



Producing Loyalty: Social Networks, Religious Legitimacy, and Ethnic Business Strategies in Pasuruan Local Retail Economies

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Submitted	: 03-04-2026	Accepted	: 21-04-2026
Revision	: 19-04-2026	Published	: 24-04-2026

Abstract: This study examines how customer loyalty is produced within ethnic and religious competition in the local retail economy of Pasuruan Regency and City, East Java. It addresses the limited scholarship on loyalty formation in multi-actor local markets where pesantren-based enterprises, ethnic businesses, and indigenous retailers interact simultaneously. Guided by Pierre Bourdieu's concepts of field, capital, and habitus, and Jürgen Habermas's notions of system, lifeworld, and communicative action, the research employed a qualitative multisite case-study design during January-February 2026. Data were collected through in-depth interviews, participant observation, and document analysis involving 47 informants across four business clusters: Sidogiri Islamic Boarding School (Basmalah Mart), Arab, Chinese, and Javanese (indigenous enterprises). The findings show that customer loyalty emerges through distinct configurations of social networks, different modes of capital conversion, and habitus-based business practices that shape trust, service, and market positioning. The interaction between market rationality and community lifeworlds produces competitive coexistence marked by implicit market segmentation. The study contributes theoretically by integrating Bourdieu and Habermas to explain loyalty as a social, symbolic, and communicative process, and offers practical insights for retailers, ethnic business communities, and local policymakers seeking inclusive and culturally grounded market strategies.

Keywords: Ethnic Business, Local Retail Economy, Loyalty Production, Religious Legitimacy, Social Networks

Abstrak: Penelitian ini mengkaji bagaimana loyalitas pelanggan diproduksi dalam persaingan bisnis etnis dan agama pada ekonomi ritel lokal di Kabupaten dan Kota Pasuruan, Jawa Timur. Studi ini berangkat dari masih terbatasnya kajian yang secara khusus menyoroti pembentukan loyalitas dalam pasar lokal multiaktor, ketika usaha berbasis pesantren, bisnis etnis, dan pedagang lokal berinteraksi secara bersamaan. Dengan menggunakan kerangka Pierre Bourdieu tentang arena, modal, dan habitus, serta kerangka Jürgen Habermas tentang sistem, dunia kehidupan, dan tindakan komunikatif, penelitian ini menerapkan desain studi kasus kualitatif multisitus pada Januari-Februari 2026. Data dikumpulkan melalui wawancara mendalam, observasi partisipan, dan dokumentasi terhadap 47 informan dalam empat klaster usaha: Pesantren Sidogiri (Basmalah Mart), Arab, Tionghoa, dan Jawa (pribumi). Temuan menunjukkan bahwa loyalitas pelanggan terbentuk melalui konfigurasi jaringan sosial yang berbeda, pola konversi modal yang beragam, serta praktik bisnis berbasis habitus yang membentuk kepercayaan, pelayanan, dan posisi pasar. Interaksi antara rasionalitas pasar dan dunia kehidupan komunitas menghasilkan koeksistensi kompetitif dengan segmentasi pasar yang bersifat implisit. Secara teoretis, studi ini mengintegrasikan Bourdieu dan Habermas untuk menjelaskan

loyalitas sebagai proses sosial, simbolik, dan komunikatif, sekaligus menawarkan implikasi praktis bagi pelaku usaha dan perumus kebijakan lokal.

Kata Kunci: Bisnis Etnis, Ekonomi Ritel Lokal, Legitimasi Religius, Loyalitas Pelanggan, Jaringan Sosial

INTRODUCTION

The local retail economy in Indonesia serves as a site of encounter and competition among ethnic groups and religious communities. Ethnic economies often rely on kinship networks, cultural proximity, and identity symbols to dominate niches and build long-term customer loyalty (Abidin et al., 2023; Jamal, 2005). The expansion of modern retail and strong ethnic networks has produced socioeconomic configurations that are profit-oriented yet rich in symbolic, identity-based, and moral-religious legitimacy dimensions (Nakayama & Wan, 2019; Somashekhar, 2019).

In Indonesia, the Chinese ethnic group has historically been prominent in trade, but the Madurese and Muslim communities also achieve economic success through intraethnic networks, religious solidarity, and trust management (Abidin et al., 2023; Atmaja et al., 2023; Luqman & Ilhamdi, 2023). Pesantren, or Islamic boarding schools, have developed into centers of social entrepreneurship, combining religious authority, alumni networks, and innovative business models to achieve economic independence (Setiawati & Tantriana, 2024; Ma'arif et al., 2023; Sutomo et al., 2024).

