Islamic Business Ethics on Customer Retention

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Abstract

The aim of this research is to test the effect of Islamic business ethics that consist of unity/tawhid, equilibrium, free will, responsibility, and truth towards customer retention of Islamic People's Financing Bank (BPRS) Attaqwa Tangerang Regency. The data was obtained from distributing questionnaires to 80 customers of Islamic People’s Financing Bank (BPRS) Attaqwa Tangerang Regency using the accidental sampling method, then analyzing the data obtained using quantitative data analysis. The results of this research indicate that the tcount is greater than ttable (9.374 ≥ 1.99085) and the significance value is less than 0.05, ie 0.000 ≤ 0.05, it can be concluded that Islamic business ethics has a positive and significant effect to customer retention at the Islamic People’s Financing Bank (BPRS) Attaqwa Tangerang Regency.

Key words: islamic business ethics, customer retention, islamic people's financing bank

Introduction

As an institution that serves the community and micro, small and medium enterprises (MSMEs), the existence of the BPRS is actually strategic in driving regional economic development. The current development of the BPRS is considered quite good, as indicated by the current number of BPRS operating throughout Indonesia, which is 163 banks and also the total income of the BPRS as of March 2020, which is Rp. 384,844 billion, an increase compared to revenue as of March 2019 which was only Rp. 348,657 billion, in addition to the growth in the number of third party fund customers and financing customers as of March 2020 as many as 2,026,010 accounts compared to last year in the same month, which was only 1,858,869 customer accounts (Financial Services Authority, 2020).

BPRS Attaqwa is one of the Islamic people's financing banks in Tangerang Regency. The reason the author chose BPRS Attaqwa as the object of research, namely because BPRS Attaqwa is a sharia people financing bank that is currently developing, as evidenced by the achievement of the title "excellent (very good)" in the rating of Islamic financial institutions version of Infobank 2019 with the category of BPRS assets under Rp 50 billion and is ranked eighth out of all BPRS in Indonesia (BPRS, nd) The economic wheel that continues to spin and the level of public awareness of the sharia economy requires BPRS Attaqwa to develop strategies to retain customers. In addition to avoiding large or small losses, business ethics are also needed. Islamic business ethics are ethical norms based on the Qur’an and Hadith that must be used as a reference by anyone in their business activities. Islamic business ethics aims to teach people to cooperate in order to help and distance themselves from things that are not in accordance with sharia principles. The principles of business ethics which are the axioms of Islamic business ethics include unity, justice, free will, responsibility and truth (Juliyani, 2016).
However, the reality on the ground found several fraud scandals that occurred at Islamic People's Financing Banks (BPRS) in Indonesia, quoted from tirto.id that the Director of Banking Investigation of the OJK, Hendra Jaya Suleman, said that in 2016 OJK recorded 4 cases of BPRS criminal acts involving delegated to investigators throughout Indonesia (Idhom, 2017), as well as in 2020 the West Bangka District Attorney, Bangka Belitung Islands Province has named one suspect in the alleged corruption case at PT BPRS Babel, namely the former head of PT BPRS Babel Mentok branch, quoted from betweenews.com (Putranta, 2020). This indicates that there are still BPRS that commit fraud that is not in accordance with Islamic business ethics. Violations that occur result in a reduction in customer trust and loyalty to financial institutions so that it will create a bad image. That is the reason BPRS Attaqwa is a sharia financial institution that needs to prioritize Islamic business ethics in all its activities in order to gain the pleasure of Allah and the trust of customers so that it is expected to be able to lead to customer retention.

Customer retention is a form of customer loyalty which is defined as the tendency of customers in the future to stay with or continue to use goods and services at the same service provider. Hoffman, Kelley and Chung stated that customer retention refers to the approach used by providers to maintain relationships with existing customers to be able to continue transacting in the future (Husni & Yunus, 2017). So it can be concluded that customer retention is a consumer’s decision to stay or repurchase a product or service from a particular company. Ethical behavior in business plays an important role in influencing customer trust and loyalty. With that it can be said that the application of bad business ethics in the company can eliminate customer loyalty. This is evidenced by the case of bank liquidation carried out by LPS in 2019 to BPRS Jabal Tsur in Pasuruan, BPRS Safir in Bengkulu and BPRS Muamalat Youtefa in Papua because they did not apply the concept of good corporate governance in which there was a business ethics component, which resulted in this BPRS not only lost customer loyalty but also bank closure by LPS (Sindo, 2019). The purpose of this study is to determine the extent to which Islamic business ethics have an effect on customer retention strategies, to further improve the performance of BPRS, so that they can compete with other financial institutions (conventional and sharia).

