

Proceedings of
**THE 2ND
INDONESIA
INTERNATIONAL
CONFERENCE ON
INNOVATION,
ENTREPRENEURSHIP, &
SMALL BUSINESS**

IICIES 2010

July 11-15, 2010
Serpong, Banten, Indonesia

**Developing Technopreneurship
and Entrepreneurial Small Businesses:
A Key to Sustainable Future**

Editors

Dohar Bob M. Situmorang, Dwi Laksana

Associate Editors

**Irfan Raafaldin Mirzani, Saffris R. Mayunani, Sonny Rusliadi, A. C. Eka Wenas,
Andreas Budinardjo, Achmad Seryo Hadi**

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IICIES

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Preface

Dear IICIES 2010 Participants,

Welcome to the 2nd Annual Conference! Welcome to UMN! Welcome to Serpong, Indonesia!

The growth of small businesses through innovation and the growing number of entrepreneurs are critical in gaining prosperity of a society. Indonesia, with a very limited number of growing entrepreneurs and a very large number of not-growing small businesses, is in poor shape in shaping its prosperity. It must be stopped, it must be solved!

The 2nd Indonesia International Conference on Innovation, Entrepreneurship, and Small Business (IICIES 2010), initiated by the Center for Innovation, Entrepreneurship, and Leadership (CIEL), the School of Business and Management (SBM) at *Institut Teknologi Bandung* (ITB), is now collaboratively organized with *Universitas Multimedia Nusantara* (UMN). This event is intended to support the development of innovation, entrepreneurship, and small business for the better Indonesia. We challenge ourselves to learn, study, and create local knowledge with global mindset to provide some lights in the development of new entrepreneurs and small businesses. This Conference provides a venue for Indonesian scholars and a network with international experts to collaborate. Programs in the Conference include Sightseeings, Workshops, *Mengembang Layar* (a New Business Expo), Masters & Doctoral Consortium, Gala Dinner, Featured Speakers, and Parallel Sessions.

This 2nd IICIES has attracted more than 400 abstract submissions and about 130 reviewed and invited papers will be presented with the topics ranging from entrepreneurship theory to creativity and innovation, to entrepreneurship education, from social entrepreneurship to corporate entrepreneurship, from small business to family business, to growing business. Authors come from various institutions in Indonesia and from several other countries. At least 300 researchers and participants from many universities and several countries are attending to this Conference.

In this occasion, I am honored to thank all contributors to the Conference including all Authors and Reviewers, all Key Speakers and Program Facilitators, Participants and Prominent Guests, all Sponsors including Academic institutions, small-to-large Businesses, Governmental institutions, and Communities. I have been blessed to work with a dedicated Organizing Committee, combining UMN and CIEL staff members. Thank you. Thanks and appreciations are also due to Prof. Boediono, the Indonesian Vice President, Dr. Kuntoro Mangkusubroto, the Founder of ITB's SBM, Prof. Yohanes Surya, Rector of UMN, and Prof. Akhmaloka, Rector of ITB, for their full supports to this event.

Tiada gading yang tak retak (Nothing is absolutely perfect). We apologize for any inconveniences that may happen. I hope all of you will enjoy the Conference, look forward to hearing your sharing and seeing Indonesia in a better place: entrepreneurial and prosperous!

Dwi Larso, PhD

Conference Chair and Director of CIEL

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The Effort to Increase Trust through Service Quality and Brand Image and Its Implication toward the Commitment of the Customers of Syariah Mandiri Bank Semarang

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Abstract

This aims of this research are, first, to analyze the relationship of service quality to customer's trust. Second, the relationship of brand image to customer's trust. third the relationship of trust to customer's commitment.

The types of this research were descriptive and explanatory research and the research method survey with used convenience sampling technique. The samples in this research are consisted on 200 customers. The data collection technique is the literature study, the observation and quistionaire, while the data analysis technique is the Partial Least Square (PLS).

The results of this research indicated that (1) The service quality significant influenced on customer's trust, (2) The brand image significant influenced on customer's trust, and (3) The trust significant influenced on customer's commitment.

Keywords: service quality, brand image, trust and customer's commitment

1. Introduction

Syariah banking was firstly introduced in Indonesia in 1992 which was marked by legalizing UU No.7 year 1992 about the establishing bank without interest (profit sharing bank).

Syariah Mandiri Bank which was established in 1999, is conversion of conventional bank namely Susila Bakti Bank which was bought by Mandiri Bank and was changed into Syariah Mandiri Bank, so that Syariah Mandiri Bank share is 100% owned by Mandiri Bank. At present Syariah Mandiri Bank has 313 branches in Indonesia which consist of 57 Main Branch Office (MBO), 77 Secondary Branch Office (SBO), 77 Cash Office (CO), 54 Payment Point (PP) and 48 Syariah Service Office (SSO), (Raker Rencana Bisnis Bank, 2009)

Syariah banking operates just the same as conventional banking, but there are principles, which differentiate in its operational that is based on syariah principles and does not know interest system such in conventional bank. Syariah system has operational principle either from financial aspect or funding. Financially is by trading (murabahah, istishna, salam), profit sharing (mudharabah, musyarakah) and Rent Buy (Ijarah, Ijarah Muntahiah Bittamlik). While for funding there are 2 (two) kinds, namely deposit (Wadiah) and Investment (Mudharabah). That system has superiority than conventional bank because syariah bank

considers the customer as business partner where the agreement or deal happened is based on the deal of both side and contains profit sharing element and sharing the risk together. Factors such as sharing the risk and sharing the profit become the characteristics of syariah banking, compared to conventional banking which does not know the principle.

In 2000s decade the growing of Syariah Bank generally and especially Syariah Mandiri Bank is amazing, one of the indicators is the increasing asset 30 to 40% make Syariah Bank should be considered in the competition of national banking (Syariah banking beautiful of Indonesia Bank, 2009). That achievement is caused by the increasing of Indonesia society consciousness in general and especially the muslim society that syariah bank is the banking suitable with Islam society syariah and has been proven secure from monetary crisis.

The high consciousness of society is reflected by the more people use syariah banking product which is influenced by some factors such as operational principle applied by Syariah Bank, the service quality given by Syariah Bank, brand image or other image such as product image or company image that is Mandiri Bank. The moving paradigm from marketing focuses on transaction into harmonious relationship causes the consumer is considered as partner and the company must create long-term commitment to build the

relationship through quality, service and innovation.