Pasuruan Regency exemplifies a complex social field, hosting diverse business communities: Arab entrepreneurs in property, restaurants, and retail; Chinese and Javanese actors in wholesale and low-cost retail; and the Sidogiri pesantren network via Basmalah Mart. Sidogiri's economic independence relies on cooperatives, business entities, and alumni networks, which serve as distribution channels and customer relations (Setiawati & Tantriana, 2024; Ma'arif et al., 2023; Bakhri & Ashari, 2023). Yet, the dynamics of loyalty production and competition among these ethnic and pesantren actors remain underexplored.

Consumer loyalty in multiethnic, multireligious markets depends not only on price and quality but also on trust, networks, and reciprocity norms (Charisma et al., 2025; Siswoyo et al., 2024; Zhang & Chen, 2023). Identity-based strategies—emphasizing Muslim labels, ethnic affiliation, or pesantren ties—can be both a resource and a source of tension. In Singkawang, theological-economic identity reinforcement may threaten tolerance if not inclusively managed (Abidin et al., 2023; Siswoyo et al., 2024). Conversely, some actors adopt “transcending identity” strategies emphasizing service quality to attract diverse customers.

Sidogiri-based businesses illustrate how religious legitimacy and alumni networks underpin social entrepreneurship and loyalty creation (Setiawati & Tantriana, 2024; Ma'arif et al., 2023; Bakhri & Ashari, 2023; Sutomo et al., 2024). Yet, how these forms of symbolic capital interact with competition from Arab, Chinese, and Javanese networks remains empirically unexplored.

Theoretically, Pasuruan provides a laboratory for examining social capital, Bourdieu's field and capital, and Habermas's system-lifeworld interaction in religious retail economics. Studies on Thai craft beer and the EGS Madura network illustrate how social capital, habitus, and multiple forms of

capital—economic, cultural, symbolic, and religious—shape cooperation and competition (Abidin et al., 2023; Sakdiyakorn & Chirakranont, 2024). Integrating religion and pesantren dynamics enriches the literature on ethnic economies in Indonesia.

Bourdieu’s framework explains how Arab, Chinese, Javanese, and Sidogiri actors compete for economic, social, cultural, and symbolic-religious capital, while habitus—shaped by ethnicity, trading traditions, and religious education—influences business practices, trust-building, and identity mobilization (Setiawati & Tantriana, 2024; Sakdiyakorn & Chirakranont, 2024; Zhang & Chen, 2023; Zipin, 2025). Habermas’s system-lifeworld lens clarifies how market logic interacts with religious and ethnic lifeworlds, with customer loyalty emerging as a meaning-making process through communication, symbols, and religious practices (Zhang & Chen, 2023).

Existing research highlights intraethnic networks, religious values, and social capital in sustaining loyalty, but gaps remain regarding multiethnic retail competition and the conversion of religious legitimacy into loyalty (Abidin et al., 2023). Furthermore, comparative analyses of identity-based versus inclusive, quality-driven strategies in shaping consumer loyalty in Pasuruan are limited (Saidang et al., 2025; Sakdiyakorn & Chirakranont, 2024; Chen, 2025; Siswoyo et al., 2024; Garduño, 2025).

This study contributes by: (1) positioning Pasuruan as a multiethnic retail field with simultaneous competition among Arab, Chinese, Javanese, and Sidogiri actors; (2) analyzing how social capital and religious legitimacy translate into customer loyalty through practices such as discounts, credit, charity, and symbolic representation; and (3) integrating Bourdieu’s and Habermas’s frameworks to interpret how business strategies and ethnic-religious narratives shape consumer preferences and loyalty. The findings theoretically enrich studies on ethnic economy and religious business, and practically provide insights for pesantren managers, trader associations, and local policymakers in multiethnic, multireligious contexts.

METHODS

This study employed a qualitative approach with a multisite case study design to examine the This study used a qualitative approach with a multisite case study design to examine how customer loyalty is produced in the competition among ethnic businesses and pesantren-based enterprises in Pasuruan. This design is suitable for investigating complex, contextual phenomena embedded in socioreligious meanings and allows for inductive, descriptive analysis (Adlini et al., 2022; Fadli, 2021; Supriyanto et al., 2022) . The approach is particularly appropriate for understanding pesantren economic dynamics (Siswanto, 2018; Supriyanto et al., 2022), poverty traps in local communities (Faletehan et al., 2022; Muhartono et al., 2023) and Sidogiri pesantren entrepreneurship strategies, which are relevant for comparing loyalty production among Arab, Chinese, Javanese, and Sidogiri-based businesses in Pasuruan.

