

Business Education Management in Patron-Client Relations: Business Ethics Among Middlemen at Kuta Market, Pemalang

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Article History

Received on 25 June 2025

1st Revised on 30 June 2025

2nd Revised on 14 July 2025

3rd Revised on 08 August 2025

Accepted on 04 February 2026

Abstract

Purpose: This study aims to examine the patron-client relationship in the trading practices of middlemen at the Kuta market in Pemalang. It examines how these relationships influence transaction dynamics, bargaining power, and economic dependency among micro-enterprises. This study also examines business ethics, including honesty, fairness, and responsibility in trading activities. Furthermore, it examines the role of management business education in shaping ethical practices and supporting the sustainability of micro-enterprises within traditional market settings.

Methodology/approach: Data were collected through interviews, observations, and documentation.

Results: The study shows hierarchical patterns in the patron-client system that hinder micro-enterprise autonomy.

Conclusions: This study reveals that patron dominance in the tengkulak business limits client autonomy and ethical fairness, highlighting the need for improved community-based training and ethical practices.

Limitations: This study was limited to a specific location and community; therefore, the findings cannot yet be generalized to other traditional market contexts in Indonesia.

Contributions: This study contributes to the fields of educational business management and business ethics, particularly within the informal microeconomic sector. These findings provide conceptual and empirical insights into patron-client dynamics and related ethical challenges. Furthermore, this study offers valuable references for academics, policymakers, and community development institutions to understand and address ethical issues within patron-client systems in traditional markets.

Keywords: *Business Education Management, Ethical Microfinance, Middlemen, Patron-Client, Traditional Markets*

How to cite: Azmi, F. T. Nurfuadi, N. (2026). Business Education Management in Patron-Client Relations: Business Ethics Among Middlemen at Kuta Market, Pemalang. *Studi Ilmu Manajemen dan Organisasi*. 7(1) 163-177.

1. Introduction

The Kuta market in Pemalang Regency is one of the centers of grassroots economic activity that plays a vital role in supporting the local economy. Within this market, socio-economic relations are established between large and small middlemen within the framework of patron-client relationships. Large middlemen, who generally function as providers of capital and regulators of goods distribution, occupy a strategic position in sustaining micro-business activities in the market. This condition indicates the existence of the structural dependence of small middlemen on patrons as a source of sustainable capital, particularly in rural areas. Therefore, the dynamics of patron-client relations in the Kuta market reflect practices commonly found in traditional markets and are highly relevant for further examination within the context of business ethics ([Lestari & Nurdin, 2025](#)).

Based on data from the Central Statistics Agency of Central Java Province, the number of micro and small enterprises in Pemalang Regency reached 48,835 units in 2022. This figure indicates significant growth in the small-business sector in recent years. However, an increase in the number of enterprises is not always accompanied by strong business sustainability. Many business actors experience difficulties in maintaining their operations, largely because of limited access to fair and sustainable capital. In the local context, unethical financing practices remain common, and patron–client relationships often place small traders in a vulnerable position. This indicates that access to capital is a key factor influencing the sustainability of small enterprises ([Sugita & Ekayani, 2022](#)).

Furthermore, business ethics, particularly in the context of patron–client relationships, have become an increasingly relevant issue in the era of globalization. In practice, the relationship between large and small middlemen creates binding patterns of capital and goods distribution. Small middlemen receive capital with the obligation to sell all their merchandise back to the capital providers. This pattern has been sustained across generations and has become an integral part of the local economic system of the Kuta Market. Although economic and marketing considerations tend to dominate, these relationships cannot be separated from the deeply rooted social and cultural dynamics. Therefore, it is important to examine how ethical practices in capital provision are implemented within such relationships, as well as how interactions among large middlemen may influence the sustainability of the small middlemen’s businesses ([Lestari & Nurdin, 2025](#)).

Ethics in patron–client relationships cannot be understood solely from a legal-formal perspective but must be analyzed within the framework of relational justice, power balance, and contextual economic empowerment. These relationships are often unequal, with patrons exercising dominance in decision-making processes and regulating profit distribution. Although such relationships are maintained owing to mutually beneficial economic and social objectives, inequality within the relational structure remains a central issue ([Lestari & Nurdin, 2025](#)). Therefore, strengthening ethics-based business management education rooted in local values is crucial to enable business actors to understand their rights, responsibilities, and fair profit-sharing mechanisms within informal economic practices.

