

THE INFLUENCE OF SERVICE QUALITY IN ISLAMIC BANK TOWARD CUSTOMER SATISFACTION (Study of Bank Muamalat Indonesia – Bandung, 2015)

Hamzah Romzul Qur'ani

Bachelor Degree of
Management ICT Business International, School of Economics and business, Telkom University
Hamzahromzul@gmail.com

Abstract

This study explores the elements of service quality dimension that first developed by Parasuraman, (1985) and its influence toward customer satisfaction. In this research, the author added one variable (Compliance) despite using original 5 dimensions (Tangible, Empathy, Reliability, Responsiveness and Assurance). The author uses this new dimension (CARTER) due to the fact that the original dimension was obsolete in the author opinion. The additional variable, which is compliance, is related with culture and industry of the research object and location. Author has chosen Islamic Banking industry as the research object. It was because service quality research barely used in this industry.

Keyword: *Service Quality, Customer Satisfaction, Islamic Banking*

1. Introduction

Islamic Banking is a banking activity that is consistent with the principle of Sharia. In Indonesia, Islamic Banking is really attractive for many banking players. Namely dozens of local and international banking players are taking chances. Company acquisition, FDR, and many other methods are being used to enter Islamic Banking market in Indonesia. Not to mention, local-commercial banking players are also opening their branches in Islamic Banking. Take the example of Bank Mandiri that open its branches in Islamic Banking under the brand of Bank Syariah Mandiri (BSM), Bank Rakyat Indonesia under the brand of BRI Syariah, Bank Central Asia under the brand of BCA Syariah and many more players in national scale to regional scale.

2. Literature Review

2.1 Service Quality

The definition of service quality is often vary from person to person according to the situation, service quality definition vary only in term of word used but the perceived service delivery meets, excess or fails to satisfied customer expectations (Cronin and Taylor, 1992; Oliver, 1993; Zeithaml, Berry and Parasuraman, 1993). The concept of service quality was introduce in 1980s when the firms realized that only quality product maintain competitive edge (Boshoff and Gray 2004). According to Parasuraman et al. (1985), the service quality is explained as the comparison between service performance and service expectation. They proposed service quality to be a function of perceived process quality, pre-purchase customer expectations and perceived output quality. Base on their statement of 1985, service quality is checked by the differences between customers' perception of the service experience and their expectation of service.

2.2 Customer Satisfaction

Customer satisfaction is a key factor in formation of customer's desires for future purchase (Mittal & Kamakura, 2001). Furthermore, the satisfied customers will probably talk to others about their good experiences. This fact, especially in the Middle Eastern cultures, where the social life has been shaped in a way that social communication with other people enhances the society, is more important (Jamal & Naser, 2002).. Finally, several researches have been done on the relation between service quality and satisfaction: findings of some of these researches show that satisfaction results in service quality (Parasuraman et al., 1988). Also, the research conducted by Sureshchandar et al. (2002) shows that, there is a two-way relation between satisfaction and service quality.

2.3 Research Framework

According to Kotler Keller (2012), The service quality that influence customer satisfaction is tangible, empathy, reliability, responsiveness, and assurance. Parasuraman (1988) initiated the development of this dimension in his research. Initially, Parasuraman proposed 10 dimensions. After undergoing several researches, He concludes that 5 dimensions are the more suitable for the framework. Many researchers in developing Service Quality have used this framework.

Othman & Owen (2001, 2010) was developed modified framework specialized in Islamic Banking industry. They added new variable into the SQ. Their study said that this variable is more compatible for this industry. Hence, the author is adopting this framework to his research.

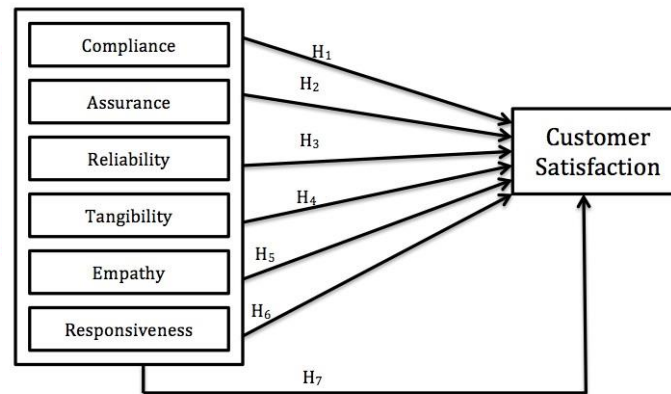


Figure1. Conceptual Framework (Othman & Owen, 2010)

2.4 Hypothesis

According to Sekaran (2010) Hypotheses are derived from the theory on which your conceptual model is based and are often relational in nature. Based on framework that has been illustrated, the hypotheses of this study are as follows:

- H1. Compliance has significant influence on Customer Satisfaction
- H2. Assurance has significant influence on Customer Satisfaction
- H3. Reliability has significant influence on Customer Satisfaction
- H4. Tangibility has significant influence on Customer Satisfaction
- H5. Empathy has significant influence on Customer Satisfaction
- H6. Responsiveness has significant influence on Customer Satisfaction
- H7. Service Quality dimensions influence Customer Satisfaction simultaneously

3. Methodology

3.1 Research Type

Quantitative research methodology is applied in this research. Zikmund, et al (2010) defines quantitative business research as business research that addresses research objective through empirical assessments that involve numerical measurement and analysis approaches. Quantitative researchers direct a considerable amount of activity toward measuring concept with scales that either directly or indirectly provides numeric value. The numeric values can then be used in statistical computations and hypothesis testing.

3.2 Operational Variable

Independent variables are one that influences the dependent variable in either a positive or negative way (Sekaran, 2010). Independent variables in this research are 6, which are Compliance, Assurance, Reliability, Tangibility, Empathy and Responsiveness.

According to Sekaran (2010) Dependent variable is the variable of primary interest to the researcher. Through the analysis of the dependent variable, it is possible to find answers or solution to the problem. Dependent variable in this research is Customer Satisfaction (Y).

3.3 Measurement Scale

The scale used in this study is ordinal scale. Ordinal scale is a ranking scale in which number are assigned to objects to indicate the relative extent to which the objects possess some characteristic. Thus it is possible to determine whether an object has more or less of a characteristic than some other object. (Malhotra, 2010)

In this study, the measurement scale used is a Likert scale. Likert scale is a measurement scale with five response categories ranging from “strongly disagree” to “strongly agree,” which requires the respondents to indicate a degree of agreement or disagreement with each of a series of statements related to the stimulus object (Malhotra, 2010).

3.4 Population and Sampling

Population in this research is the customer of Bank Muamalat Indonesia in Bandung region. According to BPS Bandung; Bandung citizen has reached the number of 2.4 million people (*Bandungkota.bps.go.id*). It is the capital city of West Java. The author believes that Bandung is the suitable representative city of West Java. As its nickname called Paris Van Java (Paris of java), Bandung has a good development in economy including finance industry. Beside, Bandung also is the city where BMI was born back in 1991. (*Bankmuamalat.co.id*). As February 25th 2015, BMI’s Customer that actively used their account in BMI is 16.292 in Bandung branch. That is excluding the sub branches.

In this research, author used non-probability sampling as the sampling technique. Based on Sekaran and Bougie (2010:135), non-probability sampling is the sampling technique in which the elements do not have a known pre-determined chance of being selected as subject in non-probability sampling. Furthermore, researcher believes that purposive sampling is the most suitable one to be used in this research. Sekaran and Bougie (2010) state that purposive sampling confined specific types of people who can provide the desired information, either because they are the only ones who have it, or conform to some criteria set by the researcher.

3.5 Data Analysis Technique

In this research multiple regressions is used as data analysis technique. According to Hair (2010) said that multiple regression analysis is a statistical technique used to examine the relationship between a single dependent variable and a set of independent variables. The ever-widening application of multiple regression fall into two broad classes of research problem which are prediction and explanation. Prediction involves the extent to which the regression variate (one or more independent variables) can predict the dependent variable. Explanation examines the regression coefficients (their magnitude, sign, and statistical significance) for each independent variables and attempt to develop a substantive or theoretical reason for the effects of the independent variables. Since the objective and the research problems of this research aiming the explanation and prediction results.

4. Discussion

This study used three variables as the independent variable, which are; compliance, assurance, reliability, tangibility, empathy, responsiveness and one variable as the dependent variable, which is customer satisfaction.

Table 4.16
Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.893 ^a	.797	.793	.356037	1.782

a. Predictors: (Constant), Responsiveness, Reliability, Compliance, Assurance, Tangible, Empathy

b. Dependent Variable: Customer_Satisfaction

From the results show that the adjusted R square in this research is 0.797. It means that 79.7% of customer satisfaction are affected by CARTER. While the rest, which is of customer satisfaction are effected by others variable which are not included in this research.

Table 2 Multiple Regressions

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	.144	.092		1.568	.118		
	Compliance	-.084	.042	-.081	-1.998	.046	.319	3.137
	Assurance	.022	.055	.021	.396	.692	.181	5.518
	Reliability	.132	.050	.121	2.662	.008	.251	3.977
	Tangible	.555	.065	.491	8.551	.000	.157	6.375
	Empathy	.315	.067	.302	4.726	.000	.127	7.891
	Responsiveness	.059	.042	.060	1.379	.169	.270	3.699

a. Dependent Variable: Customer_Satisfaction

Source: Processed primary data using SPSS 22, 2015

Regression model that can be explained from the results in the form of regression equation as follows:

$$Y = 0.144 - 0.084 X_1 + 0.022 X_2 + 0.132 X_3 + 0.555 X_4 + 0.315 X_5 + 0.059 X_6$$

Those equations can explained as follows :

- The coefficient regression of Compliance has negative effect to customer satisfaction.
- The coefficient regression of Assurance has positive effect to customer satisfaction.
- The coefficient regression of Reliability has positive effect to customer satisfaction.
- The coefficient regression of Tangible has positive effect to customer satisfaction.
- The coefficient regression of Empathy has positive effect to customer satisfaction.
- The coefficient regression of Responsiveness has positive effect to customer satisfaction.

