

# Effects of Islamic Brand Personality, Service Quality, Customer Motives and Customer Satisfaction on Customer Loyalty in Sharia Banks of Jambi City Under the Perspective of Tawhidi String Relation

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**Abstract**— The purpose of this study was to describe the relationships among the Tawhidi String Relation (TSR) variables including the evaluations regarding the direct influences of Islamic Brand Personality, Service quality, customers' motives, customer satisfaction and customers' loyalty. In this study, a Structural Equation Modeling-Partial Least Squares (SEM-PLS) technique was used for data evaluation. Data was collected by using a questionnaire with a random sampling method of 343 customers from 4 (four) Islamic banks in Jambi City. The results of this research revealed that Islamic Brand Personality has a positive and significant effect on service quality with a score value 0.734; Islamic Brand Personality Personality has a positive and significant effect on customers' motives with a score value equal to 0.644; Islamic Brand Personality has a positive and significant effect on customer satisfaction with a score value 0.349; Islamic Brand Personality has a positive and significant effect on customers' loyalty with a score value 0.088. Service Quality has a positive and significant effect on customer satisfaction with a score value 0.372; Service Quality has a positive and significant effect on customers' loyalty with a score value equal to 0.454. Customer motive has a positive and significant effect on customer satisfaction with a score value 0.175; customer motive has a positive and significant effect on customers' loyalty with a score value 0.177. Customer satisfaction has a positive and significant effect on customers' loyalty with a score value 0.297. The influence of Islamic Brand Personality on customer loyalty with the use of both Service Quality variable and customer satisfaction as mediation variables, resulted in positive and significant effect as much as 0.606; while the influence of Islamic Brand Personality on customer loyalty with the use of both customer motives variable and customer satisfaction as mediation variables, resulted in a positive and significant effect as much as 0.337.

**Keywords**— *Islamic Brand Personality, Service Quality, Customers' Motives, Customers' Satisfaction, Customer Loyalty*

## I. INTRODUCTION

### A. Background

The condition of total assets, deposits and financing or credit between Syariah banks and conventional banks in

Jambi Province can be conveyed that the assets of Syariah banks amounted to only 5.35% of total banking assets in Jambi Province, the total third party funds that can be collected by Syariah bank also still very low at 4.13% of the total third party funds collected by public banks in Jambi Province, then the total financing channeled by Syariah banks was only 6.74% of all funds disbursed to public banks in Jambi Province. Based on data compiled by Bank Indonesia, Syariah bank assets in Jambi Province in September 2014 amounted to Rp. 2.07 trillion, but in September 2016 Syariah bank assets decreased to Rp. 1.97 trillion decreased by 4.96%. Judging from the development of the distribution of Syariah bank financing in Jambi Province in September 2014 amounted to Rp. 1.99 trillion, in September 2015 decreased by 6.06% or became Rp. 1.87 trillion. In terms of funding from third parties, the amount of funds collected by the Syariah bank in the month of September 2014 amounted to Rp. 1 trillion and in September 2015 increased to Rp. 1.6 trillion or increased by 6%. Reviewed from the development of third party funds in Jambi's Syariah bank from 2010 to 2015, see Table 1.3 below. It was seen in 2011 that the increase in third party funds was very large at Rp. 267,299,000,000 or 74.3% since 2010. But for the next year in 2012, 2013, 2014 and 2015 the increase has always declined when compared to developments in 2010. This indicates increasingly strong competition in the banking world in collecting third party funds.

Customer loyalty is absolutely needed by a company to be able to survive and be able to compete with other companies. Maintaining all existing customers will generally be more profitable than customer turnover because the cost of attracting new customers can be five times the cost of retaining an existing customer (Kotler, et al, 2010). Consumer satisfaction is a significant factor in consumer loyalty or in other words, consumer satisfaction greatly influences the formation of long-term relationships (Ganesan, 1994; Mittal & Kamakura, 2001; Mittal, et al, 1998). Consumer satisfaction itself is very much influenced by

Service Quality given to consumers which shows a positive relationship to customer satisfaction (Lau, et al, 2013; Chodzaza and Gombachika, 2013). Service Quality is also influenced by Islamic Brand Personality (Thongthip and Polyrat, 2015) where the Islamic Brand Personality is related to the characteristics of human personality that are relevant to the brand (Azoulay and Kapferer, 2003). This Islamic Brand Personality was developed by Ahmed and Jan (2015) by incorporating Islamic personality values in the majority Muslim country of Malaysia, where the dimensions of Islamic personality developed by them are still using the dimensions used by Aaker (1997) and also combining them with Islamic Brand Personality from Geuens research (2009) so that Islamic Brand Personality according to their framework is sincerity, competence, simplicity, fairness (moderation), trustworthiness, and morality character.