In the context of business education management, the patron–client relationships formed between large and small middlemen in the Kuta market reflect traditional managerial practices that are not solely based on economic logic but also on social relations and local cultural values. These relationships develop within a system that allows patrons to play a dominant role as capital providers and as strategic decision-makers. In this context, small middlemen tend to rely on patrons rather than accessing formal financial institutions because of the flexibility, trust, and social closeness that have been established over time. However, this pattern also creates structural dependence that narrows business mobility and reduces the autonomy of small economic actors in their business decisions.

Moreover, it is important to consider the influence of local cultural values on the perspectives and business practices of economic actors in the region. In the Kuta market, values such as social restraint, solidarity, and compliance with hierarchical structures shape patron–client relationships that are not merely economic but also socio-emotional in nature. Small middlemen are often reluctant to reject unfavorable profit-sharing schemes because they fear being perceived as disloyal or disrespectful to their patrons. Consequently, business ethics practices are strongly influenced by the cultural context of the local community. Therefore, developing a contextual understanding of business ethics is crucial for fostering the empowerment of micro-business actors.

Based on the discussion above, this study offers a new perspective on patron–client studies by emphasizing the aspect of informal business education management. This research is guided by the following questions: (1) How do patron–client work relations operate in the Kuta market? (2) How is ethics implemented in these relationships? and (3) What are the impacts of these relationships on the business learning processes of small middlemen?

2. Literature Review

2.1 Business Education Management

Management is a process that encompasses planning, organizing, leadership, and controlling the efforts of organizational members by utilizing all available resources to achieve predetermined objectives (Ratih, Ridho, & Aisyah, 2020). In the educational context, educational management can be understood as a system that regulates and coordinates the implementation of education to ensure alignment with established goals, while simultaneously managing various policies within the overall education system (Suryadi, Pasaribu, Siahaan, Sabri, & Lubis, 2024). Furthermore, educational management functions as an evaluative instrument for directing and measuring educational outcomes in order to achieve quality levels or standards recognized as benchmarks for the success of an education system (Prasetya, Chotimah, & Fitri, 2023).

On the other hand, business is defined as an organization that provides goods or services for sale to generate profit (Ratih et al., 2020). Business can also be understood as an activity organized by a group of individuals engaged in industrial operations (Prasetya et al., 2023). From another perspective, business activities aim to meet societal needs through certain mechanisms, with the expectation of earning profits from each transaction (Surajiyo & Dhika, 2024). Based on these perspectives, business education management refers to a field of study that examines the processes of planning, organizing, controlling, and supervising business organizational activities, whether in service-based or goods-based enterprises, to achieve predetermined objectives effectively and efficiently.

Furthermore, business education management involves efforts to optimize organizational resources to generate profits, both in material forms, such as financial returns, and in non-material forms, such as social influence or institutional recognition. Within its scope, business education management comprises several key components that serve as evaluative standards, including: (1) the market as a field of interaction between products and consumers; (2) companies or institutions as entities with functional and managerial structures; (3) external factors such as political, economic, social, technological, and environmental dynamics; and (4) the concept of change, which includes transformations in perspective and innovation in business management practices (Prasetya et al., 2023). The five primary functions of business education management are planning, organizing, motivating, controlling, and evaluation. These functions must be implemented in an integrated and effective manner to ensure the optimal achievement of business or organizational objectives (Ratih et al., 2020).

2.2 The Patron-Client Concept

Etymologically, the term *patron* refers to an individual who possesses power, status, authority, and influence, while a *client* is understood as an individual positioned as a subordinate or one who is commanded (Oruh, Kamaruddin, & Agustang, 2022). Based on this definition, patron–client relations can be understood as a form of alliance between two individuals or groups occupying different social positions in terms of status, power, and economic capacity. This inequality places the client in a lower (inferior) position, while the patron occupies a higher (superior) one.

Patron–client relations are generally formed due to three main factors. First, there are marked differences in the ownership of wealth, status and power. Second, the absence of institutions that guarantee individual security, status, and property leads to patronage functioning as a mechanism for safeguarding these aspects. Third, individuals cannot rely on kinship networks for protection and social mobility (Rohmaniyah, Panorama, Syaifulloh, & Santoso, 2024). Within this structure, personal and continuous communication networks are established, enabling these relationships to persist over long periods, as such groups typically consist of family members or close relatives (Handoko, Fitriyana, & Susilo, 2022).

Historically, patron–client relationships have predominantly developed in rural areas. This view holds that patron–client patterns emerged within agrarian societies, where land ownership was concentrated among a small elite capable of monopolizing sources of wealth, political power, access to education, and channels of communication with the outside world (Nastain & Nugroho, 2022). This background gave rise to social exchanges based on disparities in social status, economic strength, and power

between patrons and clients. Consequently, patrons who hold advantages in these three aspects tend to control the dynamics of the relationship, while clients assume a more dependent role in the relationship.

