

THE EFFECT OF MARKET ORIENTATION AND SERVICE QUALITY ON CUSTOMER SATISFACTION AND LOYALTY SHARIA BANKING IN MAKASSAR

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ABSTRACT

This study aims to analyze: 1) To analyze the effect of market orientation on customer satisfaction in Islamic banking in Makassar. 2) To analyze the effect of service quality on Customer satisfaction on Islamic banking in Makassar. 3) To analyze the effect of market orientation on customer loyalty in Islamic banking in Makassar. 4) To analyze the effect of service quality on customer loyalty in Islamic banking in Makassar. 5) To analyze the effect of Customer satisfaction on customer loyalty to Islamic banking in Makassar. 6) To analyze the effect of market orientation on customer loyalty through customer satisfaction in Islamic banking in Makassar. 7) To analyze the quality of service to customer loyalty through customer satisfaction in Islamic banking in Makassar.

The research population of all sharia commercial bank customers in Maksssar is 3,066. study sample of 170 people. The analysis technique used is Structural Equity Modeling (SEM) with the help of the Moment of Structure Analysis (AMOS) program.

Research results 1) Market orientation has a positive and significant effect on customer satisfaction. 2) Service Quality has a positive and significant effect on customer satisfaction. 3) Market orientation has a positive and not significant effect on customer loyalty. 4) Service Quality has a positive and significant effect on customer loyalty. 5) Customer satisfaction has a positive and significant effect on customer loyalty. 6) Market orientation has a positive and significant effect on customer loyalty through customer satisfaction. 7) Quality of service influences loyalty through customer satisfaction.

Keywords: Market orientation, service quality, satisfaction and loyalty customer.

1. INTRODUCTION

The rapid development of the market has encouraged companies to look for loopholes to increase customer loyalty, which is reflected in the profits made by the company. Therefore, many banking companies maintain their markets through customer loyalty development programs. This is one of the company's strategies to maintain business and company profits, (Ruky, 2006: 63). This is because quality and quality service is one of the keys to success to satisfy customers in various service businesses (Lupiyoadi, 2001: 71).

The existence of banking services in the community is indeed more profitable, especially in the economic sector, where economic actors are more flexible in carrying out their economic activities. Banking services in the community that prioritize good service in order to gain trust from the public as their customers will face a variety of circumstances or views that arise from the community as an expression of satisfaction or dissatisfaction with the services they receive from the bank they trust.

Bank categories in Indonesia are divided into two, namely Islamic banks and conventional banks. According to RI Law No.7 of 1992 Chapter I article 1 paragraph 1, "Banks are business entities that collect funds from the public in the form of deposits, and distribute them to the public in order to improve the standard of living of many people". Islamic banking is also aware of this. they are financial institutions that carry out financial intermediaries from parties who have excess funds to other parties in need based on the principles of Islamic teachings. Among these principles, the most important is that banks are not allowed to request or provide interest to their customers.

History of Sharia Banking

Practice of Islamic Banking in the Age of the Prophet Muhammad, the Friends of RA. And Thabiein began when he, known as Al-Amin, was trusted by the people of Mecca to receive deposits, so that at the last moment before moving to Medina, he asked Ali bin Abi Talib r.a to return all of the deposits to their owners. Zubair bin al-Awwam r.a., chose not to receive assets. He prefers to receive it in the form of a loan. Zubair's action has different implications, namely the first, by taking the money as a loan, he has the right to use it; second, because of the form of the loan, he is obliged to return it in full. Caliph Umar bin Khattab r.a. use checks to pay benefits to those who are entitled. Using this check, they were able to collect wheat at the Baitul mall which was then imported from Egypt. In addition, the provision of capital for profit-based working capital, such as mudharabah, muzara'ah, musaqah, has been known from the beginning among the Muhajirin and Ansar.

The progress of banking practices during the era of the Caliph Muqtadir (908-932 AD) was marked by the widespread circulation of checks as a medium of payment. In fact, the role of bankers includes three aspects, namely receiving deposits, channeling them, and transferring money. In this latter case, money can be transferred from one country to another without transferring the physical money. The money changers who have set up offices in many countries have started using checks as a medium of money transfers and other payment activities. Syaf al Dawlah al-Hamdani was recorded as the first person to issue checks for clearing purposes between Baghdad (Iraq) and Aleppo (Spain).

