and ensure equitable treatment regardless of patients' social, economic, racial, or religious backgrounds (Fadilla, 2021). By adhering to these principles, hospitals serve not only as centers for physical healing but also as institutions that embody integrity, morality, and public trust.

The sustainability of hospital operations is closely linked to the consistent application of these ethical values in daily practice (Setyawan & Supriyanto, 2020). Ethics serve not only as a moral compass in the execution of hospital functions but also as a strategic foundation that influences long-term policy direction and institutional continuity. In this regard, corporate social responsibility reflects the hospital's ethical commitment, reinforcing its mission and vision as an organization driven not solely by profit, but also by its contribution to broader societal well-being (Marina et al., 2021).

As an essential component of the national health system, hospitals perform a dual role: providing healthcare services and functioning as organizational entities that must adapt and evolve in response to social, economic, and technological developments. Over the past two decades, hospital development in Indonesia has exhibited a consistently positive trend at both provincial and district/city levels. A key factor contributing to this growth is the sustained adherence of hospitals to organizational ethical principles, which serve as the foundation for fostering public trust and enhancing institutional reputation (Suawah, 2021).

The long-term sustainability and success of a hospital are significantly influenced by the quality of its organizational performance. This performance is directly shaped by the organizational culture that is implemented and cultivated (Pramudya et al., 2023). Although hospitals are often perceived through a social lens due to their humanitarian service role, they are fundamentally business entities that must operate in a professional and accountable manner. An organizational culture that prioritizes health and ethical standards fosters a conducive work environment, enhances operational efficiency, and reinforces integrity across all functional areas (Muis et al., 2018). To remain relevant and competitive, hospitals must undergo a paradigm shift, particularly in the delivery of healthcare services. The traditional model, which positioned physicians as the sole decision-makers in medical matters, is gradually being replaced by a more collaborative and patient-centered approach. The "patients as partners" principle now serves as a foundational concept for developing a service system that is participatory, transparent, and responsive to the diverse needs of individuals and communities (Sofyandi, 2023).

This paradigm shift compels hospitals to operate as professional business entities, each comprising various strategic business units that prioritize sustainability and operational efficiency (Calundu, 2018). Despite this orientation towards profitability, hospitals must continue to uphold their social function as providers of inclusive and humanistic public services. Within the framework of sustainability, hospitals are obligated to fulfill ethical responsibilities by making tangible contributions to society—such as implementing social programs, offering health education, and enhancing service accessibility for vulnerable populations (Robinsyah, 2022). This study seeks to identify, describe, and analyze the implementation of business ethics in Islamic hospitals, with particular focus on their contribution to profitability, institutional reputation, and the commitment and loyalty of employees. Ethics-based managerial practices are regarded as instrumental in reinforcing the relationship between hospitals and the community, while also highlighting the strategic role of hospitals in achieving broader social objectives: fostering a more equitable, healthy, and dignified environment for all segments of society.

## **RESEARCH METHOD**

This study employs a qualitative approach, utilizing the literature review method as the primary technique for data collection and analysis (Jailani, 2023). This approach is deemed most suitable for addressing the research focus on the application of business ethics principles within the hospital management system in Indonesia, as it enables researchers to explore a range of conceptual and empirical findings from previously published sources. Data were obtained through a systematic review of secondary sources, including accredited journal articles, scholarly reference books, seminar proceedings, research reports, and official documents related to government policies or institutions concerned with hospital management and business ethics. The literature search was conducted through reputable academic databases such as Google Scholar, ScienceDirect, and Garuda Ristek-BRIN, using keywords such as “hospital business ethics,” “health service management,” “corporate social responsibility (CSR),” and “organizational culture in the health sector” (Laila et al., 2024). The data processing involved several stages, including the selection of relevant literature, organization of information based on specific themes, and thematic synthesis to draw meaningful conclusions. To ensure the validity and reliability of the data, the researcher employed source triangulation techniques and conducted a critical evaluation of the quality and context of each reference (Rifai, 2023). Through this approach, the study aims to make a substantial contribution to the theoretical and practical understanding of the implementation of business ethics in hospital management in Indonesia, as well as its impact on operational sustainability and the public perception of healthcare institutions.