This is highly relevant for understanding these practices. Such relationships are characterized by unequal access to resources between patrons and clients, exchanges of material benefits (money or goods) for social loyalty, and an informal, yet repetitive and binding, nature. These relationships are sustained over long periods and may undergo structural shifts; however, their substance continues to reflect an asymmetrical form of mutual dependence ([Lai'Dadi'Patandean, Pratiknjo, & Damis, 2025](#)). Patron–client relationships are interrelated and mutually dependent, albeit unequally. Patrons, as actors with higher social and economic standing, function as providers of goods, services, protection, and other resources to clients. In return, clients reciprocate by offering loyalty, support, and services to patrons. Thus, patron–client relations are marked by reciprocal dependence and strong interpersonal ties, despite existing within a context of socioeconomic inequality ([Husen 2024](#)).

In practice, patron–client working relationships often demonstrate the domination of patrons over clients. As a result, clients tend to exhibit obedience and submission to the patron's will ([Imaniar and Brata, 2020](#)). This form of domination is typically reinforced through the provision of capital or rewards, which deepens the client's dependence on the patron. Over time, the concept of patron–client relations has expanded to explain the dynamics of influence and shifting tendencies within such social relationships ([Setiawan, 2025](#)).

Within this context, patron–client relationships can be classified into two broad categories. The first includes relations dominated by patrons, such as patron domination, patron solidarity, and balanced influence, in which patrons retain dominant control over the relationship. The second category reflects the increasing role of clients, including indifferent patron–client relations, client solidarity, and client domination, indicating a decline in patronal influence within the relational structure ([Setiawan, 2025](#)). Nevertheless, patron–client relationships are fundamentally based on mutual trust, whereby clients rely on patrons to assist them in overcoming difficulties, including capital access. Conversely, patrons may expect support from clients when they need it. As a result, clients feel bound to patrons through respect and a sense of indebtedness, leading them to make significant efforts to fulfill patrons' requests ([Hatu, Latare, Bumulo, & Satingi, 2024](#)).

However, the primary objective of patron–client relations is the acquisition of benefits, whether goods, services, or other resources that cannot be obtained through alternative means, in exchange for the sacrifices made by the client ([Yennita, Samin, & Prastya, 2020](#)). Unfortunately, such relationships often disadvantage farmers, as they are required to sell their harvests to middlemen at prices below the market value, ultimately hindering their ability to achieve economic welfare ([Hatu et al., 2024](#)). In general, patron–client relationships possess three main characteristics: inequality in social relations, direct and face-to-face interactions, and flexible relations that extend across various aspects of life (diffuse flexibility) ([Setyaningsih, 2021](#)). Koentjaraningrat refers to this pattern as the (*induk semang–klien*), in which the master is obliged to provide maximum protection and the client must reciprocate through service and loyalty. This pattern places clients under the shadow of moral indebtedness, reinforcing structural dependence ([Murtadho & Wijayanto, 2025](#)).

2.3 Business Ethics

The term *ethics* originates from the Greek word *ethos*, which means “custom” or “habit.” In general practice, ethics are often associated with good ways of living, whether at the individual level or within society at large. Ethics is also understood as a set of moral codes that must be observed in a collective life. Fundamentally, ethics is a discipline that examines human behavior and moral principles regarded as right or proper. Through rational inquiry and observation of human conduct, ethics seeks to address questions concerning what is considered good or bad ([Lestari and Nurdin, 2025](#)).

As a branch of moral philosophy, ethics examines the value standards upheld by individuals and by social groups. Ethics not only discusses moral values at a theoretical level but also explores how these values are applied in real-life practices. In this context, business ethics emerges as a form of applied

ethics that is directly related to economic activity. Business ethics concerns moral behavior in business practices and reflects the ethical perspectives governing relationships among business actors, consumers, business partners, and society ([Mursalin, Setiabudi, & Pebriyanti, 2025](#)).

Business ethics can be understood as a set of moral principles that serve as the foundation for decision-making and implementation of business activities. These principles guide business actors to ensure that all economic actions are conducted in accordance with the values of justice, honesty, integrity, propriety, and social responsibility ([Wibowo & Afriadi, 2023](#)). Thus, business ethics function not only as a normative guideline but also as an evaluative instrument for assessing whether business practices are aligned with moral values, social norms, and applicable legal regulations.

As a component of applied ethics, business ethics emphasizes the importance of managing business activities in a manner that reflects universal moral standards. Business ethics shape the values, norms, and behavior of business actors (both leaders and employees) in building fair and healthy relationships with various stakeholders, including customers, business partners, shareholders, and the broader community. In practice, every business decision and action is measured against ethical parameters that distinguish morally acceptable behavior from conduct that cannot be ethically justified ([Astawa 2023](#)).