Pasuruan was selected for its unique combination of pesantren economy, particularly the Sidogiri and Basmalah network, coastal and agricultural community economies, and diverse ethnic business networks (Siswanto, 2018; Syamsuri et al., 2020). Sidogiri pesantren has pioneered culture-

based entrepreneurship, with kyais, santris, and alumni managing sharia cooperatives, BMTs, and other units (Ma'arif et al., 2023; Siswanto, 2018; Supriyanto et al., 2022). Pasuruan is a locus where religious values and pesantren social networks interact with market logic and economic competition, as reflected in LAZ Sidogiri studies on community economic empowerment through Islamic philanthropy (Syamsuri et al., 2020). Findings on poverty traps in coastal areas highlight structural challenges, making the analysis of pesantren and powerful ethnic actors' customer loyalty strategies socially significant (Faletehan et al., 2022).

The analytical unit consisted of retail and service clusters representing four main actors: Sidogiri pesantren business networks, Arab-descendant business operators in property, restaurants, and retail, Chinese business operators in wholesale centers, and Javanese or indigenous business operators in wholesale and retail shops. Selecting organizations and their communities aligns with research on pesantren's role in local economic development (Nadir, 2017), kyais' leadership in entrepreneurship (Supriyanto et al., 2022) and local horticulture case studies (Azizah, 2020). These clusters were treated as comparative cases to analyze access to social capital, trust-building, and loyalty strategies.

Informants were selected using purposive sampling and extended through snowball sampling, following practices in qualitative research on pesantren, coastal, and socioreligious studies (Faletehan et al., 2022; Muhartono et al., 2023; Supriyanto et al., 2022). Key informants included primary owners and managers of stores or networks in each cluster, kyais and Sidogiri administrators legitimizing pesantren units, operational managers of cooperatives, BMTs, and Basmalah Mart, santris, alumni, distributors, and regular loyal customers. This ensured informants had direct knowledge of business practices and loyalty relationships, while snowball sampling reached difficult-to-identify actors.

Data collection used in-depth interviews, observations, and documentation following qualitative and pesantren case study conventions (Fadli, 2021; Ma'arif et al., 2023; Nadir, 2017; Siswanto, 2018; Supriyanto et al., 2022). Interviews captured narratives on business history, strategies for attracting and retaining customers, discount, credit, charity, personalized service, ethnic and religious identities, symbols, perceptions of competitors, and meanings of loyalty as economic or spiritual value. Participant and nonparticipant observations recorded buyer-seller interactions, language and symbols used, spatial arrangements, service forms, credit and charity practices, and pricing strategies. Documentation included internal archives, promotional materials, social media, and external documents such as pesantren profiles and empowerment program reports (Siswanto, 2018; Supriyanto et al., 2022).

Data analysis followed thematic and interactive approaches including data reduction, presentation, and inference/verification as developed by Miles and Huberman (Fadli, 2021). Interview transcription and field notes were followed by open coding to identify categories such as loyalty as worship, loyalty due to pricing, pesantren identity as honesty guarantee, trading habits across ethnicities, and communication in sales. Axial and selective coding linked findings to Bourdieu's economic, social, cultural, and symbolic capital and Habermas's system-lifeworld and communicative action. Cross-case analysis compared differences and similarities in loyalty strategies across the four clusters.

Triangulation across sources, methods, and timing ensured validity and reliability (Ma'arif et al., 2023; Supriyanto et al., 2022; Syamsuri et al., 2020). Source triangulation compared information from business owners, kyais, operational managers, and customers, while method triangulation compared interviews, observations, and documents (Fadli, 2021). Member checking confirmed interview summaries with key informants. Reflective notes addressed potential biases and positionality. Ethical considerations included informed consent, confidentiality, and sensitivity toward ethnic and religious issues, given competitive and sensitive contexts (Fadli, 2021; Faletahan et al., 2022). This methodology provides an in-depth understanding of how customer loyalty is produced in ethnic and pesantren business competition in Pasuruan and yields significant theoretical and practical contributions.

RESULTS AND DISCUSSION

This section presents the main findings on how customer loyalty is produced among Sidogiri pesantren networks, Arab-descendant, Chinese, and Javanese business clusters in Pasuruan. It highlights differences in social networks, business strategies, and capital utilization while integrating theoretical perspectives from Bourdieu and Habermas.