Image and quality service factors can create a perception of consumer toward syariah bank, so that in certain term will create trust and in the long term will be formed strong commitment which bounds the consumer and syariah banking. The development of syariah banking which is very fast recently has logic consequence that is the more syariah consumers coming to have transaction on syariah way, it is caused by 2 (two) things, (1) trust case toward the existent of syariah bank in this case relates to religious emotion, or (2) because the advantage of profit sharing system which gives more profit and more fair, beside that there are good service factors in Syariah Mandiri Bank.

Image factor can be about syariah product image, or may be brand image of Syariah Mandiri Bank company. Syariah Mandiri Bank is the branch of Mandiri Bank, so that its corporate culture appears the similarity and that differentiate is on product and profit sharing principle. Mandiri Bank image which has bounded and has good image, so that for people who are interested in syariah banking the product issued by Syariah Mandiri Bank surely will be more relax, beside because the product has been based on syariah, also because of Mandiri Bank image which is as the biggest bank owned by government.

The other factors which are predicted to increase syariah market is people trust (belief), people trust factor toward syariah banking will ease the increasing syariah banking asset because if syariah banking has service quality and product image or good company is predicted will increase people trust and finally people will be more loyal by giving commitment to develop syariah banking because syariah product has more justice value and transparency. According to Morgan and Hunt (1994) commitment is based on belief is the hardest effort to fix. So that customer trust in Syariah Mandiri Bank must be increased, because according to Morgan and Hunt (1994) the most basic assumption is that trust pushes to commitment and customer commitment is direct result of trust.

Belief case on Syariah Mandiri Bank product which suitable with Islamic role is one of the factor which can cause the strengthening of the using of Syariah Mandiri Bank product, which is predicted can increase the people perception and expectation toward Syariah

Mandiri Bank which finally has strong influence toward the growing commitment to the customer of Syariah Mandiri Bank.

The research study is how customer trusts toward Syariah Mandiri Bank Semarang which is built on service quality and brand image of Syariah Mandiri Bank, so that it is hoped to form high commitment. The researcher will find out how far service quality and brand image of Syariah Mandiri Bank will influence trust toward Syariah Mandiri Bank product and finally will exist trust in the long term, so that form commitment toward customer. If the customer has trusted Syariah Mandiri Bank with its product and service, surely will create long-term relationship with its customer and finally will increase the share of Syariah Mandiri Bank, because customer will still commit to use the service of Syariah Mandiri Bank. Commitment is the strong factor which binding between customers and their bank, because by committing customers will be loyal to their bank. With loyalty formed then it will be built high commitment toward syariah banking and writer's hope can be used as foundation to push the growing of syariah bank and finally increase syariah bank asset. According to Fandy Tjiptono (2005) merit quality and service quality give significant contribution to the creation of differentiation, positioning, and competition strategy of each marketing organization, either manufacture company or service provider.

The previous research done by Robert M.Morgan and Shelby D. Hunt (1994), Ellen Garbarino and Mark S. Johnson (1999), and Neeru Sharma and Paul G. Patterson (1999) all study the affectivity of communication, technique quality, functional quality and trust as mediation variable, and service quality and commitment as exogen and endogen variables.

1.2. Problem Formulation

According to phenomena in the background above, then research problem is formulated as follow:

- a. How is the influence of service quality (Servqual) toward the trust?
- b. How is the influence of Brand Image toward trust?
- c. How is the influence of trust toward commitment?

1.3. Objectives of Research

This research has objectives as follow:

1. Examining and analyzing the influence of service quality toward trust.
2. Examining and analyzing the influence of product image toward trust.
3. Examining and analyzing the influence of trust toward commitment.

2. Review of Related Literature

Service Quality

Parasuraman, Zeithaml and Berry (1988, p.15) define service quality as an attitude, related but not the same as satisfaction, as the result of discussion between hope and performance. Parasuraman, et al (1985) stated that service quality consists of the comparison between hope and consumer perception toward service performance which they receive or gap theory and developed a model which becomes the foundation of the SERVQUAL scale.

Zeithaml, Parasuraman and Berry (1990) added 2 (two) factors of service quality determinant, that is technical and functional quality. Technical quality related to what is given, while functional quality related to how to give service or also related to service delivery process. Technical quality is easier to understand, because its characteristics are tangible different from functional quality, functional quality has been explained above focuses on how or service delivery process, functional quality refers to attitude.

Parasuraman, et al (1988) found 5 (five) service quality determinants, which is multiple item scale which has been proven the truth and its reliability that can be used to understand consumer hope and perception toward service quality, the 5 (five) determinants are (1) reliability including the ability to do the service promised with appropriate and trusted communication, (2) responsiveness including the company willing to help customer and to give fast service, (3) assurance including knowledge and employees hospitality and their ability to give trust and belief, (4) empathy including requirement to care, to give personal attention to customer and (5) tangibles including physical facilities appearance, tools, personnel and media.

Functional quality has been explained before that it focuses on how or service delivery process. This functional quality refers to attitude that is responsive attitude, care, polite and professional which is shown by service provider in sequence to creating and giving service. It relates to politeness, hospitality

showed to customer, directing to understand, showing empathy, giving service immediately, giving response to question and complaint, responsible and punctual.

Gronroos (1998) emphasized that every company needs to consider service perspective in their competition strategy. He identified 4 (four) main strategic perspectives: core product perspective, price perspective, image perspective, and service perspective. Image perspective emphasizes marketing communication strategic role to create prestige value to support the core product value.

Service quality model was developed for the first time by Gronroos (1984, 1990, 2000), which is known as Total Perceived Quality Model, quality of a service which is perceived by customer consists of 2 (two) main dimensions, namely: (1) Technical Quality (Outcome Dimension) relates to service output quality perceived by customer, (2) Functional Quality (process related dimension) related to service delivery way quality or about technical quality transfer process, output or final result of service to customer. Compared to technical quality, functional quality dimension generally is perceived subjectively and cannot be evaluated as objective as technical quality.

Brand Image

Brand image issue firstly is told by David Ogilvy who stated the importance of brand image (Aaker and Biel, 1993 in Fandy Tjiptono, 2005). Aaker (1991, 1995) explains brand asset which contributes to the creation of brand equity into 4 (four) dimensions: brand awareness, perceived quality, brand associations and Brand Loyalty.

Gummesson (1993) developed combination model of Total Perceived Quality Model and quality characteristics in manufacture sector. This model assumed that service and physical things are integral part of service offered. That is why this model integrates the elements of goods and service, and is meant to help the development and management quality, out of the main offer type (physical goods or service). Gummesson model includes 3 (three) main variables: expectation, experience and image (company and image).