Business ethics encompass moral principles that regulate corporate interactions with stakeholders, accompanied by the values of justice, honesty, integrity, responsibility, and concern for social impact. Key issues in business ethics include the treatment of employees and consumers, environmental protection, fair competition, transparency, and compliance with laws and regulations. The application of these principles encourages the internalization of ethical values within business operations, thereby enabling business activities to operate in harmony with prevailing social norms and legal frameworks ([Wibowo & Afriadi, 2023](#)).

From a business ethics perspective, profit orientation is both natural and legitimate in a capitalist society. However, the pursuit of profit must not be carried out in ways that harm other parties. Business actors are required to respect the rights and interests of others, as business sustainability ultimately depends on trust and fair relationships with all stakeholders involved. Therefore, professional and sustainable business practices can only be achieved when grounded in mutual trust, justice, and benefit ([Surajiyo & Dhika, 2024](#)).

Business ethics also play a strategic role in building resilient and competitive organizations. Consistent implementation of business ethics supports the creation of good corporate governance, beginning with strategic planning, clear organizational structures, transparent systems and procedures, and a strong organizational culture ([Indriani, Agustina, Dahar, & Agustiawan, 2024](#)). Conversely, violations of business ethics and social responsibility can result in significant negative consequences, such as a declining corporate reputation, loss of public trust, potential legal sanctions, and financial losses. One common example of an unethical business practice is misleading marketing, in which product information does not correspond to reality and ultimately harms consumers ([Wibowo & Afriadi, 2023](#)).

In conclusion, the implementation of strong business ethics does not merely require companies to pursue profit but also directs business actors to cultivate moral and social responsibility within their operational environments. Ethical values in business play a crucial role in creating a just, civilized, and sustainable economic order. Businesses that operate based on ethical principles can ultimately grow in a healthy manner, maintain public trust, and contribute positively to the broader welfare of society.

2.4 Previous Studies

The findings of previous studies, presented in Table 1, indicate that patron–client relationships play a crucial role in shaping local economic dynamics, particularly in sectors such as agriculture, fisheries, livestock farming, and home-based industries. These relational patterns generally emerge due to limited access to capital and markets and are reinforced by deeply rooted social and cultural ties among business actors. In regions such as Banjarnegara and Temanggung, for example, patron–client relationships

develop through trust and local customs transmitted across generations. However, such relational patterns often generate structural dependence, which constrains farmers' economic independence.

In Banyuwangi, although relationships between farmers and middlemen provide practical advantages such as access to capital, transportation, and markets, unethical practices, including price and weight manipulation, are also evident. This condition renders the relationship paradoxical, as farmers continue to occupy a disadvantageous position. Meanwhile, in the fisheries sector, as observed in Bontang and Bakumpai, patron–client patterns also influence fishermen's decision-making. Nevertheless, among the three variables examined (patron–client relations, market distance, and selling prices), only selling prices had a statistically significant effect on economic decision-making. Despite this, relationships between boat owners and fishermen persist due to non-material compensation, such as social assistance and protection, which reinforces loyalty even though fishermen remain economically vulnerable

In the broiler farming sector in Konawe, patron–client relationships reveal clear asymmetries, characterized by the dominance of capital providers, although they continue to offer certain financial benefits to the farmers. In Purworejo, female flower farmers are embedded in relationships that reinforce their economic dependence and hinder their empowerment efforts. Similarly, in Nagari Unggan and Rokan Hulu, reliance on patrons for access to capital and markets limits the autonomy of artisans and oil palm farmers in the same way. Overall, patron–client relations tend to provide short-term advantages in the form of capital and market access, while simultaneously giving rise to ethical concerns, power imbalances, and obstacles to the long-term sustainability of microenterprises.

However, the dimension of informal business education, which plays a vital role in empowering microenterprises, has not been a central focus of these studies. In patron–client relationships, informal business learning processes, such as acquiring knowledge about pricing, marketing strategies, and business management, occur through daily interactions characterized by unequal power relations in which knowledge and control are often monopolized by patrons. Consequently, clients have limited opportunities to develop managerial capacity and business literacy, causing learning processes that should foster independence to instead perpetuate dependency. Therefore, this study is significant as it seeks to address this gap by examining how patron–client relationships influence the formation of or barriers to informal business education among micro-enterprise actors.