5. Conclusion

Relating with the result of the descriptive analysis, multiple regression analysis and hypothesis test that has been done in the previous chapter, the author has come up with several conclusion. Which are:

- From 6 (six) independent variables, four variables (Compliance, Reliability, Tangible, Empathy, and) that have significant influence toward dependent variable (Customer Satisfaction). While the Assurance and Responsiveness variables have no significant influence toward dependent variable. From 6 (six) independent variables, five variables (Assurance, Reliability, Tangible, Empathy and Responsiveness) have positive correlation with dependent variable (Customer Satisfaction) while Compliance has negative correlation with dependent variable. The statistical test shows that Hypothesis 1, Hypothesis 3, Hypothesis 4, Hypothesis 5 and Hypothesis 7 are accepted while Hypothesis 2 and hypothesis 6 are not accepted. Therefore, compliance (X1) has negative correlation with customer satisfaction(Y).
The most influential dimension of service quality (CARTER) toward customer satisfaction is Tangible, while the least influential is Assurance. Hence, Compliance influences customer satisfaction in negative correlation. The decreasing of Bank Muamalat Indonesia customer satisfaction are caused by Compliance. Tangible and Empathy have the lowest sig. score compare to other variables, while Assurance has the highest score.
- 79.7% of Bank Muamalat Indonesia customer satisfaction (Y) is influence by service quality (SQ), while the 20.4% of the influence comes from other factor(s)/variable(s) that does not mention in the research. Base on customer perception, BMI has satisfied them by 79.7%.
- Using F test, we have a result that there is significant influence jointly/simultaneously from service quality (CARTER) toward customer satisfaction.

From the T test, we could find that there are some independent variables that have significant influence partially (Reliability, Tangible and Empathy), while the rest (Compliance, Assurance and Responsiveness) are not significantly-partially influenced customer satisfaction.

References

- Aviliani, R dan Wilfridus, L. 1997. "Developing Customer Satisfaction Through Service Quality", *Entrepreneur*, No.5
- Babakus, E. and Boller, G.W. (1992), "An empirical assessment of the SERVQUAL scale", *Journal of Business Research*, Vol. 24, pp. 253-68.
- Berry, L, Parasuraman, A. and Zeithaml, V. (1990) "Five Imperatives for improving SQ", *Sloan Management Review*, Vol. 29, summer, pp. 29-38.
- Boshoff, C., and Gray, B.(2004). The Relationships between Service Quality, Customer Satisfaction and Buying Intentions in the Private Hospital Industry. *South African Journal of Business Management*, 35(4), 27-37.
- Boulding, W., Kalra, A., Staelin, R. and Zeithaml, V. (1993), "A dynamic process model of SQ: from expectations to behavioral intentions", *Journal of Marketing Research*, Vol. 30, February, pp. 7-27. BS 7850, (1992) Part 1, Total Quality Management: Guide to Management Principles, British Standards Institution, London.
- Buttle, F. (1996) "SERVQUAL: Review, Critique, Research Agenda", *European Journal of Marketing*, 30(1), 8-32.
- Cronin, J. and Taylor, S. (1992) "Measuring SQ: a re-examination and extension", *Journal of Marketing*, Vol. 56, July, 55-68.
- Cronin, J. and Taylor, S. (1994) "SERVPERF versus SERVQUAL: reconciling performance-based and perceptions-minus-expectations measurement of SQ", *Journal of Marketing*, Vol. 58, January, 125-131.
- Hasan. 2006. "Pengaruh Kualitas Jasa Bank Syariah Terhadap Kepuasan Nasabah pada Bank Muamalat Indonesia Cabang Semarang". *Journal Economy and Business*, Vol. 1, No. 1 April 2006,p: 1 – 14
- Johns, N. and Howard, A. (1998), "Customer expectations versus perceptions of service performance in the foodservice industry", *International Journal of Service Industry Management*, Vol. 9 No. 3, pp. 248-56.
- Kara, A., Kaynak, E. and Kucukemiroglu, O. (1995), "Marketing strategies for fast-food restaurants: a customer view", *International Journal of Contemporary Hospitality Management*, Vol. 7 No. 4, pp. 16-22.
- Kotler, P. (1997) *Marketing Management: Analysis, Planning, Implementation, and Control*, 9th ed., Prentice Hall, Inc., Englewood Cliffs, NJ.
- Kotler, P., & Armstrong, G. (2008). *Principles of Marketing-12/E*. New Jersey: Prentice Hall.
- Kotler, P., & Armstrong, G. (2012). *Principle of Marketing-14/E*. New Jersey: Prentice Hall.
- Kotler, P., & Keller, K. L. (2009). *Marketing Management-13/E*. New Jersey: Pearson Education.
- Kotler, P., & Keller, K. L. (2012). *Marketing Management-14/E*. New Jersey: Pearson Education.
- Kotler, P., Bowen, T. J., & Makens, C. J. (2006). *Marketing For Hospitality And Tourism*. New Jersey: Pearson Prentice.
- Likert, R. (1934), "A simple and reliable method of scoring the turnstone attitude scales", *Journal of Social Psychology*, Vol. 5, p. 228.
- Liljander, U. and Strandvikt (1993), "The relation between service quality, satisfaction and intentions", Working Paper 243, Swedish School of Economics and Business Administration, August.
- Lovelock Christoffer & Wirtz Jochen, 2010, *Service Marketing- People, Technology, Strategy*, Pearson Prentice Hall