Research by Ahmed and Jan (2015) has not conducted or reviewed the Islamic Brand Personality on Service Quality, Customer Motives, Customer Satisfaction which then affects Customer Loyalty. However, in this study a different empirical study will be carried out, namely about the Islamic Brand Personality on Customer Service Quality and Motives, so that the achievement of Customer Satisfaction and customer loyalty bond to Syariah bank. For this reason, the Tawhidi String Relationship (TSR) approach uses the Islamic Brand Personality factor which is still in the form of theoretical studies by Ahmed and Jan (2015). In this study, we will examine the influence of the Islamic Brand Personality variable as the main variable using Islamic values through the TSR methodology which places that knowledge belongs to Allah SWT influences other variables so that customer satisfaction and customer loyalty are formed.

#### *B. Formulation of Research Problems*

- 1) Does the Islamic Brand Personality affect Service Quality (ServQual) on Syariah Banks in Jambi City in the perspective of the Tawhidi String Relations?
- 2) Does the Islamic Brand Personality affect the customer motive (Motif) on Syariah Banks in Jambi City in the perspective of the Tawhidi String Relations?
- 3) Does the Islamic Brand Personality affect Customer Satisfaction (Satisf) on Syariah Banks in Jambi City in the perspective of the Tawhidi String Relations?
- 4) Does the Islamic Brand Personality affect Customer Loyalty (Loyalty) on Syariah Banks in Jambi City in the perspective of the Tawhidi String Relationship?
- 5) Does Customer Satisfaction affect Customer Loyalty on Syariah banks in Jambi City in the perspective of Tawhidi String Relations?
- 6) Does Service Quality have an effect on Customer Satisfaction on Syariah Banks on Jambi City in the perspective of the Tawhidi String Relations?
- 7) Does Service Quality affect Customer Loyalty at the Syariah Banks on Jambi city in Tawhidi String Relation perspective?
- 8) Does the customer Motive affect Customer Satisfaction in Syariah Banks on Jambi City in the perspective of the Tawhidi String Relations?
- 9) Does the Customer Motive affect Customer Loyalty on Syariah banks in Jambi City in the perspective of the Tawhidi String Relationship?
- 10) Does the Islamic Brand Personality affect Customer Loyalty through the mediation of Service Quality and Customer Satisfaction on Syariah banks in Jambi City in the perspective of the Tawhidi String Relations?
- 11) Does the Islamic Brand Personality affect Customer Loyalty through the mediation of customer Motives and Customer Satisfaction on Syariah banks in Jambi City in the perspective of the Tawhidi String Relations?

## II. RESULTS AND DISCUSSION

The results of evaluating this hypothesis showed that the P-value was less than 0.001 that lead to the refusal of H0 and the acceptance of H1. Such a result means that there were significant and positive effects of Islamic Brand Personality (IBP) on the Service quality. Standardized path coefficient value was 0.734 that means the influence of Islamic Brand Personality (IBP) on Service quality is characterized by being positive and based on the size effect, it is classified as "High" with a score value 0.539 that leads to the assumption that the increase in Islamic Brand Personality (IBP) level lead to a significant increase in the Service quality level. The results of evaluating this hypothesis showed that the P-value was less than 0.001 that lead to the refusal of H0 and the acceptance of H2. Such a result means that there were significant and positive effects of Islamic Brand Personality (IBP) on the Consumer Motive. Standardized Path Coefficient score was 0.644 that means the influence of Islamic Brand Personality (IBP) on Customer Motives is characterized by being positive, based on the size effect it is classified as "High" with a score value 0.415 that leads to the assumption that the increase in Islamic Brand Personality (IBP) level lead to a significant increase in the Consumer motive level.

The results of evaluating this hypothesis showed that the P-value was less than 0.001 that lead to the refusal of H0 and the acceptance of H3. Such a result means that there were significant and positive effects of Islamic Brand Personality (IBP) on the Consumer Satisfaction. Standardized Path Coefficient score was 0.349 that means the influence of Islamic Brand Personality (IBP) on Consumer Satisfaction is characterized by being positive, based on the size effect it is classified as "intermediate" with a score value 0.256, which means that an increase in Islamic Brand Personality (IBP) level is capable of but still in a lesser significance extent to increase the satisfaction level of a customer.