Table 1. Previous studies

No	Author(s)	Research Title	Research Findings
1.	Imaniar and Brata (2020)	Patron–Client Relations between Middlemen and Salak Farmers and Their Social Impacts in Banjarnegara (Imaniar & Brata, 2020).	The findings indicate the following: 1. Patron–client relationships between middlemen and salak farmers are formed due to economic factors, local customs, and long-standing trust passed down through generations. 2. These relationships generate social impacts in the form of harmony and solidarity within the community, as interactions between patrons and clients are based on kinship values and mutual dependence.
2.	Ansharullah and Melati (2024)	The Influence of Patron–Client Relations, Market Distance, and Selling Price on Fishermen's Decision-Making in Benua Anyar Village, Bakumpai District (Ansharullah & Melati, 2024).	3. The findings show that: 4. Patron–client relations, market distance, and selling price simultaneously influence fishermen's decision making. 5. Partially, only selling price has a significant effect on fishermen's decisions, while patron–client relations and market distance do not show a significant effect.

3.	Aflah, Suhartini, and Arifiyanti (2023)	The Paradox of Relationships between Rice Farmers and Middlemen in Sepanjang Village, Glenmore District, Banyuwangi Regency (Aflah et al., 2023)	The findings revealed that: 1. The relationships between farmers and middlemen provide direct benefits in the form of access to capital, transportation, and markets. 2. Unethical practices, such as price and weight manipulation, cause farmers to suffer losses, resulting in a paradoxical relationship.
4.	Nuris (2024)	Patron–Client Relations in Shaping Fishermen’s Poverty (Nuris 2024).	The study finds that: 1. Patron–client relations between boat owners, traders, and labor fishermen create a structural dependency that reinforces fishermen’s poverty. 2. Patron dominance through control of capital and production facilities makes it difficult for fishermen to escape poverty and strengthens the unequal social structures.
5.	Nuraini, Kasman, and Oktayanty (2024)	Patron–Client Relations of Unggan Weaving Craftsmen in Nagari Unggan, Sijunjung, West Sumatra (Nuraini et al., 2024).	The findings indicate the following: 1. Patron–client relations between traders (toke) and weaving craftsmen are mutually beneficial but still place craftsmen in a weaker economic and social position than the traders. 2. Dependence on patrons for capital and market access limits business independence and decision-making capabilities.
6.	Zaman (2011)	Patron–Client Relations between Oil Palm Farmers and Middlemen in Koto Tandun Village, Tandun District, Rokan Hulu Regency (Zaman, 2011).	The study shows that: 1. Patron–client relations between oil palm farmers and middlemen are formed through farmers’ dependence on economic access, including capital and marketing, which can only be obtained through middlemen because of limited access to palm oil processing factories. 2. This dependence restricts farmers’ business autonomy and their decision-making.
7.	Firzan and Erawan (2020)	Patron–Client Relations among Fishing Communities in Tanjung Limau Village, Gunung Elai Subdistrict, North Bontang, and Bontang City (Firzan & Erawan, 2020).	The findings indicate the following: 1. The patron–client relationship between boat owners and fishermen creates long-term economic and social dependency. 2. Non-material compensation, such as protection and social assistance from patrons, sustains fishermen’s loyalty despite their economically vulnerable position.
8.	I Made Sukratman and Saptiani (2022)	Patterns of Patron–Client Relations among Broiler Chicken Farmers in Puasana Village, Amonggedo District, Konawe Regency (Sukratman & Saptiani, 2022).	The findings show that: 1. Patron–client relations between broiler farmers and capital providers are based on economic exchange and loyalty, although the relationship tends to be unequal in nature. 2. Despite this imbalance, the relationship provides financial benefits, as indicated by

			an average farmer income of IDR 47,774,966 per cycle.
9.	Arofah and Setiawan (2022)	Determinant Analysis of Tobacco Supply (Case Study: Patron–Client Phenomenon between Tobacco Farmers and Middlemen in Katekan Village, Ngadirejo District, Temanggung) (Arofah & Setiawan, 2022)	The findings indicate the following: 1. Selling price, household consumption costs, land size, production costs, and the level of attachment to middlemen simultaneously influence farmers’ tobacco supply in the study area. 2. Farmers’ dependence on middlemen causes them to continue selling their harvests even when prices are unfavorable.
10.	Ranti and Hanjani (2023)	Flower Farmers in Purworejo: Women Entrapped in Patron–Client Relations (Ranti and Hanjani, 2023).	The study finds that: 1. Women flower farmers are trapped in patron–client relationships that create dependency and hinder their economic empowerment. 2. These work relations result in dual role pressures that negatively affect women’s welfare and domestic subsistence ethics.