## **RESULTS AND DISCUSSION**

### **1) Contribution of Business Ethics to the Effectiveness of Health Services**

Findings by Piyajeng and Wibowo (2017) reveal that the implementation of business ethics principles in hospitals—particularly in services provided to BPJS patients—does not exert a direct influence on service effectiveness. Nevertheless, other managerial components, such as operational audits, internal controls, and the application of sound clinical governance, demonstrate a more substantial impact on enhancing service quality. These results suggest that while business ethics serve as a foundational value framework, the effectiveness of hospital services is largely determined by the adoption of systematic and measurable management

practices. This conclusion aligns with various other studies emphasizing the significance of managerial aspects in improving hospital service quality. For instance, research by Rahmi et al. (2023) at Medan Adventist Hospital found that operational audits and proper clinical governance significantly affected service effectiveness, whereas business ethics did not have a direct impact. Similarly, a study by Septianingsih et al. (2021) conducted at two general hospitals in Bandung indicated that operational audits and clinical governance contributed positively to the effectiveness of JKN/BPJS services.

Nevertheless, several studies have reported differing findings. Rahmanita (2023), in her study conducted at a private hospital in Purworejo Regency, found that good clinical governance, hospital institutional business ethics, and the work environment significantly influenced the effectiveness of BPJS services. In contrast, operational audits and management control did not demonstrate a significant effect. Furthermore, research by Sari and Priantana (2023) at a type B hospital in Banda Aceh revealed that operational audits, internal control, and good clinical governance collectively had a positive impact on the effectiveness of health services.

These discrepancies in findings may stem from differences in policy implementation, organizational culture, and the extent to which business ethics principles are understood within each hospital. While business ethics may not consistently exhibit a direct influence on service effectiveness, its function as a foundational value framework remains essential in fostering an organizational culture that supports effective managerial practices.

## **2) Integration of Ethics in Hospital Organizational Structure and Governance**

According to Hidayati et al. (2023), the effectiveness of hospital management is primarily influenced by the integration of legal (juridical) and technical aspects, including internal regulations that encompass ethical standards. The incorporation of ethical principles within a hospital's internal policies directly enhances the organizational framework, promotes transparency, and fosters accountability in the decision-making process. Consequently, the establishment of an ethics-based governance system serves as a crucial foundation for cultivating a professional, efficient, and accountable work environment. The application of ethical values in hospital management policies contributes to strengthening public confidence in healthcare institutions. When decisions are guided by the principles of transparency and

accountability, internal control mechanisms are formed, thereby reducing the risk of authority misuse, conflicts of interest, and other unethical behaviors. This is supported by Nugroho and Suryani's (2021) findings, which indicate that hospitals implementing ethics-based governance tend to exhibit higher levels of employee job satisfaction and improved retention rates among healthcare workers.

### **3) Business Ethics as the Foundation for Sustainability of Health Institutions**

Marina and Wahjono (2017), in their research conducted at Muhammadiyah Ponorogo Hospital, demonstrated that the consistent implementation of business ethics—derived from both professional standards and Islamic moral principles—can significantly enhance the sustainability of hospital institutions. Employing a phenomenological approach, their study highlights that business ethics not only influence individual behavior within organizations but also contribute substantially to fostering employee loyalty and cultivating a positive public image. Strong ethical practices serve as valuable social capital that supports the hospital's long-term viability. In this context, business ethics function not merely as normative guidelines, but also as a transformative force capable of shaping employees' attitudes and behaviors. When ethical values underpin managerial practices, they foster a more harmonious, productive, and service-oriented work environment. Employee loyalty is strengthened as personnel perceive the system as fair, transparent, and respectful of human dignity. This, in turn, directly improves service quality, thereby reinforcing the hospital's reputation among the public and other stakeholders. A reputation established upon a robust ethical foundation offers a distinct competitive advantage, particularly in the increasingly competitive and trust-driven healthcare sector. Business ethics serve as social capital that deepens the relationship between hospitals and their surrounding communities. This finding is consistent with Prasetyo and Wulandari (2021), who assert that healthcare institutions that uphold ethical standards are generally more trusted by the public and demonstrate greater resilience in facing external challenges, including social and economic crises. Hence, business ethics grounded in both professional and religious values not only promote internal loyalty and external trust but also constitute a strategic basis for ensuring the hospital's long-term sustainability and growth. When practiced authentically, ethics become a core element of organizational identity that sets hospitals apart from other institutions that solely prioritize profit.