According to Liljander-Strandvik in Fandy Tjiptono (2005) customer compared the current performance of company in various service encounters (performance relation) with

competitor standard, the result is perception toward relationship quality.

In other words according to Fournier (1998) brand reflects the whole consumer perception and feeling about attribute and product performance, brand name and its meaning and the company associated to the brand. Consumer usually does not make relation with certain goods or service, but on the contrary make strong relationship with specific brand.

Brand benefit is very important, according to Keller (1990) there are 7 main benefit of brand, they are: as product source identification, giving responsibility to certain manufacturer or distributor, lessen risk, internal and external search costs, promise or specific relationship with producer, symbolic tools which reflect self image and quality signal.

Product and brand are 2 (two) separate things, brand is sign added to product. Brand is considered as part of product, so that branding is considered as activity which gives additional value for product (Kotler et al, 1994). The choosing of effective brand name must fulfill some criteria, some are reflecting benefit and product benefit (Keller, 1990). Brand personality can be seen as human characteristics which bend to its brand (Aaker, 1996).

Brand Image is a set of mixing which blend to its brand and kept in customer's memory. Brand Image gives personality perception on further research about brand personality (Park et al., 1986; Duboff, 1986; Durgee, 1988 in Lau and Lee, 1999). According to Aaker (1996) consumer can interact to brand when brand blends to valued products such as clothes and car. Value in brand context according to Pearson (1996) is perception and belief in product which make consumer wants to be associated and bought it. Value added by brand toward product is called brand equity (Aaker, 1991). The great of this brand equity is done by brand image, as consumer reference concept. This brand image has 3 (three) supporting components namely corporate image, user image and product image itself (Biel, 1992).

According to Biel (1992) if brand image concept comes from seller and advertisement specialist, then the brand equity is concept given by financial expert. In service industry and other business, brand is often related to company reputation than the product or the service itself (Selness, 1993, p.20).

According to Aaker (1996) in Andre Nugroho Pratikno (2003) brand association is

strong, good and unique will be able to higher level of preference toward brand and will give good impact toward probability of choosing brand and according to Stephen M. Nowlis and Iamar Simonson (1997) in Andre Nugroho Pratikno (2003) also said that association toward brand and consumer satisfaction give positive influence in taking decision to choose brand, where in taking the decision consumer will follow a preference, either preference based on attribute or based on attitude. On process based on stimulus, all information relevant will be directly observed in decision context, and consumer can be immediately and directly compare all brands at all attributes (Hutchinson and Alba, 1991 in Andre Nugroho Pratikno, 2003).

Aaker and Keller (1990), Zeithaml (1988) stated the quality received from a product and service (perceived quality) is the relation of reputation and brand name. Image is considered has ability in influencing customer perception on goods or service offered. So image can influence customer buy behavior, moreover for service company where when service is difficult to evaluate, company image is believed to be the important factor which influence buying decision, for instance good company image will stimulate buyer by simplifying buying decision making process (Gummesson, 1993).

Trust

Trust is a will to trust in partner which has confidence (Moorman et al, 1992 in Mulyo Budi Setiawan, 2006), According to Anderson and Narus (1990) in Mulyo Budi Setiawan (2006) trust is a trust in other company about positive result, while according to Crosby et. Al. (1990) in Mulyo Budi Setiawan (2006) trust is belief that service provider can be used as a tool to make long term relationship with buyer who will be served. Generally it can be concluded that trust is a willing or belief in partner changing to have long term relationship to get positive performance.

Belief from brand is important and the key to develop brand loyalty. The factors which influence trust in brand including brand characteristics, company and consumer brand. Trust in brand has positive relationship with brand loyalty (Geok Theng Lau and Sook Han Lee, 1999). An effort to create understanding from other parties which is based on previous experience, it includes hope from other parties that will give positive result, even though there

is possibility the implication gives negative result (Worchel, 1979 in Lau and Lee, 1999).

Doney and Cannon (1997) identify 2 (two) dimension of trust, that is credibility received and goodness. Credibility accepted is focused on credibility of an object from changing party, words hope and written statement can be trusted. Goodness from object is the changing party really care on welfare and motivated to find out the goodness. Brand can be substitution from humanism relationship between organization with its consumer and trust will build that.

Morgan and Hunt (1994) stated that trust exist when a group believes in trusted characteristics and partner integrity. Trust is expectation held by individual that someone words can be trusted.

Trusted group needs to have high integrity and can be trusted, which is associated to quality, namely: consistent, competent, honest, fair, responsible, eager to help and kind. According to Despande and Zaltman (1993) in Morgan and Hunt (1994) trust is the willing to trust other party trusted. Morgan and Hunt (1994) will be clearer if trust is separated and considered as two different things but related. The first concept is trust perception and the second concept is trust behavior. Trust perception and trust behavior is important thing for the stability and relationship continuity between two related parties, including relationship between company and its customers.

Trust is important in relational context where individual find out behavior which can be predicted and must be done on their relation partner, so there is relatively high certainty related to the next result (Mac Neil, 1980; Millar and Rogers, 1987) in Crossby et al (1990).

Commitment

Moorman et al (1992) described commitment as a willing aimed to treatment of a relationship value. A group identifies commitment between changing partner as the key to reach good result and try to develop and take care this valuable attribute in their relationship (Morgan and Hunt, 1994).

In making relationship relationship cannot be separated from service quality given by the service provider company. Technical quality is the success base for service provider in the longer period, so the customer think that it is

long period service. Technical competency is the key for service provider (Hatfeld, 1993 in Sharma and Peterson (1999)). Technical quality is the real result of relationship success. It means commitment and belief directly refers to cooperative behavior which is conducive at marketing relationship success.

According to Parasuraman et al (1991) relationship is built on commitment base. In service context, customer faces uncertainty comes from unclarity, service less known and length delivery. Uncertainty shows service fail potency and negative result. Relationship quality from customer perspective is got through service provider company ability to lessen length uncertainty or unlimited time of service delivery and probability of inconsistent in fulfilling hope, causes uncertainty in relational context. Relationship quality is an indicator of the well and secure future relationship of long term service changing.

The occurring commitment relation between service provider company and its customer because of the high loyalty. Generally commitment is the explicit or implicit willing of relational continuity.