3. Methodology

This study employed a qualitative research method using a case study approach based on field research. This method was selected to obtain an in-depth understanding of the phenomenon under investigation, namely, patron–client relationships within the context of capital provision ethics in the Kuta market, Pemalang Regency. The case study approach is considered appropriate because it allows for a detailed and contextual exploration of complex social dynamics within the natural setting of the research participants. The primary objective of this study is to examine patron–client relations in the business practices of middlemen in the Kuta market, as well as to analyze the ethical aspects and business education management that influence the sustainability of micro-enterprises.

The data sources in this study consisted of primary data obtained through structured interviews with eight informants selected purposively. The informants included three large-scale middlemen, three small-scale middlemen, and two traditional market stakeholders. The interviews were conducted using a pre-prepared interview guide to systematically explore information related to capital provision practices and their impact. In addition, direct observations were carried out at the Kuta market to gain a more contextual understanding of the interactions between middlemen and traders.

This research was conducted at the Kuta market, Pemalang Regency, on Javanese market days, namely Wednesday (Pahing), June 4, 2025; Saturday (Kliwon), June 7, 2025; and Monday (Pahing), June 9, 2025. The selection of these dates was based on the high intensity of trading activities on those days, which enabled the researcher to observe patron–client practices more comprehensively and representatively. The Kuta market was chosen because it is one of the traditional trading centers that clearly demonstrates patron–client relational patterns between large middlemen and small traders.

Data analysis was conducted using thematic analysis techniques, involving data reduction, data display in the form of key themes, and conclusion drawing. The main themes examined include: (1) work patterns and relational structures of patron–client relationships in capital provision practices; (2) ethical perceptions within patron–client relationships; and (3) the implications of these relationships for business learning processes among small-scale middlemen. Through these stages, this study seeks to obtain a comprehensive understanding of the dynamics of patron–client relationships and their impact on ethical considerations and business sustainability. To ensure data validity, this study applies source

and method triangulation by comparing data from multiple informants and corroborating them with observation and interview findings.

4. Results and Discussion

4.1 Patron-Client Work Relationship Patterns

Patron–client relations in Kuta Market, Pemalang, demonstrate socio-economic dynamics that extend beyond mere business transactions, encompassing the structural, managerial, and cultural dimensions of micro-enterprise management. In management theory, organizational success, including that of small business units, depends on the processes of planning, organizing, actuating, and controlling ([Ratih et al. 2020](#)). Large-scale middlemen, acting as patrons, exercise these functions in a dominant and unilateral manner, resulting in relationships that are more top-down and hierarchical than collaborative.

In the Kuta market, the patron–client work pattern operates through large middlemen providing capital to small middlemen to purchase agricultural products from farmers. Subsequently, these products must be resold to large middlemen at prices determined unilaterally, often only set on the day of sale. This practice persists because large middlemen control both the purchasing and selling prices and possess independent distribution channels that extend beyond the local market area. This information was conveyed by Mr. Anto, a large middleman at the Kuta market, who stated that such a system has become common practice in Pemalang and the surrounding regions. Meanwhile, Mrs. Rohwati, a small middleman, emphasized that she can only purchase goods from farmers if she receives capital from patrons. Without such financial support, they lack the purchasing power to access local farmers' harvests.

This relational pattern reflects a patron dominance model in which patrons hold greater power than clients, particularly in decision-making and control over goods distribution ([Setiawan 2025](#)). Patrons not only determine selling prices, but also regulate transaction flows and set the timing and location of buying and selling activities. In contrast, clients occupy a position of complete dependence on patrons in terms of access to capital and business continuity. This relationship aligns with the defining characteristics of patron–client relations: inequality, direct and personal interaction (face-to-face), and diffuse flexibility ([Setyaningsih 2021](#)). Although not formalized through written contracts, these relationships persist over long periods because of strong social and economic pressures, making them structurally difficult to transform.

From the perspective of business education management, every business unit, including microscale enterprises, should be oriented toward independent and sustainable growth ([Prasetya et al., 2023](#)). However, coercive patronage practices, as observed in this context, generate structural dependency and hinder client autonomy. Small middlemen have limited opportunities to develop independent business plans, pursue diversification, or formulate long-term strategies. In practice, they function as extensions of the patron's business strategies and interests.

However, not all patron–client relationships are inherently exploitative. Some patrons act as informal trainers or mentors who provide technical guidance to their clients through direct instruction on packaging, pricing, and logistics management training. This practice reflects a form of experiential learning or learning-by-doing ([Prasetya et al., 2023](#)), whereby business skills are transmitted through direct involvement in trading activities, albeit without a structured curriculum or systematic evaluation.

However, in the absence of a balance of power and the application of business ethics principles, such relationships retain significant potential to produce subordination. Clients in weaker positions lack control over the direction of their businesses, making it difficult to implement the principles of justice and sustainability in business management. This condition underscores that although patron–client relations provide access to capital and markets, they must be critically examined, particularly from

managerial and ethical perspectives, to ensure that they function as instruments of empowerment rather than mechanisms of domination.