Method

This research is a type of quantitative research method with a descriptive approach. The primary data of the study was obtained through answers to questionnaires filled out by customers of BPRS Attaqwa Tangerang Regency. From the total number of customers, which is certainly very large and wide, it is limited or only a part of the population is taken, which is known as the target population. The population in this study with a total of 400 customers BPRS Attaqwa. The sampling technique used in this study is a random sampling technique by means of accidental sampling. Meanwhile, the determination of the number of samples was carried out using the Yamane and Isaac and Michael formulas. From the calculation obtained by Yamane and Isaac and Michael’s formula, the number of samples taken in this study were 80 respondents. The data collection technique used in this research is an interview, namely conducting interviews with BPRS Attaqwa and distributing questionnaires to customers. The data analysis technique in this study used measuring instruments (test validity and reliability), classical Assumption Test, simple linear regression analysis and hypothesis testing consisting of t test and coefficient of determination test. The data was processed using the SPSS version 20 application.

Results and Discussion

Result

The t test in this study was used to determine the effect of each independent variable on the dependent variable. It can be said to be influential if the significance value is ≤ 0.05 and the t-count value> t table (Purwanto & Sulistyastuti). The results of the calculation of the t test on the Islamic business ethics variable. Then the calculation of the t-test can be concluded as follows: the significance value of the Islamic Business Ethics variable is 0.000 ≤ 0.05 and it can be seen that the Islamic business ethics variable shows the t-count value of 9.374 and t-table of 1.99085. Thus, t-count is greater than t-table (9.374 ≥ 1.99085). This indicates that H0 is rejected and Ha is accepted and it means that Islamic business ethics has a significant effect and has a positive direction on customer retention.

The coefficient of determination test serves to measure the percentage of the influence of the independent variable in the regression model on the dependent variable. The higher the value of the coefficient of determination, the better the ability of the independent variable in explaining the behavior of the dependent variable. The results of testing the coefficient of determination can be seen from the value of R square in simple regression analysis (Purwanto & Sulistyastuti, 2016). Based on the table above, the coefficient of determination has an R square of 0.530. This means that 53% of customer retention (Y) can be explained by independent variables of Islamic business ethics (X). While the rest (100% - 53% = 47%) is explained by other variables outside the model that are not explained in this study.
Discussion

Based on the test results, it is known that the Islamic Business Ethics variable data found a significance value of 0.000 ≤ 0.05 and it can be seen that the Islamic business ethics variable shows a t-count of 9.374 and a t-table of 1.99085. Thus, tcount is greater than ttable (9.374 ≥ 1.99085). This indicates that H0 is rejected and Ha is accepted, which means that Islamic business ethics has a significant effect on customer retention. This shows that the application of Islamic business ethics that is applied in carrying out its operations and serving customers is appropriate, related to the application of Islamic business ethics principles, namely unity, balance, free will, responsibility, and truth in serving customers. These results explain that the principle of unity or oneness in Islamic business ethics applied by BPRS Attaqwa has offered religious integration, which is based on the teachings of the Islamic religion contained in the Qur’an and the Sunnah of the Prophet Muhammad, in which there are values. noble values and commendable traits, as evidenced by the answers from the respondents through the questionnaires distributed, namely the majority of them chose to agree that they became customers of the Attaqwa BPRS in order to support the Islamic economy and to avoid usury, maysir and gharar.