Service Quality - Trust

According to Morgan and Hunt (1994) perception toward service quality in the past which is often and has high quality will give the bigger trust. It is explained further that service quality and communication frequency is the factor which determine convincingly the level of understanding among members in a relationship in reaching goal. From the theory it can be said that by good service quality which fulfill the factor above and higher than the competitor will give better trust level, so that this research propose hypothesis like this:

H1: Service quality gives positive influence toward trust

Brand Image - Trust

Fandi Tjiptono (2007) explains that company reputation as one of the important factor of company characteristics (beside company integrity) which can form customer trust toward brand. Company reputation is considered as signal.

Findings stated that brand characteristics are very important on its effect to consumer trust toward brand. Trust in brand has positive relation with brand (Geok Theng Lau and Sook

Han Lee 1999). According to Yamagishi and Yamagishi, 1994 in Geok Theng Lau and Sook Han Lee 1999 it is stated that company characteristics behind brand also can influence to consumer who trust brand. Company characteristics show effect on consumer trust toward brand and company, company reputation. Therefore, a brand can have image and personality (Smothers, 1993 in Lau and Lee, 1999). Brand Image is a set of gathering which becomes one to brand and customer keeps it in mind. Research on brand personality shows that brand image gives a personality on product (Park et al,1986; Duboff, 1986, Durgee,1988 in Lau and Lee, 1999).

According to Chandrashekar et al. (1996,p.211) in Andre Nugroho Pratikno (2003) the choosing to brand will through a pattern, someone will form an idea or trust in some alternative, build a preference, then based on information of trust and the preferences, consumer take decision.

When an organization is trusted, then the small organization below it tends to be trusted also, because it is part of bigger organization above it, company as big organization and brand as small institution, then customer trust to the company will be the same as consumer trust to the brand.

Company integrity behind the brand is consumer perception that the things bound to a set of acceptable principles, such as keeping promise, has been proper, and fair. Integrity level of company depends on the past or previous action consistency, good communication with other parties, believe that they have strong justice and the action is appropriate to sayings. After consumer has used product (brand), if the brand fulfill consumer hope and good service reputation, it will push consumer trust to use the product, so that this research propose hypothesis as follow:

H2: Brand Image Influences positively toward trust.

Trust - Commitment

According to Crosby et al (1990) trust is belief that service provider can use it as tool to make long term relationship with customer who will be served. Trust is a willing or belief in changing partner to make long term relationship to get positive performance. Relationship based on high value trust makes group want to commit to relationship (Herbiniak, 1972).

According to Ganeshan (1994,p.3) trust is important thing on long term orientation, because trust is the way to overcome condition in the future, where in practice can explain that trust to company is important thing for buyer to maintain long term relationship.

Trust to use a believed product has value and good performance will be able to make long term relationship. Product brand is the tool to have longer relationship, the higher the trust level in product will add relationship commitment with the product, so the hypothesis is as follow:

H3: Trust influences positively toward commitment.

The Previous Research Study

1. research done by Robert M. Morgan and Shelby D. Hunt (1994) entitle "The Commitment-Trust Theory of Relationship Marketing".
2. Research done by Fred Selnes (1993) entitle "An Examination of the Effect of Product Performance on Brand Reputation, Satisfaction and Loyalty".
3. Sharma, Neeru and Paul G.Patterson (1999) entitle "The Impact of Communication Effectiveness and Service Quality on Relationship Commitment in Consumer, Professional Service".
4. Geok Theng Lau and Sook Han Lee (1999) entitle "Trust in Brand and the Link to Brand Loyalty" stated that loyalty to brand influence positive and significant toward brand loyalty.

Research Model

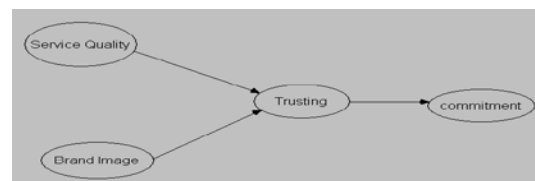


Figure 2.1. Research Model

3. Research Methodology

Population and Sample

Population in this research is respondents who have become customer of Syariah Mandiri Bank Semarang. The taking sample is done using convenience sampling technique, based

on the technique sampling then the sample got is 200 respondents.

The Collecting and Data Source

Method of collecting data got using questionnaire method, that is by giving questions to customers of Mandiri Bank branch Syariah Semarang customers to 200 people who become respondents.

Type of data used is qualitative data which is stated in interval scale (Likert scale) there are 7 scales.

Definition of Operational Variables

The following table explains about the definitions of each variables studied, dimensions and their indicators which are measured using Likert scale 1 scale 7 as in Table 3.1.

Table 3.1. Research Variable and Indicator

NO	VARIABLE	CONCEPT DEFINITION	VARIABLE DEFINITION	
			DIMENSI	INDICATORS
1	Service Quality	Gronoos (1998), Parasuraman, Zeithaml and Berry (1991): Consumer perception form on service was received.	⇒ Tangibles ⇒ Reliability ⇒ Responsiveness ⇒ Assurance ⇒ Empathy	⇒ Fisik conditions of service placement ⇒ Transaction facilities ⇒ Technology ⇒ Employment appearance (p1-p4) ⇒ Product fits needs ⇒ Transaction procedure ⇒ Accurate service ⇒ Information is right ⇒ It's able to give solution (p5-p9) ⇒ Responsiveness to complain ⇒ Service procedure is fast ⇒ Helping attitude ⇒ It always has time (p10-p13) ⇒ Honesly & trusting ⇒ Safety feeling ⇒ Polite & friendly ⇒ Product understanding (p14-17) ⇒ Understanding needs customers ⇒ Good relations with customers ⇒ Primary customers needs (p18-20)
2	Brand Image	Park et al., 1986; Duboff, 1986; Dungee, 1988 dalam Lau dan Lee, 1999) Brand image (Citra Merk) is unity on brand and on customer memory		⇒ Bank Syariah is the biggest ⇒ Bank reputation ⇒ Product reputation ⇒ Transaction needing to BMS ⇒ It always remembers to BMS
3	Trusting	Sharma dan Fetterson (1999), Morgan dan Hunt (1994) trusting is needing to depend on college that trusting		⇒ High Integrity ⇒ Operation fits to syariah principle ⇒ It can be trusting ⇒ Keeping customer secret ⇒ It's carefull in transaction
4	Commitment	Morgan dan Hunt (1994), Sharma dan Fetterson (1999) Commitment is relation intransigensasional and succesfull long range relationship and explicit and implicit and is promising from functional trade with their college continually. Needing keep long range relationship.		⇒ It's primary choices ⇒ Long range relation commitment ⇒ Recommendation BMS to collega ⇒ Commitment to BMS

Quantitative Analysis

Quantitative analysis is used to analyze data by testing the hypotheses. In this research,

the quantitative analysis applies Structural Equation Modeling (SEM) operated through PLS program.