4.2 Business Ethics Practices

In the context of management and microeconomic relations, business ethics constitute a fundamental aspect that requires serious attention, particularly within the patron–client system operating in the Kuta market in Pematang. Such relationships are not solely driven by profit motives but also involve value dimensions, such as justice, transparency, and social responsibility. In this sense, ethics do not merely reflect individual behavior but represent a system of social values that regulates interactions among actors in society, including those engaged in informal business practices ([Silviah & Lestari, 2022](#)).

However, the implementation of business ethics in Kuta Market remains far from optimal. One of the main recurring issues is price instability in buying and selling transactions in the market. Prices initially agreed upon often change unilaterally, with final prices determined only when goods are delivered to the patron. Clients, particularly small middlemen, lack price certainty at the outset of transactions, leading to the perception of injustice. They feel disadvantaged when the final selling price does not meet their initial expectations. On the other hand, patrons justify this practice by referring to market fluctuations, although they continue to maintain a profit-maximization strategy, buying at the lowest possible price and selling at the highest.

This situation reflects information asymmetry, which disadvantages clients and creates unequal bargaining positions, contradicting the principle of justice in business ethics. In sound business practices, contractual transparency, equitable profit sharing, and active participation of all parties in decision-making processes are essential requirements ([Mursalin et al., 2025](#)). Unfortunately, the conditions in the Kuta market indicate that patrons retain full control over pricing, capital repayment mechanisms, and distribution channels, without providing equal negotiation space for clients. Such dominance deviates from the principles of inclusive and participatory business ethics.

However, ethical violations do not originate solely from patrons. In several cases, patrons complain about clients who have received capital but subsequently sell goods to other buyers offering higher prices without fulfilling their obligations to the patron. This phenomenon indicates that the absence of written contracts and weak control mechanisms create opportunities for ethical breaches on both sides.

In capital provision practices, patron–client relationships in the Kuta market occur with high intensity and on a daily basis. Patrons routinely provide capital that must be repaid in the form of goods equivalent in value to the capital received by the firm. However, terms regarding pricing, product quality, or repayment timing are often not specified in writing. This frequently becomes a source of conflict when differences in valuation arise between patrons and clients. Such conditions further emphasize the importance of fair and transparent contractual mechanisms to protect the interests of both parties.

Furthermore, ethical relations between patrons and clients cannot be separated from the local sociocultural context. In the Kuta market, kinship ties or regional proximity often form the basis of economic relationships. As conveyed by Mr. Anto, one of the patrons, stated that most patrons and clients originate from the same community. Ideally, such emotional bonds can serve as the foundation for fair and mutually beneficial business relationships. In practice, however, this closeness is often used as a control mechanism. Clients feel reluctant to reject unfavorable terms because of social pressure embedded in familial or communal relationships ([Mursalin et al., 2025](#)).

Nevertheless, there are positive indications among some patrons who have begun to recognize the importance of ethics in conducting business relationships. Several have started implementing written

contracts, opening more transparent dialogues, and providing channels for client complaints. These initiatives reflect the influence of ethical values on the development of business management, even within the informal sector. This aligns with managerial innovation in grassroots businesses, which are rooted in moral awareness and the transformation of social values ([Prasetya et al., 2023](#)). Thus, patron–client relations in the Kuta market represent a complex dynamic of business ethics. On the one hand, they embody elements of social solidarity and people-based economic practices; on the other hand, they are characterized by domination, information asymmetry, and the absence of fair contractual arrangements.

4.3 Learning Processes and Business Capacity

Patron–client relations in Kuta Market, Pemalang, do not merely represent economic interactions but also function as a complex learning arena for small-scale middlemen. From the perspective of business education management, learning does not always occur through formal channels; rather, it often takes place indirectly through practical engagement, observation, and daily experience, which is commonly referred to as experiential learning. In this context, small middlemen actively, albeit often unconsciously, acquire essential business knowledge, including logistics and financial management, risk mitigation strategies, and survival techniques in fluctuating market conditions. Their routine activities serve as a distinctive source of contextual understanding, particularly within the informal sector, where access to formal business education is limited ([Prasetya et al., 2023](#)).

However, the implications of this relationship are highly complex and are not always beneficial to both parties. Patrons, on the other hand, gain substantial advantages. They possess decision-making authority, access to extensive distribution networks, and control over capital, positioning them as dominant actors in the local trading system. This structural advantage enables patrons to regulate transaction flows according to their interests, including the unilateral determination of purchase and selling prices.