The results of evaluating this hypothesis showed that the P-value was equal to 0.05 that lead to the refusal of H0 and the acceptance of H4. Such a result means that there were significant and positive effects of Islamic Brand Personality (IBP) on the Customer Loyalty. Standardized Path Coefficient score was 0.088 that means the influence of

Islamic Brand Personality (IBP) on Customer Loyalty is characterized by being positive and based on the size effect, it is classified as “weak” with score value 0.051 which means that an increase in Islamic Brand Personality (IBP) level cannot or still very weak to increase the level of customer loyalty.

The results of evaluating this hypothesis showed that the P-value was less than 0.001 that lead to the refusal of H0 and the acceptance of H5. Such a result means that there were significant and positive effects of Service quality on customer loyalty. Standardized Path Coefficient score was 0.454 that means the influence of service quality (Servqual) on customer loyalty is characterized by being positive and based on the size effect, it is classified as “high” with score value 0.329 which means that an increase in Service quality level lead to a significant increase in the customer loyalty.

The results of evaluating this hypothesis showed that the P-value was less than 0.001 that lead to the refusal of H0 and the acceptance of H6. Such a result means that there were significant effect of Service quality on customer satisfaction. Standardized Path Coefficient score was 0.372 that means positive influence of service quality (Servqual) on customer satisfaction, and based on the size effect, it is classified as “intermediate” with score value 0.275 which means that an increase in Service quality level lead to a significant increase in the customer satisfaction level. The results of evaluating this hypothesis showed that the P-value was less than 0.001 that lead to the refusal of H0 and the acceptance of H7. Such a result means that there were significant effect of customer satisfaction on customer loyalty. Standardized Path Coefficient score was 0.297 that means positive influence of customer satisfaction on customer loyalty and based on the size effect, it is classified as “intermediate” with score value 0.202 which means that an increase in customer satisfaction level lead to significant increase in customer loyalty level. The results of evaluating this hypothesis showed that the P-value was less than 0.001 that lead to the refusal of H0 and the acceptance of H8. Such a result means that there were significant effect of Customer Motive on Customer Satisfaction. Standardized Path Coefficient score was 0.175 that means the influence of Customer Motive on Customer Satisfaction is characterized by being positive, and based on the size effect, it is classified as “weak” with score value 0.112 which means that an increase in Customer Motive still not sufficient to significantly increase customer satisfaction level.

The results of evaluating this hypothesis showed that the P-value was less than 0.001 that lead to the refusal of H0 and the acceptance of H9. Such a result means that there were significant effect of Customer Motive on Customer Loyalty. Standardized Path Coefficient score was 0.177 that means the influence of Customer Motive on Customer Loyalty is characterized by being positive, and based on the size effect, it is classified as “intermediate” with score value 0.106 which means that an increase in Customer Motive still intermediate to increase the Customer Loyalty level in a significant way. The results of evaluating this hypothesis showed that the P-

value was less than 0.001 that lead to the refusal of H0 and the acceptance of H10. Such a result means that there were significant effect of Islamic Brand Personality (IBP) on Customer Loyalty through the mediation of both Service Quality and Customer Satisfaction (Satisf) under the perspective of Tawhidi String Relation (TSR). The effect of Islamic Brand Personality (IBP) on customer loyalty through the mediation of Service Quality and Customer Satisfaction (Satisf) under the perspective of Tawhidi String Relation can be shown through the values obtained from direct effect, indirect effect, and total effect as in the following table:

**Table 1.** The effect of Islamic Brand Personality (IBP) on customer loyalty through the mediation of service quality and customer satisfaction

Explanation	Calculation	Result
Indirect effect	= 0.734 x 0.454	0.333
IBP -> Servqual -> Loyalty		
IBP -> Satisf -> Loyalty	= 0.349 x 0.297	0.104
IBP -> ServQual -> Satisf -> Loyalty	= 0.734 x 0.372 x 0.297	0.081
Indirect Effect		0.518
Direct Effect		0.088
Total Effect		0.606
Variance Accounted For (VAF)		0.854

Source: Author’s estimation.

By observing the results in table (4.13), it explains that Islamic Brand Personality (IBP) has an influence on Customer Loyalty through both Service Quality and customer satisfaction. Such influence can be appeared in two effects; direct effect with score value 0.088 which is very small value and indirect effect with score value 0.51 so the total effect score value is about 0.606. Variance Accounted For (VAF) result was 0.854 or 85.4%. According to Hair, et al, (2013) and Sholihin and Ratmono (2013), such results showed a process of full mediation in which the Islamic Brand Personality cannot significantly affect on the customer loyalty so that other adding mediating variables such as service quality and customer satisfaction will improve the influence over customer loyalty.