PLS was used by the researcher to help obtaining values of latent variables for the purpose of prediction. Latent variables are linear aggregate of the indicators. In general, PLS has two models namely outer model and inner model. If the two models are put together, the result is the full model as presented on Figure 3.1.

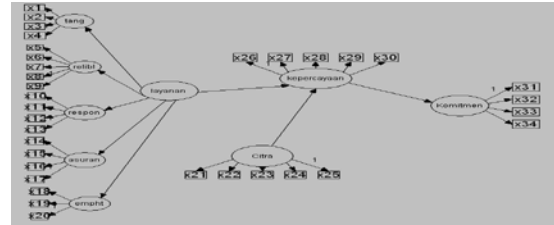


Figure 3.1. Full Model of the Research Design

Outer Model

As in SEM, outer model in PLS requires GOF covering 3 tests, namely:

1. Convergent validity
This test is conducted to see the value of loading factor of each indicator. If the loading value is > 0.7 and has a t count bigger than the t table, it is said that the model has a convergent validity.
2. Discriminant validity
This test is conducted in two ways:
 - a. The root value of AVE is bigger than the correlation among constructs.
 - b. Construct correlation coefficient with its indicators are bigger than the correlation between the construct and other indicators.

If both or one of the tests is satisfied, the questionnaire of the research has satisfied the discriminant validity.

3. Composite reliability
This test is satisfied if the value of composite reliability is bigger than 0,7. It means that all items in the questions are reliable.

Inner Model

Inner model describes the relation between latent variable and other latent variables. Inner model in other words reflects hypothetical test.

The criteria of hypothetical test is H_a is accepted if t count exceeds t table and it will be rejected if t count is less than t table.

4. Research Result

The Description Variables

These variables of the research consists of exogen and endogen variables. Exogen variables include: service quality and brand image. Service quality forms second order with three dimensions namely tangible, reliability, responsiveness, assurance, empathy. Whereas hexogen variables include: trust and Commitment.

Service Quality

Service quality forms second order with three dimensions namely tangible, reliability, responsiveness, assurance, empathy.

a. Tangible

Variable dimension of service quality is firstly tangible, the indicators include: Physical condition of service location, Transaction Facility, Technology, and employees' performance. Based on research result in Mandiri Syariah Bank in Ungaran, the respondents' response to each dimension and service quality indicators can be seen in Table 4.8.

Table 4.8. Tangible Service Quality

INDICATORS	Likert Scale 1 - 7														Total
	1		2		3		4		5		6		7		
	F	%	F	%	F	%	F	%	F	%	F	%	F	%	
Bank conditions	2	1	2	9	7	125	58	200							
Transaction facilities	3	2	3	20	17	101	56	200							
Technology	3	-	-	4	6	116	71	200							

Source: primary data

b. Reliability

The second service quality variable dimension is reliability, its indicators cover: Physical condition of service location, Transaction Facility, Technology, and Employees' performance. Based on research result in Mandiri Syariah Bank in Ungaran, respondents' response on each indicator can be seen in Table 4.9.

Table 4.9. Reliability Quality

INDICATORS	Likert Scale 1 - 7														Total
	1		2		3		4		5		6		7		
	F	%	F	%	F	%	F	%	F	%	F	%	F	%	
Product fits needs	3	-	-	14	3	14	137	143	200						
Transac procedure	3	1	1	5	14	113	58	200							
Accurate service	3	-	-	10	20	109	36	200							
Information is right	3	2	6	24	20	109	36	200							
give solutions	3	-	2	22	13	122	138	200							

Source: primary data

c. Responsiveness

The second variable dimension of service quality is responsiveness, its indicators cover: Physical condition of service location, Transaction Facility, Technology, and employees' performance. Based on research result in Mandiri Syariah Bank in Ungaran, respondents' response on each indicator can be seen in Table 4.10.

Table 4.10. Responsiveness Service Quality

INDICATORS	Likert Scale 1 - 7														Total
	1		2		3		4		5		6		7		
	F	%	F	%	F	%	F	%	F	%	F	%	F	%	
Responsiveness	3	-	2	9	8	124	54	200							
Service procedure	2	1	4	15	14	113	51	200							
Attitude helping	3	1	-	3	5	130	53	200							
It has time	1	3	2	12	11	122	49	200							

Source: primary data

d. Assurance

The second variable dimension of service quality is empathy, its indicators cover: Physical condition of service location, Transaction Facility, Technology, and employees' performance. Based on research result in Mandiri Syariah Bank in Ungaran, respondents' response on each indicator can be seen in Table 4.11.

Table 4.11. Assurance Service Quality

INDICATORS	Likert Scale 1 - 7														Total
	1		2		3		4		5		6		7		
	F	%	F	%	F	%	F	%	F	%	F	%	F	%	
Honesty & trusting	3	-	-	14	12	121	50	200							
Safety feeling	3	-	2	10	12	136	47	200							
Polite & friendly	3	-	-	6	4	112	55	200							
Prod. understanding	3	-	-	1	15	9	118	54	200						

Source: primary data

e. Empathy

The second variable dimension of service quality is assurance, its indicators cover: Physical condition of service location, Transaction Facility, Technology, and employees' performance. Based on research result in Mandiri Syariah Bank in Ungaran, respondents' response on each indicator can be seen in Table 4.12.

Table 4.12. Empathy Service Quality

INDICATORS	Likert Scale 1 - 7														Total
	1		2		3		4		5		6		7		
	F	%	F	%	F	%	F	%	F	%	F	%	F	%	
Understanding needs	3	1	1	19	18	120	38	200							
Good relationship	3	-	-	9	12	112	64	200							
Customer is primary	3	-	-	14	14	123	46	200							

Source: primary data

Brand image

Brand image variables have indicators: the Biggest Syariah Bank, Bank Reputation, Product Reputation, and Transaction Need with BMS, Always remember BMS. Based on research result in Mandiri Syariah Bank in

Ungaran, respondents' response on each indicator can be seen in Table 4.13.

Table 4.13. BrandImage

INDICATORS	Likert Scale 1 - 7														Total
	1		2		3		4		5		6		7		
	F	%	F	%	F	%	F	%	F	%	F	%	F	%	
Bank Syariah is big	1	3	4	25	19	52	26	200							
Bank reputation	2	-	-	17	16	117	54	200							
Product reputation	2	-	3	13	17	116	49	200							
Transaction to BMS	1	3	5	23	21	101	46	200							
Remember BMS	1	3	2	15	14	117	48	200							

Source: primary data

Trust

Trust Variables have indicators: High integrity, the Operation is suitable with syariah principles, Trusted, Keep customers' secret, Always watchful during transaction. Based on research result in Mandiri Syariah Bank in Ungaran, respondents' response on each indicator can be seen in Table 4.14.