- Malhotra, & K., N. (2010). *Marketing Reserach: An Applied Orientation-6/E*. New Jersey: Pearson Education.
- Malhotra, N.K., Ulgado, F.M., Agarwal, J., Shainesh, G. and Wu, L. (2005), "Dimensions of service quality in developed and developing economies: multi-country cross-cultural comparisons", *International Marketing Review*, Vol. 22 No. 3, pp. 256-78.
- Mittal, V., Kumar, P. and Tsiros, M. (2001), "Attribute \pm level performance, satisfaction and behavioural intentions over time: a consumption-system approach", *Journal of Marketing*, Vol. 63 April, pp. 88-101.
- Miyoung, J. & Haemoon, O. (1998). *Quality Function Deployment: An Extended Framework for Service Quality and Customer Satisfaction in the Hospitality Industry*, *Hospitality Management*, 17: 375-390.
- Oliver, R.L. (1993), "A conceptual model of SQ and service satisfaction: compatible goals, different concepts", *Advances in Services Marketing and Management*, Vol. 2, JAI Press, Greenwich, CT, 65-85.
- Olu Ojo (2008), "The Relationship between Service Quality and Customer Satisfaction in the Telecommunication Industry: Evidence from Nigeria", *BRAND Broad Research in Accounting, Negotiation and Distribution Volume 1, Issue 1, 2010*, pp.88-100.
- Othman, A. Q., and Owen, L. (2010). *Adopting and Measuring Customer Service Quality (SQ) in Islamic Banks: A Case Study in Kuwait Finance House*. *International Journal of Islamic Financial Services – Volume 3 No 1*.
- Parasuraman, A., Berry, L. and Zeithaml, V. (1985) "A conceptual model of SQ and its implications for future research," *Journal of Marketing*, Vol. 49, Fall, 41-50.
- Parasuraman, A., Berry, L. and Zeithaml, V. (1988) "SERVQUAL: a multi-item scale for measuring consumer perceptions of SQ", *Journal of Retailing*, Vol. 64, spring, 12-40.
- Parasuraman, A., Berry, L. and Zeithaml, V. (1991) "Perceived service quality as a customer-based performance measure: an empirical examination of organizational barriers using an extended service quality model", *Human Resource Management*, 30 (3), 335-64.
- Parasuraman, A., Berry, L. and Zeithaml, V. (1993) "Research note: more on improving SQ measurement", *Journal of Retailing*, Vol. 69, Spring, 140-147.
- Parasuraman, A., Berry, L. and Zeithaml, V. (1994) "Reassessment of expectations as a comparison standard in measuring SQ: implications for further research", *Journal of Marketing*, Vol. 58, January, 111-124.
- Sekaran, U., & Boogie, R. (2010). *Research Method For Business*. West-Sussex: John wiley & sons LTD.
- Spreng, R. A., and Mackoy, R. D. (1996). *An Empirical Examination of a Model of Perceived Service Quality and Satisfaction*. *Journal of Retailing*, 72(2), 201–214.
- Sureshchander, G.S., Rajendran, C. and Anatharaman, R.N. (2002), "The relationship between service quality and customer satisfaction: a factor specific approach", *Journal of Services Marketing*, Vol. 16 No. 4, pp. 363-79.
- Turban, Efraim (2002). *Electronic Commerce: A Managerial Perspective*, New York: Prentice Hall.
- Zeithaml, V. and Bitner, M. (1996), *Services Management*, McGraw-Hill, New York.
- Zikmund, William G. (2010). *Business Research Method-8/E*. Canada: South western, Cengage learning.