The theoretical concept of Islamic banks first appeared in the 1940s, with ideas about banking based on profit sharing. In this regard it can be mentioned that the thoughts of the author include Anwar Qureshi (1946), Naiem Siddiqi (1948) and Mahmud Ahmad (1952). A more detailed description of the preliminary ideas of Islamic banking was written by major Pakistani scholars, namely Abul A'la Al-Mawdudi (1961) and Muhammad Hamidullah (1944-1962).

In 1983, the Indonesian government had planned to implement a "profit sharing system" in credit which was a concept of Islamic banking. The initiative to establish an Indonesian Islamic bank began in 1980 through discussions on Islamic banks as a pillar of Islamic economics. As a trial, the idea of Islamic banking was practiced on a relatively limited scale including in Bandung (Bait At-Tamwil Salman ITB) and in Jakarta (Koperasi Ridho Gusti). In 1990, the Indonesian Ulema Council (MUI) formed a working group to establish Islamic Banks in Indonesia. On August 18-20 1990, the MUI held a bank and banking interest workshop in Cisarua, Bogor, West Java. The results of the workshop were then discussed in more depth at the MUI IV National Conference in Jakarta August 22-25, 1990, which resulted in the mandate for the establishment of a working group to establish Islamic banks in Indonesia. The intended working group is called the MUI Banking Team with the task of approaching and consulting with all parties involved. As a result of the work of the MUI Banking Team, the first Islamic bank in Indonesia was established, namely PT Bank Muamalat Indonesia (BMI), which according to its founding deed, was established on November 1, 1991 (OJK, 2018).

Based on the background above, the phenomena and research gaps that occur are the reason the authors are interested in conducting research with the title: Effect of Market Orientation and Service Quality on Sharia Banking Customer Satisfaction and Loyalty in Islamic banking in Makassar.

2. THEORETICAL FRAMEWORK

Understanding of Marketing

According to Cannon, Perreault, and Jerome (Cannon, Perreault, and Jerome (2008: 8-9) marketing is an activity that aims to achieve company goals, done by anticipating the needs of customers or clients and directing the flow of goods and services that meet customer needs or clients from producers According to Kotler and Keller (2009: 9) marketing management is a process of planning and implementing the concept of price, promotion and distribution of ideas of goods and services to create an exchange that can satisfy individual and organizational goals From the definition above, marketing management is a process of planning, implementing and evaluating concepts that aim to create an exchange of goods and services in accordance with consumer needs and organizational goals.

Syariah banking

The definition of Islamic banks is actually regulated in Law Article 2 PBI No. 6/24/PBI/2004 Concerning commercial banks that carry out business activities based on sharia principles, provide a definition that sharia commercial banks are banks that conduct business activities based on sharia principles which in their activities provide services in payment traffic.

Sharia Bank Principle Based on Article 2 of Law No. 21 of 2008, Sharia Banking in carrying out its business activities based on Sharia Principles, economic democracy, and the principle of prudence. Sharia Bank Objectives In Law No. 21 of 2008 concerning Sharia Banking Article 3 states that: "Sharia banking aims to support the implementation of national development in order to improve justice, togetherness, and equitable distribution of people's welfare". c) Sharia Bank Functions. The function of Islamic Banks according to Law No. Article 21 of 2008 Article (4), namely: 1. Sharia Banks and UUSs must carry out the function of collecting and distributing public funds. 2. Sharia Banks and UUS can carry out social functions in the form of baitul mal institutions, namely receiving funds originating from zakat, infaq, alms, grants, or other social funds and distributing them to zakat management organizations. 3. Sharia Banks and UUS can collect social funds from money waqf and distribute them to waqf managers (Nazhir) in accordance with the will of the waqf (wakif). 4. Implementation of social functions as referred to in paragraph (2) and paragraph (3) in accordance with the provisions of the legislation.

Market Orientation

Market orientation is a popular term used by practitioners in the marketing field as an implementation of the marketing concept. For more than four decades, market-oriented corporate strategies are seen by academics and practitioners as the main pillars of achieving superior company performance in both manufacturing companies and service companies (Kara, 2005). Therefore, the achievement of market orientation must include the use of superior organizing skills or skills, especially in understanding and satisfying customers.