Table 4.14. Trust

INDICATORS	Likert Scale 1 - 7														Total
	1		2		3		4		5		6		7		
	F	%	F	%	F	%	F	%	F	%	F	%	F	%	
High integrity	2	-	1	10	10	123	45	200							
Fair with Syariah	2	-	1	11	16	116	54	200							
Trusting	2	1	-	14	5	129	51	200							
Keeping secret	2	-	-	11	6	150	51	200							
Careful	2	-	-	10	5	123	60	200							

Source: primary data

Commitment

Commitment Variables have indicators: Employees' first choice, Commitment to keep long term relation, Recommending BMS to colleagues, Commitment to have business with BMS. Based on research result, respondents' response can be seen in Table 4.15.

Table 4.15. Commitment

INDICATORS	Likert Scale 1 - 7														Total
	1		2		3		4		5		6		7		
	F	%	F	%	F	%	F	%	F	%	F	%	F	%	
Primary choice	2	2	5	23	17	97	49	200							
Long range relation	2	-	2	16	15	122	45	200							
Recommendation	2	-	-	20	15	119	44	200							
Commitment	2	1	2	23	13	103	48	200							

Source: primary data

Data Analysis

Based On the data that have been gathered from respondents and to be tabulated using PLS software it is obtained full model as in Figure 4.1. and 4.2. Figure 4.1 form or constitute full-model diagram of PLS phase-I, that is combination between outer model and inner model. Figure 4.2 forms full-model diagram of PLS phase-II, that is combination between outer model and inner model but the invalid indicators have been dropped, that is indicator p30.

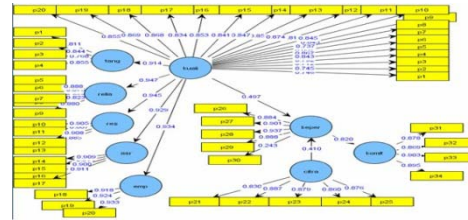


Figure 4.1. Full Model Phase-I

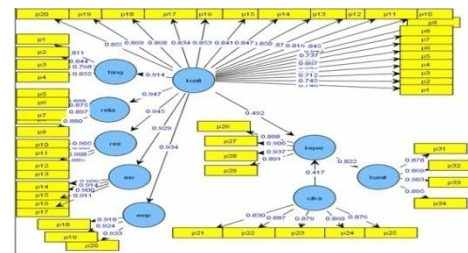


Figure 4.2. Full Model Phase-II

Outer Model Second Order

Service quality forms second order with 5 dimensions (Tangible, Reliability, Responsiveness, Assurance and Empathy), after being processed or tabulated by SEM-PLS yields second-order diagram as seen in Figure 4.3.

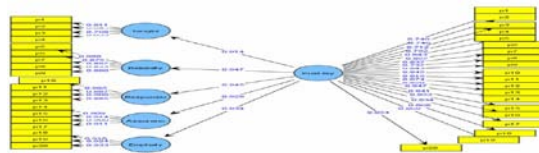


Figure 4.3. Second Order of Service Quality

a. Validity Test Convergent Validity

The test is conducted by seeing the score of each loading indicator factor. If loading score is bigger than 0,7 and significant (t-hit > 2) so it is said to fulfill convergent validity test. Factor loading score along with t-statistic score of each indicator can be seen in Figure 4.3 or to be clearer as seen in Table 4.16.

Table 4.16. Loading Factor of Service Quality

No	Indikator	Tangible	Reliability	Responsiv	Assurance	Empathy
Tangible						
1	Kenangan Produk (p1)	0.811	0.452	0.473	0.443	0.404
2	Pasifitas Transaksi (p2)	0.845	0.777	0.744	0.675	0.564
3	Efisiensi (p3)	0.760	0.818	0.857	0.868	0.860
4	Penggunaan layanan (p4)	0.858	0.682	0.680	0.688	0.877
Reliability						
5	Produk Jernih (p5)	0.786	0.880	0.794	0.756	0.709
6	Perilaku Transaksi (p6)	0.796	0.875	0.795	0.763	0.769
7	Kepercayaan Akurat (p7)	0.749	0.897	0.758	0.727	0.763
8	Informasi (p8)	0.778	0.873	0.818	0.760	0.775
9	Siapa (p9)	0.848	0.880	0.817	0.825	0.765
Responsiveness						
10	Tanggapan keluhan (p10)	0.763	0.793	0.905	0.775	0.766
11	Prinsip pelayanan (p11)	0.767	0.870	0.887	0.749	0.748
12	Sikap membantu (p12)	0.758	0.794	0.900	0.803	0.718
13	Belaku panya walaha (p13)	0.815	0.803	0.885	0.766	0.765
Assurance						
14	Juga dipercaya (p14)	0.768	0.805	0.763	0.889	0.710
15	Perasaan aman (p15)	0.794	0.798	0.735	0.914	0.682
16	Sikap ramah di samping (p16)	0.792	0.885	0.737	0.900	0.852
17	Pengalaman produk (p17)	0.759	0.808	0.810	0.911	0.710
Empathy						
18	Memahami kebutuhan (p18)	0.862	0.897	0.907	0.813	0.918
19	Hub baik nasabah (p19)	0.743	0.808	0.788	0.864	0.924
20	Utamakan kep nasabah (p20)	0.765	0.829	0.789	0.747	0.933

Sumber: data primer yang diolah

Based on loading factor score of each indicator and t-statistic score, all have score of which is bigger than 0,7 and t-statistic is bigger than 2 (significant). Therefore, all indicators of service quality fulfill convergent validity tests.

Discriminant Validity

This test is conducted by seeing the score of contract correlation with its indicators, if the score is bigger compared to correlation score with other contract, so it is said to have fulfilled discriminant validity test. The score of indicator correlation with contract can be seen in Table 4.17.

Based on the score of indicator correlation with construct compared to other construct (see table 4.16) that is bold figure or number, all have bigger scores until all indicators of service dimension fulfill discriminant validity test.