The results of the principle of balance applied at BPRS Attaqwa are in accordance with Islamic work ethics, namely being fair and honest when working, as evidenced by the answers from respondents through questionnaires distributed, namely the majority of them chose to agree that BPRS Attaqwa treats all customers fairly and provides for results according to mutual agreement. The results of the free will principle used in the Attaqwa BPRS does not violate Islamic law, as evidenced by the answers from the respondents through the questionnaires distributed, namely the majority of them chose to agree that the Attaqwa BPRS gives freedom to customers to choose products or services according to their wishes without coercion and also customers are encouraged to submit criticisms and suggestions if there is an unsatisfactory service. The results of the principle of responsibility in Islamic business ethics applied by BPRS Attaqwa are good, such as behaving ethically and not contrary to Islam, as evidenced by the answers from the respondents through the questionnaires distributed, namely the majority of them chose to agree that BPRS Attaqwa handled every transaction quickly, and appropriately and respond to all customer complaints properly. The results of the principle of truth in Islamic business ethics applied by BPRS Attaqwa have been good such as serving with a good attitude and trust in maintaining customer assets, as evidenced by the answers from respondents through questionnaires distributed, namely the majority of them chose to agree that BPRS Attaqwa were friendly and professional in serving customers and has conducted its business in accordance with sharia principles.

In fact, the implementation of Islamic business ethics and customer retention strategies at BPRS Attaqwa has been implemented well in muamalah activities with customers, the bank has made it easy with the ball pick-up system, providing profit sharing and attractive prizes for customers who are loyal to BPRS Attaqwa as well as handling complaints are handled quickly without distinguishing between one customer and another, establish intense communication and provide service excellence to customers who impress him and will decide to remain a customer at BPRS Attaqwa Tangerang Regency (Rifai, 2020).

This research is supported by the results of the answers from the questionnaires distributed to 80 respondents of BPRS Attaqwa customers with the following characteristics of respondent identity: 1) In terms of gender characteristics, it can be seen that from a total of 80 respondents, female respondents were dominated by 48 people and the number of respondents was female. men are as many as 32 people; 2) In terms of job characteristics, most of the respondents’ occupations are entrepreneurs with a total of 37 people. While other jobs are as private employees as many as 22 people, civil servants as many as 6 people, students as many as 2 people and others such as laborers and housewives as many as 13 people; 3) In terms of age characteristics, most of the respondents are 49 years old and above, which are 29 people. While at the age of 30-39 years as many as 23 people, as many as 17 people aged 40–49 years and ages 20–29 years as many as 11 people; 4) In terms of education characteristics, most of the respondents had their last high school education as many as 31 people. While the others have 16 undergraduate degrees, 15 elementary schools, 11 junior high schools, 6 diplomas and 1 master’s degree; 5) In terms of income characteristics, most of the respondents have income of less than 5 million as many as 38 people. While the income of 5-10 million as many as 26 people, income of 10-15 million as many as 11 people and income of 15-20 million as many as 5 people; 6) In terms of the length of time they have been customers at BPRS Attaqwa, most of the customers have been less than 1 year as many as 41 people. While the duration is between 1-2 years as many as 29 people.

The results of this study are in line with research conducted by Sita Apriani with the title "The Influence of Islamic Business Ethics on Customer Retention at PT. Al-Ijarah Finance Mataram Branch", The results of this study indicate that Islamic business ethics has a significant positive effect on customer retention. In this study, the principles of Islamic business ethics used are justice, responsibility, free will and truth in serving its members (Apriani, 2018).

Conclusion

Based on the results of research and discussion that have been described previously. So it can be concluded that the effect of Islamic business ethics on customer retention at the Islamic People’s Funding Bank (BPRS) Attaqwa. And the
conclusions are as follows: 1) Islamic People’s Funding Bank (BPRS) Attaqwa in carrying out its operational activities has implemented Islamic business ethics in accordance with the vision, mission, company strategy and standard operating procedures that are in line with the Al-Quran and Hadith so that what is done always tries to comply sharia folders and fulfilled elements of good Islamic business ethics; 2) The customer retention strategy carried out by the BPRS Attaqwa is to supervise the implementation of business ethics in service to customers, improve good service quality, one of them is the ball pick-up system carried out by the BPRS according to good SOP ethics to its customers who want to make transactions, always providing service excellence and also always giving rewards or gifts to priority customers, so that customers always feel satisfied and stay with the BPRS Attaqwa Tangerang Regency; 3) Based on the results of the study, it can be concluded that Islamic business ethics has a positive and significant effect to customer retention.

References


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