Service quality

Understanding Service Quality According to Jim Blythe (2012: 272) service quality is the ability of an organization to meet or exceed customer expectations. Then according to Lewis and Booms in Tjiptono (2012: 157), service quality is a benchmark for how well the level of service provided by the company is able to be in accordance with consumer expectations. Operational Quality Standardization Service According to Peter Drucker, a management consultant in the How to Provide Customer Service Excellence (2013) article said "Quality in service or product is not what you put into. It is what the client or customer gets out of it "hence the company must have a standardized service quality to get the desired expectations or expectations even more by the customer so that it requires operational standards of work.

Customer satisfaction

Ferrinadewi (2005), satisfaction is the consumer's assessment of the features of a product or service that successfully provides fulfillment of needs at a pleasant level both below and above expectations. According to Sumarwan (2003) satisfaction is the level of feeling after comparing the performance / results felt with his expectations. So the level of satisfaction is a function of the difference between perceived performance and expectations. If the performance is below expectations, the customer will be disappointed, if the performance is in line with expectations, then the customer will be very satisfied.

Customer loyalty

Having loyal consumers is the ultimate goal of all companies, but most of the companies do not know that consumer loyalty can be formed through several stages, starting from finding potential customers to advocating customers that will bring benefits to the company. Loyalty or loyalty is defined as a strong commitment to buy or subscribe to certain products or services in the future despite the influence of the situation and marketing efforts that have the potential to cause behavior change (Kotler and Keller, 2007: 175). Customers who are considered loyal will subscribe or re-purchase for a certain period of time. Loyal customers are very meaningful to business entities because the cost of getting new customers is more expensive than maintaining old customers (Peter and Olson, 2002: 45).

3. METHODS

This study uses descriptive and quantitative research designs. The location of this study was conducted on customers of Islamic banks in Makassar for 3 months, starting September 2018 to November 2018. The type of data used is quantitative data qualitative data. Data sources of this study are primary data and secondary data. The population is all customers of sharia

commercial banks in Makassar, which are 3,066 thousand people and 170 samples by using Structural Equation Modeling (SEM) analysis.

4. RESULT

Kolom Direct and indirect effects

No	Variable			Direct Effect	Indirect Effect	Total Effect	P-Value	Information
	Exogenous	Intervening	Endogenous					
H-1	Market orientation (X1)	Customer satisfaction (Y)	-	0.318	0.000	0.318	0.000	Positive Significant
H-2	Service Quality (X2)	Customer satisfaction (Y)	-	0.523	0.000	0.523	0.000	Positive Significant
H-3	Market orientation (X1)	-	Customer Loyalty (Z)	0.387	0.000	0.387	0.059	Positive No Significant
H-4	Service Quality (X2)	-	Customer Loyalty (Z)	0.493	0.000	0.493	0.036	Positive Significant
H-5	Customer satisfaction (Y)	-	Customer Loyalty (Z)	0.586	0.000	0.586	0.000	Positive Significant
H-6	Market orientation (X1)	Customer satisfaction (Y)	Customer Loyalty (Z)	0.387	0.185	0.573	0.000	Positive Significant
H-7	Service Quality (X2)	Customer satisfaction (Y)	Customer Loyalty (Z)	0.493	0.305	0.798	0.000	Positive Significant

Picture 1. Colom Direct and indirect effects

Market orientation has a positive and significant effect on customer satisfaction.

Answer the formulation of the problem and the first hypothesis can be observed from the results of path analysis which shows that market orientation has a positive and significant effect on customer satisfaction. The results of this test are in accordance with the first hypothesis that market orientation has a positive and significant effect on customer satisfaction. This is evidenced by the significant value of less than five percent.

On the other hand, the reasons for market orientation have a positive and significant effect on customer satisfaction because in reality, what is seen in Sharia Banking in Makassar is that customers are not just buying a product, but also all aspects of the product from pre-purchase to after-purchase. With so much competition, we must be careful in treating consumers so that customers can emerge from a product, the speed of response to changes in consumer needs is needed for banks, customers become free to choose products, causing convenience perceived by customers in the indicators stated This shows that market orientation affects customer satisfaction.

Service Quality has a positive and significant effect on customer satisfaction.

Answer the formulation of the problem and the second hypothesis can be observed from the results of path analysis which shows that service quality has a positive and significant effect on customer satisfaction. The results of this test are in line with the second hypothesis that service quality has a positive and significant effect on customer satisfaction, this is evidenced by the significance value smaller than five percent.