Table 4.17. Cross Loading

No	Indikator	Tangible	Reliability	Responsiv	Assurance	Empathy
Tangible						
1	Kenangan Produk (p1)	0.811	0.452	0.473	0.443	0.404
2	Pasifitas Transaksi (p2)	0.845	0.777	0.744	0.675	0.564
3	Efisiensi (p3)	0.760	0.818	0.857	0.868	0.860
4	Penggunaan layanan (p4)	0.858	0.682	0.680	0.688	0.877
Reliability						
5	Produk Jernih (p5)	0.786	0.880	0.794	0.756	0.709
6	Perilaku Transaksi (p6)	0.796	0.875	0.795	0.763	0.769
7	Kepercayaan Akurat (p7)	0.749	0.897	0.758	0.727	0.763
8	Informasi (p8)	0.778	0.873	0.818	0.760	0.775
9	Siapa (p9)	0.848	0.880	0.817	0.825	0.765
Responsiveness						
10	Tanggapan keluhan (p10)	0.763	0.793	0.905	0.775	0.766
11	Prinsip pelayanan (p11)	0.767	0.870	0.887	0.749	0.748
12	Sikap membantu (p12)	0.758	0.794	0.900	0.803	0.718
13	Belaku panya walaha (p13)	0.815	0.803	0.885	0.766	0.765
Assurance						
14	Juga dipercaya (p14)	0.768	0.805	0.763	0.889	0.710
15	Perasaan aman (p15)	0.794	0.798	0.735	0.914	0.682
16	Sikap ramah di samping (p16)	0.792	0.885	0.737	0.900	0.852
17	Pengalaman produk (p17)	0.759	0.808	0.810	0.911	0.710
Empathy						
18	Memahami kebutuhan (p18)	0.862	0.897	0.907	0.813	0.918
19	Hub baik nasabah (p19)	0.743	0.808	0.788	0.864	0.924
20	Utamakan kep nasabah (p20)	0.765	0.829	0.789	0.747	0.933

Sumber: data primer yang diolah

b. Reliability Test

This test is conducted by seeing the score of composite reliability, if the score exceeds 0,7 so it is said to fulfill reliability test. The score of composite reliability of all dimensions of service quality variable can be seen in Table 4.18.

Table 4.18. Composite Reliability

No	Dimensi	Composite Reliability
1	Tangible	0,891
2	Reliability	0,941
3	Responsiveness	0,942
4	Assurance	0,950
5	Empathy	0,947

Sumber: data primer yang diolah

Based on composite reliability score as in Table 4.18, all dimensions of service quality (tangible, reliability, responsiveness, assurance and empathy) all have scores on above 0,7 so it is said all dimensions have fulfilled reliability.

c. Inner Model (Second Order)

Inner model second order is meant to test the significance of all dimensions on service quality variable. The test is conducted by seeing significance level or degree of each dimension, that is by comparing t-statistic with t-table (alpha 5% = 1,96). If t-statistic is bigger compared to t-table so it is significant, it means the variable/dimension is true forming dimension of service quality variable. The score of each variable can be seen in Figure 4.2. To be more detail, it can be seen in Table 4.19.

Table 4.19. Composite Reliability

No	Hub Variabel	Estimasi	t-statistik
1	Kualitas → Tangible	0,914	15,09
2	Kualitas → Reliability	0,947	22,51
3	Kualitas → Responsiveness	0,945	23,74
4	Kualitas → Assurance	0,929	15,04
5	Kualitas → Emphaty	0,934	17,64

Sumber: data primer yang diolah

Based on table 4.19 all dimensions of service quality (tangible, reliability, responsiveness, assurance and empathy) all have t-statistic score of which is bigger compared to t-table (1,96). Therefore, it can be said that the variables significantly form dimension of service quality.

First Order

This research design besides containing second order also includes first order that is Brand Image variable, Trust and commitment. The three variables must be tested their validity and reliability.

a. Validity Test Convergent Validity

This test is conducted by seeing the score of each loading indicator factor. If loading score is bigger than 0,7 and significant (t-hit > 2) so it is said fulfilling convergent validity test.

Brand Image

Brand image has five indicators namely: the Biggest Syariah Bank, Bank Reputation, Product Reputation, Need of transaction with BMS, and Always remember BMS. Loading factor score along with t-statistic score, each

indicator can be seen in Figure 4.1 or to be more detailed it can be seen in Table 4.20.

Table 4.20. Loading Factor of Brand Image

No	Indikator	Loading	t-statistik
1	Bank Syariah terbesar (p21)	0.830	10.195
2	Reputasi bank (p22)	0.887	13.400
3	Reputasi produk (p23)	0.879	16.111
4	Butuh transaksi dengan BMS (p24)	0.860	14.395
5	Selalu teringat BMS (p25)	0.876	15.203

Sumber: data primer yang diolah

Based on factor loading score of each indicator and t-statistic score, all have score of which is bigger than 0,7 and t-statistic is bigger than 2 (significant). Therefore, all indicators of brand image fulfill convergent validity.

Trust

Trust has four indicators, they are: High Integrity, Operation suitable with syariah, Trusted, Keeping customers' secret, Always watchful in transaction. Loading factor score along with t-statistic score of each indicator can be seen in Figure 4.1 or to be clearer it can be seen in Table 4.21.

Table 4.21. Loading Factor of Trust

No	Indikator	Loading	t-statistik
1	Integritas Tinggi (p26)	0.888	15.365
2	Operasional Syariah (p27)	0.900	15.054
3	Dapat Dipercaya (p28)	0.937	26.885
4	Menjaga Rahasia (p29)	0.891	9.632
5	Hati-hati dim Transaksi (p30)	0.243	0.858

Sumber: data primer yang diolah

Based on factor loading score of each indicator and t-statistic score, all have score of which is bigger than 0,7 and t-statistic is bigger than 2 (significant) except the fifth indicator. Therefore, all indicators of trust fulfill convergent validity test, except the fifth indicator, until this indicator is then dropped and is not analyzed because it is invalid (see full model picture phase-II).

Commitment

Commitment has four factors namely: Customer's first choice, Commitment to keep long term relation, Recommending BMS to colleagues, Commitment to have business with BMS. Loading factor score along with t-statistic score, each indicator can be seen in Figure 4.1 or to be clearer it can be seen in Table 4.22.

Table 4.22. Loading Factor of Commitment

No	Indikator	Loading	t-statistik
1	Pilihan Utama (p31)	0.878	19.981
2	Komitmen Hub Jang Panjang (p32)	0.869	13.197
3	Rekomendasi Kolega (p33)	0.903	21.345
4	Komitmen Bisnis (p34)	0.895	18.083

Sumber: data primer yang diolah

Discriminant Validity

This test is conducted by seeing the score of contract with its indicator, if the score is bigger compared to correlation score with other contract, so it is said to have fulfilled discriminant validity test. The score of indicator correlation with contract can be seen in Table 4.23.