Characteristics of Respondents and Research Location

This study was conducted over a period of two months, from January to February 2026, in Pasuruan Regency and Pasuruan City, East Java Province. Respondents were selected through purposive sampling, which was subsequently expanded using snowball sampling. Through this process, the researcher obtained data from 47 respondents representing four principal clusters of business actors in the research area. These clusters consisted of business networks affiliated with Sidogiri Pesantren through Basmalah Mart, entrepreneurs from Arab descendant communities, entrepreneurs from Chinese communities, and entrepreneurs from Javanese or indigenous communities. The data were collected through in-depth interviews with key informants, participatory observation at business sites, and documentation of economic activities and social interactions embedded in everyday business practices.

Of the total respondents, the largest proportion came from the Sidogiri Pesantren or Basmalah Mart cluster, comprising 18 individuals or 38.3 percent of all respondents. This cluster included Basmalah Mart branch owners or managers, kyais or pesantren administrators, santris or alumni involved in business management, and loyal customers. The second largest group was the Javanese or indigenous cluster, represented by 13 respondents or 27.7 percent, consisting mainly of small retail business owners and their customers. The Chinese business cluster was represented by 9 respondents or 19.1 percent, most of whom were wholesale shop owners and regular customers at trading centres. Meanwhile, the Arab descendant business cluster comprised 7 respondents or 14.9 percent, including business owners and customers. This distribution indicates that access to the pesantren based business network was relatively more open than access to Arab and Chinese business communities, both of which tended to be more selective toward the presence of outside researchers.

Field observations were conducted in several locations that represent the retail competitive landscape of Pasuruan. The first site was located within the Sidogiri Pesantren environment, which serves as the centre of pesantren based economic activity through Basmalah Mart, pesantren cooperatives, and microfinance institutions such as BMT. The second site was situated along Abdul Rachman Saleh Street in Pasuruan City, an area known for businesses owned by Arab communities, including mobile phone stores, restaurants, and furniture ventures. Observations were also undertaken at the Kandang sapi Wholesale Centre in Pandaan District, an area dominated by Chinese entrepreneurs and functioning as a wholesale hub and a distribution point for goods to other regions. In addition, economic activities were observed in traditional markets in Pandaan and Bangil, which were primarily managed by Javanese or indigenous entrepreneurs through warungs and small-scale retail outlets. Sukorejo and Tukur subdistricts were also included because they display mixed networks of pesantren businesses and locally owned enterprises operated by local residents.

The findings reveal that each business cluster developed a distinct configuration of social networks, reflected in differences in organizational structure, resource mobilization mechanisms, and the type of social capital that underpinned them. The business network associated with Sidogiri Pesantren appeared to be the most structured and highly institutionalized. This network was supported by three principal elements, namely the authority of kyais as a source of religious legitimacy, alumni networks acting as managers and informal distributors, and formal business institutions coordinated through BUMP. Through this arrangement, various business units such as Basmalah Mart, cooperatives, and BMT were integrated into a broader economic network. In practice, this network expanded through alumni based distribution mechanisms dispersed across multiple regions, resulting in a relatively solid and coordinated economic structure.

In contrast, entrepreneurs from Arab descendant communities in Pasuruan tended to build business networks rooted in extended family ties and communal intimacy. Many of the businesses they managed represented continuities of family legacies across generations. Within this network, family trust and reputation functioned as the principal forms of social capital sustaining relationships with customers and business partners. Economic transactions were frequently intertwined with broader social ties, including participation in family events and reciprocal assistance when members of the community encountered difficulties.

Chinese entrepreneurs, meanwhile, demonstrated a strong and cohesive network pattern based on ethnic associations and kinship ties. Their geographical concentration in specific trading areas, particularly the Kandang sapi Wholesale Centre in Pandaan, facilitated the circulation of market information and coordination among business actors. This network was further strengthened by internal economic trust practices, for instance through supplier-based credit arrangements that often operated without formal collateral. Such mechanisms not only created efficient distribution channels but also reinforced solidarity within the community.

By comparison, Javanese or indigenous entrepreneurs exhibited a relatively looser and less institutionalized network structure. Economic relationships in this cluster relied heavily on everyday social ties such as neighbourhood proximity, religious gathering networks, and patron client relations with larger business actors. Personal trust played a central role in sustaining customer relations, particularly through informal debt practices and service patterns marked by familial closeness.