Conversely, small middlemen as clients tend to experience adverse consequences in this relationship. Their dependence on patrons as capital providers restricts their autonomy in determining prices and independently formulating business strategies. Clients are required to resell goods to patrons at prices set unilaterally, with limited room for negotiation. In many cases, this relationship is perceived as a form of “moral obligation,” as patrons are regarded as having provided the initial capital that allows clients to continue their daily business activities ([Silviyah and Lestari, 2022](#)).

However, not all impacts experienced by clients are negative. Access to capital remains a crucial opportunity that enables survival within market dynamics. The flexibility of obtaining funds quickly, albeit without long-term certainty, is a key reason many clients remain in this relationship. Although the profits earned are relatively small and inconsistent, they continue to serve as a dependable source of livelihood, particularly in a subsistence-oriented economic context.

However, excessive patron dominance often becomes a major barrier to developing reflective capacity and independent decision-making among clients. In business management, success largely depends on internal motivation, self-evaluation processes, and autonomy in designing and implementing business strategies ([Ratih et al., 2020](#)). When clients are overly dependent on patrons, the learning process tends to be merely adaptive, rather than transformative. They learn how to survive, not how to thrive. Instead of fostering innovation, expanding networks, or establishing new partnerships, clients become locked into stagnant business practice patterns.

This condition is further exacerbated by the absence of a systematic mentoring or capacity-building framework. The learning processes that occur are largely sporadic and based on trial and error, resulting in the repetition of similar mistakes without structured corrective efforts. Ideally, a healthy and ethical

business learning system should promote the values of justice, participation, and sustainability. In the context of the Kuta market, these values have not yet been optimally implemented, as existing business relations remain heavily influenced by power dominance, unilateral interests, and limited space for reflection and critical engagement on the part of clients. Thus, while the patron–client system provides access to capital and experiential learning opportunities, it has yet to create ideal conditions for fostering a fair and sustainable business transformation.

5. Conclusions

5.1 Conclusion

This study examines patron–client relations in middlemen business practices at Kuta market and analyzes the ethical dimensions and business education management aspects that influence micro-enterprise sustainability. The findings indicate that patron–client relations form a hierarchical working pattern in which patrons control access to capital, purchase and selling prices, and the distribution of commodities. As a result, clients’ dependence on patrons limits their autonomy and constrains opportunities for innovation in business management.

From an ethical perspective, these relationships have not fully reflected the principles of fairness and transparency, although some patrons have begun to adopt more ethical mechanisms in conducting their business practices. Meanwhile, business learning processes among small middlemen occur primarily through direct practice; however, such experiential learning has not yet optimally supported the long-term capacity development. Therefore, while this relationship provides economic access for business actors, it has not functioned as an ideal empowerment mechanism in the absence of improvements in ethical and managerial aspects of the relationship.

These findings are significant as a foundation for designing community-based micro-enterprise management training policies and strengthening informal-business ethics. Theoretically, this study contributes to the development of business education management literature based on informal social relations. Practically, it encourages the implementation of ethical mentoring models in traditional trading sectors to enhance the sustainability and welfare of micro-business actors.

5.2 Research Limitation

The scope of this study is limited to patron–client relationship practices in a single traditional market, namely, the Kuta market in Pemalang. Therefore, the findings cannot be generalized to informal business practices in other regions with different social, economic, and cultural characteristics. Another limitation is the lack of documented work contracts and limited access to quantitative data on economic transactions between patrons and clients. Consequently, the analysis relied primarily on qualitative data and narrative accounts of the participants’ experiences.

5.3 Suggestion and Directions for Future Research

Based on the findings of this study, market managers, patrons, and relevant stakeholders should promote the development of more participatory business relationships that are oriented toward empowering clients. Such efforts may be implemented through microenterprise management training, improvements in financial literacy, and entrepreneurship mentoring programs aimed at reducing clients’ structural dependence on patronage.

Furthermore, local governments and nonformal educational institutions are expected to play an active role in providing more equitable and transparent alternative financing schemes for small business actors. A business ethics approach grounded in the values of justice, trust, and social responsibility should also be internalized within patron–client relationships so that the resulting business interactions are not exploitative but rather sustainable and mutually beneficial.

Acknowledgment

The author would like to express sincere gratitude to all parties who cannot be mentioned individually for their invaluable support, assistance, information, and guidance, which greatly contributed to the successful completion of this journal article.

Author Contributions

FTA was responsible for the conceptualization, methodology, data analysis, writing of the original draft, as well as reviewing and editing the manuscript. NN contributed to the conceptualization, data collection, writing of the original draft, and also participated in the reviewing and editing process.

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