#### **4) Ethical Dynamics in Competition in the Health Care Sector**

Humami et al. (2023) Humami et al. (2023) emphasized the rise of ethical issues within the healthcare sector, such as unfair competition, monopolistic practices, and fraud. This situation calls for a more rigorous supervision system and the enforcement of ethical standards in hospital operations. If left unaddressed, these ethical violations could not only harm the institution but also jeopardize patient rights and the overall integrity of the healthcare system. Consequently, adopting a business ethics approach should be an essential component of hospital management strategies amidst an increasingly complex competitive environment.

In this regard, the lack of a strict monitoring system and weak enforcement of ethical codes may lead to the tolerance or even institutionalization of ethical violations in secrecy. This can foster an organizational culture that permits immoral practices. If unchecked, the consequences are severe: patient rights are disregarded, the professionalism of healthcare workers is compromised, and the integrity of the healthcare system will deteriorate over time. In other words, the sustainability of the national health system could be at risk if the ethical dimension is not prioritized in managerial and operational decision-making. Therefore, a business ethics approach should not be seen merely as an additional or formal aspect in the development of hospital management strategies.

It is essential for this to be thoroughly incorporated into the institution's management strategy, encompassing all organizational levels, from planning to execution. These efforts should be supported by the reinforcement of regulations, ethics training for healthcare workers and management, and the establishment of an independent internal body to oversee adherence to ethical standards. In support of this, a study by Sari and Nugroho (2021) reinforces this perspective by highlighting that healthcare institutions which integrate ethical principles into their organizational culture tend to achieve higher levels of patient satisfaction and public trust. Therefore, in the face of global competition, hospital management must go beyond relying solely on efficiency and technological innovation. It must also demonstrate a strong commitment to ethical values as a fundamental pillar for providing fair, humane, and sustainable services.

#### **5) Strengthening Ethics Strategy through Institutional Code of Ethics**



In response to the need for more operational and applicable ethical guidelines, the Indonesian Hospital Association (PERSI) introduced the Indonesian Hospital Code of Ethics (KODERSI) in 2022. This document serves as an official guideline regulating ethical behavior standards within hospitals, addressing medical personnel, management, and all elements of the organization. This initiative represents a strategic move to encourage hospitals to become more transparent, accountable, and focused on humanitarian values when providing services to the community. The introduction of KODERSI signifies a shift in the governance paradigm of hospitals in Indonesia, moving from an administrative and procedural approach to one that is more aligned with humanitarian values, justice, and accountability. In the context of modern management, the establishment of an institutional code of ethics like KODERSI is crucial as it serves as the foundation for a healthy organizational culture and helps prevent moral deviations in healthcare practices (Indonesia, 2015). This code emphasizes universal principles such as integrity, responsibility, and empathy while also being adaptable to relevant local social and cultural values. PERSI's initiative aligns with global efforts from international organizations such as the World Health Organization (WHO) and Joint Commission International (JCI), which underscore the importance of ethical standards in ensuring the quality of service and patient safety. Moreover, the establishment of KODERSI can be a strategic tool in building public trust in hospitals, especially as public awareness of patient rights, service transparency, and accountability of health institutions continues to grow (Wijaya et al., 2023). According to a study by Taufikurrahman et al. (2023), hospitals that consistently implement ethical codes have demonstrated improved patient satisfaction and organizational performance. Therefore, the code is not merely an administrative document but should be internalized within the work system, internal policies, and ongoing training of hospital staff. The sustainability of the code's implementation depends largely on the commitment of hospital leaders, the participation of all work units, and the integration of its values into a broader quality management system.

## **CONCLUSION**

This study demonstrates that the implementation of business ethics in hospital management is a vital factor influencing the sustainability of the institution, public reputation, employee loyalty, and the quality of health services. While it does not always have an



immediate effect on service effectiveness, business ethics serves as a value-based foundation that strengthens organizational culture, ensures transparent governance, and prevents unethical practices within the competitive health sector. By integrating ethics into managerial structures and policies, such as KODERSI, hospitals can evolve into professional institutions that prioritize not only profit but also humanitarian values and social justice.

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