Beyond differences in network structure, the study also identified important variations in the strategies used by each cluster to build and maintain customer loyalty. The business network affiliated with Sidogiri Pesantren emphasized religious legitimacy, charitable practice, social contribution, and visible Islamic identity as major sources of attraction. Chinese entrepreneurs generally relied on competitive prices, discounts, and flexible credit schemes. Arab business actors highlighted family integrity, reputation, and personal relationships with customers, while Javanese or indigenous entrepreneurs prioritized social closeness and personalized service. These findings indicate that retail business practices in Pasuruan were shaped not only by economic considerations but also by social networks, ethnic and religious identities, and forms of social capital embedded within each business community.

The strategy of religious legitimacy was particularly prominent in the business practices of enterprises affiliated with Pesantren Sidogiri. In daily operations, Basmalah Mart consistently displayed Islamic symbols throughout business activities, from the use of Arabic script and halal labels to the cultivation of a Muslim service culture. These symbols functioned not merely as visual markers but as instruments that endowed economic activity with a spiritual dimension. Shopping was therefore understood not only as a form of consumption but also as part of religious practice associated with blessing and reward. This was reflected in the statement of one manager who explained that every product was labelled halal and that store operations always began with prayer. According to him, this practice generated a sense that shopping there fulfilled worldly needs while also carrying spiritual value (Basori, 2026). In contrast, Arab entrepreneurs tended to display Arab Islamic identity more explicitly through business names and storefront appearances, whereas Chinese entrepreneurs generally did not foreground religious symbols and instead emphasized efficiency and price competitiveness as their primary means of attracting customers.

Discounts and promotional pricing also functioned as crucial instruments for retaining customers, particularly within the Chinese business cluster. Observations at the Kandang sapi Wholesale Centre showed that many stores implemented tiered pricing based on purchase volume and the closeness of the seller buyer relationship. The larger the transaction, the greater the discount offered. This practice had existed for a long time and reflected an established trading culture oriented toward efficiency and economic rationality. As one wholesale shop owner explained, prices were consistently set lower than those in other markets in order to retain customers over the long term (Vera, 2026).

All business clusters also employed credit as part of their customer retention strategy, although with different characteristics. In the Chinese business community, the credit system generally relied on internal network trust, with repayment periods ranging from 30 to 90 days and no interest charges. In the Sidogiri Pesantren business cluster, a practice commonly referred to as honest debt emerged as a credit mechanism grounded in customer moral integrity and the ethical principles of Islamic finance. In the Arab cluster, the provision of credit was often accompanied by broader forms of social support, such as assistance for medical or educational needs. In the Javanese business cluster, credit practices tended to be informal and were largely based on personal closeness and neighbourly relations.

In terms of service, the Javanese or indigenous cluster demonstrated notable strength in personalized interaction. Shop owners often knew the names of their customers, their family members, and the specific products they regularly purchased. This familiarity fostered a strong emotional bond

between sellers and buyers, thereby sustaining long term loyalty beyond considerations of price. One grocery store owner described how he had known the children of his customers as they grew up and understood the types of products they preferred. Such closeness made customers feel comfortable and less inclined to move to other stores (Slamet, 2026).

Another notable strategy, especially among businesses affiliated with Pesantren Sidogiri, was the practice of charity and community donation. A portion of business profits was regularly allocated to support social and religious activities such as mosque construction, disaster relief, and scholarships for children from low-income families. This practice not only strengthened the moral image of the business but also fostered a sense of participation among customers. Many customers perceived shopping at Basmalah Mart as a way of contributing to wider social and religious causes. This perception was reflected in the statement of a customer who understood shopping as a form of collective charitable participation (Agus, & Nanik, 2026).

The study further shows that customer loyalty across ethnic and religious backgrounds cannot be understood solely as a rational economic choice. Rather, loyalty emerged as a multidimensional phenomenon involving moral commitment, social attachment, and cultural meaning. Among Basmalah Mart customers with strong religious orientations, loyalty was often understood as part of worship. Shopping there was perceived as a means of obtaining blessing while simultaneously supporting pesantren institutions and the social activities they carried out. This perspective was reflected in the statement of a customer who consciously chose Basmalah Mart over large supermarkets because she believed that her spending also helped the pesantren and orphaned children (Anis, 2026).

Customers of Chinese merchants, by contrast, tended to interpret loyalty within a framework of economic efficiency and transactional trust. Competitive prices, product completeness, and consistent quality were the principal factors that kept them returning to the same place. In this context, loyalty was understood as the result of repeated experiences of reliable and stable transactions. One customer described the Kandangsapi area as a preferred destination because it offered competitive prices, complete stock, and dependable quality (Ismail, 2026). In Arab owned businesses, customer loyalty was strongly influenced by family reputation and the long historical presence of these entrepreneurs in local trade. Lineage based identity and a morally grounded family image served as powerful sources of trust. Reputation was often inherited across generations and functioned as the basis of social legitimacy in business. This was evident in the statement of one customer who explained that he trusted the family behind the shop because they had long been known as honest people who did not deceive customers (Sartono, 2026).