Table 4.23. Cross Loading

No	Indikator	Citra Merk	Kepercayaan	Komitmen
Citra Merk				
1	Bank Syariah terbesar (p21)	0.830	0.759	0.712
2	Reputasi bank (p22)	0.887	0.780	0.710
3	Reputasi produk (p23)	0.879	0.846	0.698
4	Butuh transaksi dengan BMS (p24)	0.860	0.757	0.866
5	Selalu teringat BMS (p25)	0.876	0.744	0.728
Kepercayaan				
1	Integritas Tinggi (p26)	0.830	0.804	0.777
2	Operasional Syariah (p27)	0.732	0.901	0.679
3	Dapat Dipercaya (p28)	0.727	0.937	0.715
4	Menjaga Rahasia (p29)	0.627	0.888	0.614
5	Hati-hati dim Transaksi (p30)	0.605	0.243	0.690
Komitmen				
1	Pilihan Utama (p31)	0.942	0.912	0.878
2	Komitmen Hub Jang Panjang (p32)	0.687	0.738	0.869
3	Rekomendasi Kolega (p33)	0.739	0.793	0.903
4	Komitmen Bisnis (p34)	0.855	0.798	0.895

Sumber: data primer yang diolah

Based on indicator correlation score with construct compared to other construct (see table 4.23) that is bold figure or number, all have bigger scores until all indicators of service dimension fulfill discriminant validity test, except one commitment indicator that is p-31. However, because p-31 has fulfilled composite validity test, so this indicator is not necessarily dropped.

b. Reliability Test

This test is conducted by seeing the score of composite reliability score. If the score exceeds 0,7 so it is said fulfilling reliability test. The score of composite reliability can be seen in Table 4.24.

Table 4.24. Composite Reliability

No	Dimensi	Composite Reliability
1	Citra merk	0,938
2	Kepercayaan	0,898
3	Komitmen	0,936

Sumber: data primer yang diolah

Based on composite reliability score as in Table 4.24, all single order variables (Table) all have score above (bigger than) 0,7 until it is said all dimensions fulfill reliability test.

Inner Model

Inner model in SEM is also known as structural model, that it relates with research hypothesis test. Test criteria are conducted by comparing t-statistic with t-table. If t-statistic is bigger compared to t-table so hypothesis is accepted. Based on SEM-PLS print-out, hypothesis test is as follow. Summary of inner model result can be seen in Table 4.25.

Table 4.25. Inner Model

No	Hub Variabel	Estimasi	t-statistik
1	Kualitas → Kepercayaan	0,497	2,352
2	CitraMerk → Kepercayaan	0,410	1,966
3	Kepercayaan → Komitmen	0,820	8,660

Sumber: data primer yang diolah

Hypothesis-1

Based on PLS inner model output, service quality the influence on trust has positive estimation score 0,947 with t-statistic 2,352 which is bigger if compared to t-table score that is 1,96. In this way, it can be concluded that the hypothesis proposed is accepted, it means Service quality influences positively and significantly upon trust.

Hypothesis-2

Based on PLS inner model output, brand image the influence on trust has positive estimation score 0,410 with t-statistic 1,966 which is bigger if compared to t-table score that is 1,96. In this way, it can be concluded that the hypothesis proposed is accepted, it means Brand image influences positively and significantly upon trust

Hypothesis-3

Based on PLS inner model output, trust the influence on commitment has positive estimation score 0,820 with t-statistic 8,669 which is bigger if compared to t-table score that is 1,96. In this way, it can be concluded that the hypothesis proposed is accepted, it means Trust influences positively and significantly upon Commitment.

Discussion

Service quality - Trust

The research proves empirically (through hypothetical test) that service quality in BMS has positive influence on trust. The better service quality is given by BMS, the higher customer trusts on BMS. On the contrary, the worse service quality is given, the more customers distrusts.

The empirical findings support previous theory, of Morgan and Hunt (1994) who suggested that perception of service quality in the past which is frequent and of high quality will yield bigger trust. Ulrich (1997) also stated that the frequency of interaction and service quality would influence consumers' trust on the relation.

Brand image - Trust

The research proves empirically (through hypothetical test) that brand image in BMS has positive influence on trust. The better brand image of BMS, the higher customer trusts on BMS. On the contrary, the worse brand image of BMS, the more customer distrusts on BMS.

The empirical findings support previous theory, that is Fandi Tjiptono (1999) who suggested that it is company reputation that becomes one of the most important factors of company characteristics (besides company integrity) that can form customers' trust on the brand. Company reputation is as signal.

4.4.3 Trust - Commitment

Research proves empirically (through hypothetical test) that Trust has positive influence on Commitment. The higher customer's trust on BMS, the higher customer's commitment on BMS. On the contrary, the lower customer's trust level on BMS, the lower customer's commitment on BMS.

This empirical finding supports previous theory, that is Crosby et al (1990) who stated that trust is belief that service provider can use it as a tool to make long term relation with buyers that will be served. Trust is willing or belief on co-exchange to make a long term relation to produce positive performance.

4.4 Managerial Implication

Based on empirical findings in this research, it is proved that customers' commitment on Syari'ah Mandiri Bank is built by customers' trust in which that trust is influenced by service quality given to them and also image and brand image of BMS itself. The influence of service variable and brand image on customer's trust and then trust on commitment is positive, it means the better service quality given to customers and the better brand image of BMS, so customer will believe more on BMS and finally they will be committed to BMS.

BMS Management, if they want to maintain the existing customers' commitment that have been formed even they want to increase customers' commitment to BMS, so service variable indicators, brand image, and trust must be highly observed. For example service includes tangible, reliability, responsiveness, assurance and empathy. The five dimensions needs to be observed again, which elements are not good and must be improved and developed. And also for other variables like brand image and trust. If all of these is conducted continually and sustainably it is expected that BMS customers will be more committed in doing their business transaction today and in the future.

5. Conclusion And Suggestion

Conclusion

- Service quality influences positively and significantly to Trust
- Brand image influences positively and significantly to Trust
- Trust influences positively and significantly to Commitment

Suggestion

- BMS management must always pay attention to service variable indicators, brand image and trust, because it is the three variables that build and decide how the customers will commit to BMS in running business
- The following research agenda, is expected to be able to re-test causal relation among variables in this research in order to strengthen or to weaken empirical findings in this research. If possible, please add variables especially exogen variables.

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