On the other hand, the reason for service quality has a positive and significant effect on customer satisfaction, because related to customer responses to perceived expectations, more and more banks are involved in fulfilling the needs and desires of customers so this causes each bank to place customer satisfaction as the main goal. The banking sector must have complete information about the customer's desire so that the products sold according to the tastes of the customer in this case must be tangible to the quality of service in this case the convenience perceived by the customer in the transaction will be created by itself.

Market orientation has a positive and significant effect on customer loyalty

Answering the formulation of the problem and the third hypothesis can be observed from the results of path analysis which shows that market orientation has a positive and not significant effect on customer loyalty. The results of this test are not in accordance with the third hypothesis that market orientation has a positive and significant effect on customer loyalty, this is evidenced by the significant value greater than five percent.

On the other hand, the reason for market orientation has a positive and insignificant effect on customer loyalty, because there is an intellectual and emotional process between customers and companies The speed of response to changes in consumer needs does not materialize until some banks say maintaining and maintaining customer loyalty is not an easy job. can be forced even though that loyalty can be measured and managed. Customer loyalty can be shown in the form of repeat purchases of a product offered by the company, especially in banking, so that in this indicator the customer is not easily affected by the persuasion or promotion of competitors.

Service Quality has a positive and significant effect on customer loyalty

Answering the problem formulation and the fourth hypothesis can be observed from the results of path analysis which shows that service quality has a positive and significant effect on customer loyalty. The results of this test are in line with the four hypotheses of service quality that have a positive and significant effect on customer loyalty, this is evidenced by the significant value greater than five percent.

On the other hand, the reason for service quality has a positive and significant effect on customer loyalty. Because Islamic Banking in creating customer loyalty, banks by paying attention to their products must be tangible because some banks are competing to launch their credit card variants to be the best, so that customers are not easily affected by persuasion or promotion of competitors to move to other banks.

Customer satisfaction has a positive and significant effect on customer loyalty.

answer the problem formulation and the fifth hypothesis can be observed from the results of path analysis which shows that customer satisfaction has a positive and significant effect on customer loyalty. The results of this test are in accordance with the fifth hypothesis that customer satisfaction has a positive and significant effect on customer loyalty. This is evidenced by the significant value of less than five percent.

On the other hand the reason for customer satisfaction has a positive and significant effect on customer loyalty, because in reality, seen in Islamic Banking in Makassar, customers get the convenience felt by customers in transactions such as credit cards or ATMs so customers are not easily influenced by persuasion or promotion competitors by saying that a product is better than other products.

Market orientation has a positive and significant effect on customer loyalty through customer satisfaction.

answer the problem formulation and the six hypothesis can be observed from the results of path analysis which shows that market orientation has a positive and significant effect on customer loyalty through customer satisfaction. The results of this test contradict the six hypothesis that market orientation has a positive and significant effect on customer loyalty through customer satisfaction. This is evidenced by the significant value greater than five percent.

On the other hand the reasons for market orientation have a positive and significant effect on customer loyalty through customer satisfaction, because the wiser the customer is understood, the easier it will be to anticipate their needs or in this research indicator the speed of response to

changes in consumer needs can be carried out by communicating what which is needed by consumers so that they are not easily affected by the persuasion or promotion of competitors, but if the convenience felt by customers in the transaction is realized.

Service quality has a positive effect on loyalty through customer satisfaction.

answer the formulation of the problem and the seventh hypothesis can be observed from the results of path analysis which shows that service quality has a positive and significant effect on loyalty through customer satisfaction. The results of this test are in line with the seventh hypothesis that service quality has a positive and significant effect on loyalty through customer satisfaction, this is evidenced by the significant value of less than five percent.

On the other hand the reason that service quality has a positive and significant effect on loyalty through customer satisfaction is because in reality, it is seen in sharia banking in Makassar, assuming the existence of services is very important for customers in this case Tangible (physical evidence) such as credit cards. Islamic banking determines customer satisfaction is determined by product quality and service quality that are in accordance with the wishes of the customer so that quality assurance becomes the main quality in Sayariah banking.

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Law Article 2 PBI No. 6/24 / PBI / 2004

Law No.21 of 2008 Article (2)

Law No. 21 of 2008 Article 3

Law No. 21 of 2008 Article (4)