In Javanese owned shops, customer loyalty was built primarily through social intimacy shaped by everyday interaction. The relationship between seller and buyer often resembled neighbourly relations, allowing transactions to take place in an atmosphere of personal trust. In some situations, customers were even allowed to take goods first and pay later when they had money. This kind of social relationship created a strong sense of attachment between seller and buyer. One customer explained that the shop owner had long been regarded as a neighbour who always provided ease in urgent situations (Wiryo, 2026).

Interactions among business communities in Pasuruan also revealed a relatively complex pattern of competition. Observation and interview findings suggest that relationships among entrepreneurs

from different communities were not always conflictual. In many cases, a pattern of coexistence emerged, with each business cluster occupying a somewhat distinct market niche. Basmalah Mart and the pesantren network primarily served religiously oriented lower middle customers seeking daily necessities. Arab owned businesses tended to focus on the property sector and premium goods for upper middle consumers. Chinese entrepreneurs concentrated on high volume wholesale trade serving other traders, while Javanese entrepreneurs generally catered to the everyday consumption needs of local communities on a small to medium scale. At the same time, the boundaries between these market niches were not entirely rigid. In daily practice, customers moved between stores in order to obtain lower prices or products unavailable elsewhere. This created a commercial environment marked by both competition and collaboration. One grocery store owner explained that some customers came to his store after visiting Basmalah Mart to compare prices, while he himself occasionally purchased items from Basmalah when he needed certain stock (Ahmad, 2026). This indicates that competition did not eliminate reciprocal dependence among business actors.

Although relations among entrepreneurs were generally stable, tensions could still emerge when previously loyal customers shifted to competitors. Such moments often raised questions among business owners regarding the reasons behind changes in customer behaviour. Even so, most respondents recognized that loyalty could not be imposed and depended instead on comfort and trust built through long term interaction. This was reflected in the statement of a Basmalah Mart manager who acknowledged that customers had the freedom to choose where they shopped and that trust remained the central factor (Haris, 2026).

From the perspective of Pierre Bourdieu, these findings suggest that business practices in Pasuruan can be understood as processes of converting different forms of capital into effective economic strategies. Each business cluster operated with a distinctive composition of capital. The Basmalah and pesantren cluster derived its main strength from symbolic religious capital rooted in the legitimacy of the kyai, which was then converted into social capital through alumni networks and eventually into economic gain. The Arab cluster combined economic and social capital grounded in extensive family networks and historical reputation. The Chinese cluster demonstrated the effective use of economic and cultural capital through market knowledge, trading experience, and distribution efficiency. Meanwhile, the Javanese cluster relied predominantly on relational social capital built through long term personal interaction and close ties to the local community, which in turn translated into customer loyalty and business continuity. Taken together, these findings show that economic, social, cultural, and symbolic capital interacted dynamically in shaping business strategies and sustaining customer loyalty within Pasuruan's plural retail economy.

Pasuruan as a Local Economic Field: Competition in Acquiring Various Forms of Capital

Based on the findings presented above, Pasuruan can be understood as a local economic field within Pierre Bourdieu's conceptual framework. In this social arena, a range of economic actors, namely Arab, Chinese, and Javanese communities, as well as business networks affiliated with Pesantren Sidogiri, interact and compete in the pursuit of various forms of capital. According to Bourdieu, every social field possesses a hierarchical structure in which actors occupy different positions depending on the volume and composition of capital they control (Sakdiyakorn & Chirakranont, 2024; Zipin,

2025). The findings of this study show that each business cluster in Pasuruan is characterized by a distinctive configuration of capital. Differences in capital portfolios generate complex competitive relations while at the same time enabling coexistence within the same economic arena.

In this context, symbolic religious capital appears to be the most distinctive resource within the business cluster affiliated with Pesantren Sidogiri. The legitimacy conferred by kyais upon business networks such as Basmalah Mart provides symbolic resources that are difficult for other economic actors to reproduce. Religious legitimacy thus becomes a strong basis for consumer trust. This finding is consistent with Setiawati & Tantriana (2024), who argue that religious legitimacy in pesantren based economic institutions can function as a strategic form of capital that is subsequently transformed into customer trust and economic gain. Field observations also indicate that the use of religious symbols in Basmalah outlets, including Arabic script, halal labels, and references to the name of Allah, functions as a symbolic marker that reinforces religious identity and differentiates these outlets from their local competitors.