The results of evaluating this hypothesis showed that the P-value was less than 0.001 that lead to the refusal of H0 and the acceptance of H11. Such a result means that there were significant effect of Islamic Brand Personality (IBP) on Customer Loyalty through the mediation of both Customer Motives and Customer Satisfaction under the perspective of

Tawhidi String Relation. direct effect, indirect effect, dan total effect from Islamic Brand Personality (IBP) influence over Customer Loyalty through the mediation of both Customer motive and Customer Satisfaction under the perception of Tawhidi String Relation were calculated in the following table:

**Table 2.** The effect of Islamic Brand Personality (IBP) on Customer Loyalty through the mediation of both Customer Motive and customer satisfaction

Explanation	Calculation	Result
IBP→Motif→Loyalty	$= 0.644 \times 0.177$	0.113
IBP→Satisf→Loyalty	$= 0.349 \times 0.297$	0.103
IBP→Motif→Satisf→Loyalty	$= 0.644 \times 0.175 \times 0.297$	0.033
Indirect Effect		0.249
Direct Effect		0.088
IBP→Loyalty		
Total Effect		0.337
Variance Accounted For (VAR)		0.739

Source: Author's estimation.

By observing the results in table 4.14 pengaruh the indirect effect value between Islamic Brand Personality on Customer Loyalty through the mediation of Customer Motive and Satisfaction was 0.249, while the direct effect value was 0.088 and the total effect value was 0.337. Variance Accounted for (VAF) result was 0.739 or 73.9 % that means  $20\% < VAR < 80\%$ , according to the results, mediation variables are categorized as part mediation, which means that Islamic Brand Personality has a significant influence on Customer Loyalty even with the absence of the mediation variables.

It has been discussed in hypothesis 4 that the direct effect of Islamic Brand Personality (IBP) on Customer Loyalty had a score value equal to 0.088 and size effect score value equal to 0.051 which mean that IBP is still in the weak category for increasing the Customer Loyalty. Therefore, more explanation and understanding of Islamic Brand Personality (IBP) is extremely needed in order to increase the Customer Loyalty level.

### III. CONCLUSION

Based on previous results and discussion, this paper suggests some conclusions as follow:

- 1) Islamic Brand Personality (IBP) has a direct, positive and significant influence on Service Quality from the perspective of the Tawhidi String Relationship (TSR).
- 2) Islamic Brand Personality (IBP) has a direct, positive and significant influence on Customer Motive from the perspective of the Tawhidi String Relationship (TSR).
- 3) Islamic Brand Personality (IBP) has a direct, positive and significant influence on Customer Satisfaction from the perspective of the Tawhidi String Relationship (TSR).
- 4) Islamic Brand Personality (IBP) has a direct, positive and significant influence on Customer Loyalty from the perspective of the Tawhidi String Relationship (TSR).
- 5) Service quality has a direct, positive and significant influence on Customer Satisfaction from the perspective of the Tawhidi String Relationship (TSR).
- 6) Service Quality has a direct, positive and significant influence on Customer Loyalty from the perspective of the Tawhidi String Relationship (TSR).
- 7) Customer Motive has a direct, positive and significant influence on Customer Satisfaction from the perspective of the Tawhidi String Relationship (TSR).
- 8) Customer Motive has a direct, positive and significant influence on Customer Loyalty from the perspective of the Tawhidi String Relationship (TSR).
- 9) Customer Satisfaction has a direct, positive and significant influence on Customer Loyalty from the perspective of the Tawhidi String Relationship (TSR).
- 10) Islamic Brand Personality has a direct, positive and significant influence on Customer Loyalty through the mediation of both Service Quality and Customer Satisfaction from the perspective of the Tawhidi String Relationship (TSR).
- 11) Islamic Brand Personality has a direct, positive and significant influence on Customer Loyalty through the mediation of both Customer Motive and customer satisfaction from the perspective of the Tawhidi String Relationship (TSR).

These findings imply following managerial implications. For such a goal, there is a need for future improvements in applying and practicing the Islamic principles including sincerity, simplicity and high morals for providing services to customers so, they will be more interested in conducting financial transactions in sharia banks. Service Quality, besides being accompanied with the Islamic Brand Personality (IBP), the improvement in Service Quality must be continued by paying attention to syariah compliance, bank design, complete facilities and the professional dealing with the needs of the customer. The banking sector must pay more attention towards the customer motives that make them encouraged to conduct their financial transactions by choosing sharia banks. The socialization of Syria banks must be

continually improved by increasing the human resources competencies in sharia banks. Islamic teachings which are included in Islamic Brand Personality with the Tawhidi String Relation and epistemology of Tawhid based on al-Quran and Hadist as a source of trustful knowledge and guidelines must be applied in everyday human life basis.

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