By contrast, the Chinese business cluster demonstrates stronger control over economic and informational capital. This is evident in the high volume of transactions in the Kandangsapi Wholesale Centre and in the ability of Chinese merchants to access direct supply routes from producers. This pattern supports the broader argument that, in ethnically based economies, social networks and market knowledge can become major sources of competitive advantage (Zhang & Chen, 2023). Chinese merchants in Kandangsapi exhibit a trading habitus shaped by intergenerational experience. Their knowledge of market dynamics, inventory management, and supplier relations is not merely technical, but has become embedded in the cognitive structures that inform everyday commercial practice.

Meanwhile, the Arab business community in Pasuruan relies on a combination of social capital rooted in extended family networks and symbolic capital derived from ancestral identity and Arab Islamic imagery. The findings suggest that Arab entrepreneurs often display this identity explicitly through shop names, architectural design, and genealogical references that emphasize family origin. Such identity representation produces an image associated with authenticity, trustworthiness, and familial warmth. In this sense, identity itself becomes symbolic capital that attracts customers who value tradition and inherited trust.

Different from these three clusters, Javanese or indigenous entrepreneurs depend primarily on relational social capital built through long term personal interaction with customers. Javanese merchants operating in traditional markets and warungs develop what may be described as a local social habitus, in which geographical proximity and routine social interaction provide the foundation for trust in economic transactions. Although they generally possess less economic capital than the other clusters, Javanese merchants nevertheless demonstrate a considerable capacity to retain customers through personalized service, emotional closeness, and sustained social relations.

Habitus and Business Practices: Influence of Ethnicity and Religious Education

Bourdieu's concept of habitus, understood as a system of dispositions formed through experience and socialization, provides a useful analytical framework for understanding variation

in business practices among communities in Pasuruan (Šmugec & Vuković, 2023; Zipin, 2025). The habitus of each ethnic and religious group shapes how economic activity is perceived and influences the business strategies that are pursued.

In the Arab community, for example, commercial practice is strongly influenced by long standing trading traditions and a cohesive communal identity. The findings show that Arab entrepreneurs place *amanah*, or trustworthiness, at the centre of business transactions. This value is closely linked to their identity as part of an Arab Muslim community that emphasizes moral integrity in economic life. This observation is consistent with Abidin et al. (2023) who argue that in Muslim ethnic business settings, Islamic values provide the moral framework that shapes everyday economic behaviour.

The business habitus of the Chinese community reflects a more rational and efficiency oriented disposition. Their commercial practices emphasize cost control, risk management, and the intensive use of information networks. Observations in *Kandangsapi* indicate that Chinese merchants are highly responsive to fluctuations in market prices and highly competitive in determining product prices. They also operate credit arrangements grounded in internal community trust, which indicates a strong level of social cohesion. Such arrangements do not always require formal contracts, yet they remain effective because they are supported by the social consequences attached to trust and reputation within the community (Woods et al., 2022).

By comparison, the trading habitus of the Javanese community is more relational in character. For many Javanese merchants, economic activity is not merely a matter of commodity exchange, but part of a wider social relationship embedded in community life. Cultural values such as *utang budi* and modest interpersonal conduct, as reflected in interviews, show how Javanese cultural principles are translated into everyday business practice. Economic exchange, therefore, is directed not only toward material gain but also toward sustaining social ties.

The trading habitus within *Pesantren Sidogiri* presents a distinctive combination of religious orientation and entrepreneurial ethos. *Santris* and alumni involved in managing the *Basmalah Mart* network understand trade as part of worship, carrying both worldly and hereafter significance. This habitus is formed through prolonged *pesantren* education in which religious values are deeply internalized. Within this framework, business activity is understood as part of divine duty, while profit obtained through *halal* means is perceived as a source of blessing. This interpretation is in line with Ma'arif et al.'s research, who show that *pesantren* based entrepreneurship education can produce entrepreneurs who interpret business success through a religious lens (Ma'arif et al., 2023).

System and Lifeworld: Dynamics of Penetration and Adaptation

Jürgen Habermas's framework concerning the relationship between system and lifeworld offers an additional perspective for understanding local economic dynamics in Pasuruan (Fairtlough, 1991; Garduño, 2025). In Habermas's formulation, the system refers to mechanisms of social coordination organized through money and power, whereas the lifeworld refers to the sphere of shared values, identities, and meanings that shape everyday social life. The findings of this study show that the expansion of modern retail networks has introduced market logic into local communities that were previously characterized by patronage based and socially embedded relations. Retail networks such as *Basmalah Mart* have introduced modern managerial practices, including digital cash registers,

technology based inventory management, and more systematic marketing strategies. Although these business networks derive legitimacy from religious foundations, they continue to operate within a competitive market structure.

However, this process has not entirely displaced values rooted in the lifeworld. In many cases, adaptation and resistance to market penetration remain clearly visible. The continued use of informal credit among Javanese merchants, for example, shows that communal social relations continue to play a central role in economic activity. Similarly, some customers choose to shop at Basmalah Mart because of expectations of barakah or spiritual merit, indicating that religious values remain significant in shaping economic behaviour even when purchasing decisions are also informed by practical considerations.

The findings further reveal an ongoing negotiation between system and lifeworld. Business actors frequently communicate values rooted in their lifeworlds through the strategies they adopt. The use of narratives such as syariah shopping and halal products by the Basmalah Mart network, for instance, functions as a means of communicating religious identity to consumers. From a Habermasian perspective, such practices may be interpreted as forms of communicative action aimed at constructing mutual understanding around values and identities shared by entrepreneurs and customers (Fairtlough, 1991; Garduño, 2025)

Customer Loyalty as Meaning Construction Process

Within the theoretical framework of this study, customer loyalty cannot be understood merely as the outcome of rational calculations related to price and product quality. Rather, loyalty emerges through a process of meaning construction involving symbolic communication, social practice, and religious value. From Bourdieu's perspective, loyalty may be understood as a form of recognition of an actor's relative position within a social field. When customers decide where to shop, their choices implicitly acknowledge the forms of capital possessed by particular business actors. Preference for Basmalah Mart, for example, reflects recognition of the pesantren's symbolic and religious legitimacy. Similarly, loyalty toward Chinese merchants in Kandangsapi reflects recognition of reputation and social capital accumulated through long term trading experience.

From Habermas's perspective, customer loyalty may also be interpreted as the outcome of communicative processes through which mutual understanding is built between sellers and buyers. Communication in the form of symbols, rituals, and everyday interaction plays a central role in generating trust. Shops in Pasuruan are marked by different forms of symbolic communication, including Arabic script in Arab owned shops, halal labels in Basmalah Mart, verbal credit practices in Javanese shops, and an emphasis on service efficiency in Chinese businesses. These elements function as channels through which values and identities are conveyed, thereby strengthening the relationship between entrepreneurs and customers.

By combining the perspectives of Bourdieu and Habermas, this study demonstrates that customer loyalty in Pasuruan's retail economy is shaped by the interaction of three main elements. The first is the distinctive capital structure possessed by each business cluster. The second is habitus, which is formed through ethnic background, trading tradition, and religious education. The third is the

communicative process through which meaning and mutual understanding are produced between business actors and consumers.

Within this framework, Pasuruan's economic arena can be understood as a social space in which various forms of capital are exchanged, different habitus interact, and system and lifeworld continuously negotiate with one another. Customer loyalty, therefore, cannot be explained solely through economic variables such as price or product quality. Instead, it should be understood as a social construct reflecting symbolic power relations, social recognition, and meanings produced through interaction among actors in the local economic field.

CONCLUSION

The findings carry important theoretical and practical implications. Theoretically, this study reinforces the view that customer loyalty in local retail settings should be understood not merely as an economic outcome, but as a social, symbolic, and communicative process shaped by field dynamics, habitus, and multiple forms of capital. In this respect, the integration of Bourdieu and Habermas offers a productive framework for explaining how business actors construct legitimacy, mobilize networks, and sustain loyalty within a shared economic arena. Practically, the findings provide useful insights for pesantren managers, ethnic business actors, trader associations, and local governments in designing business strategies and policy interventions that are more inclusive and responsive to religious, ethnic, and community-based values. Strengthening local retail ecosystems, therefore, requires not only economic competitiveness but also sensitivity to the social and cultural foundations through which trust and loyalty are produced.

This study is limited by its focus on a single regional setting and on four major business clusters, which means that the findings cannot be generalized automatically to other retail contexts in Indonesia. Future research should extend the analysis to other regions in order to compare how social networks, legitimacy, and customer loyalty operate across different local configurations, including urban and rural settings. Further studies may also examine other business communities that were not included in this research and combine qualitative and quantitative approaches to measure more systematically the relationship between social capital, religious legitimacy, and loyalty formation. In addition, longitudinal research would be valuable for tracing how these patterns evolve over time in response to retail modernization, digital transformation, and shifts in consumer behaviour.

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