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# The Influence of Service Quality and Brand Equity on Attitude and Behavior Loyalty on Bank Jatim Syariah Surabaya Branch

Nurul Kamaril<sup>1</sup>, Nurul Aini<sup>2</sup>, Joko Suyono<sup>3</sup>, Damarsari Ratnasahara<sup>4</sup>

Narotama University, Indonesia<sup>1,2,3</sup>

STIE Mahardika, Indonesia<sup>4</sup>

Email : [nurul.kamaril@narotama.ac.id](mailto:nurul.kamaril@narotama.ac.id)<sup>1</sup>, [nurul.aini@narotama.ac.id](mailto:nurul.aini@narotama.ac.id)<sup>2</sup>, [joko.suyono@narotama.ac.id](mailto:joko.suyono@narotama.ac.id)<sup>3</sup>, [damarsariarizona@gmail.com](mailto:damarsariarizona@gmail.com)<sup>4</sup>

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## ABSTRACT

**Purpose:** This paper aims to analyze the influence of service quality and brand equity on attitude and behavior loyalty in the customers from Bank Jatim Syariah Surabaya.

**Design/methodology/approach:** The method used is statistic-descriptive and the design used is cross sectional.

**Findings:** 2 out of 7 hypotheses are accepted while the other 5 is rejected.

**Research limitations/implications:** Variables considered in this study are service quality, brand equity, attitude loyalty, and behavior loyalty. The samples are 80 respondents from Bank Jatim Syariah Surabaya that were chosen using purposive sampling.

**Practical implications:** Results show that from the 7 hypotheses proposed, only 2 that are accepted.

**Originality/value:** This paper is original.

**Paper type:** This paper can be categorized as a case study.

**Keyword:** Attitude Loyalty, Behavior Loyalty, Brand Equity, Service Quality

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## I. INTRODUCTION

Due to the competitive side of the syariah banking industry, banks had started to increase the variety of services provided in their banking system. Bank Jatim Syariah Surabaya is one of the banks which system's could increase the service quality given to its customers. It also measures brand equity that is perceived by customers in order to keep the customers' loyalty and dominance in the market.

Service quality refers to how far the service could fulfill the specifications (Tjiptono & Gregorius, 2015). The consistency in service quality could boost the success in the company. Additionally, service quality is also an important point to be considered because it is the one differentiating a product from other products. Not only as a differentiator, brand equity is also an asset that could attract the customer's preference towards the product more than a brand-less product. The criteria for a brand to have an equity is if the customers react positively on a product and how the product could be differentiated with other products.

Aside from the two points mentioned, there is also loyalty that is considered as internal commitment to buy and re-buy a certain product. Loyalty could be divided into two which include attitude-based loyalty and behavior-based loyalty. Attitude-based loyalty refers to the urge in doing a purchase and behavior in purchasing. Loyalty uses attitudinal approach and could be measured through: (1) considerations as the best choice; (2) the will to say positive remarks about the company to somebody else; (3) the will to recommend the company to others; and (4) the will to give personal information to the company (Kimbarovsky, 2020).

### **A. Previous Study**

Schijns, Caniëls, & Conté (2016) had conducted studies on the relations between brand equity, attitude loyalty, and behavior loyalty; which results show that service quality indirectly influences behavior loyalty through attitude loyalty. There is also Kuikka & Laukkanen (2012) that analyzed the same three points, however, results in a not significant influence on behavior loyalty. Lastly, Suhartanto (2013) analyzed the relations between attitude loyalty, conative loyalty, and behavior loyalty; which result shows that attitude loyalty influences the conative and behavior loyalty, conative loyalty also influence behavior loyalty positively, and conative loyalty also mediated the influenc of attitude loyalty on behavior loyalty.

Basing on the previous studies, gaps are found on the relations between service quality, brand equity, attitude loyalty, and behavior loyalty. Schijns et al. (2016) has not proven that service quality influences behavior loyalty directly; whie Kuikka & Laukkanen (2012) did not analyze whether the influence of attitude loyalty towards behavior loyalty, also, brand equity does not directly influence behavior loyalty. Then, Suhartanto (2013) only discussed about the relation between attitude loyalty that is mediated by conative loyalty. Thus, this research aims to analyze the influence of service quality and brand equity on attitude loyalty and behavior loyalty both directly or indirectly.

### **B. Hypotheses**

- H1 : Service Quality influences Attitude Loyalty
- H2 : Brand Equity influences Attitude Loyalty
- H3 : Service Quality influences Behavior Loyalty
- H4 : Brand Equity influences Behavior Loyalty
- H5 : Loyalty will influence Behavior Loyalty
- H5<sub>a</sub> : Service Quality influences Behavior Loyalty through Attitude Loyalty
- H5<sub>b</sub> : Brand Equaity influences Behavior Loyalty through Attitude Loyalty

## **II. METHODOLOGY**

### **A. Research Design**

Cross sectional is used in which the data collected will only be done once on a certain sample. This research is also a non-experimental research in which there is no manipulation in the variables analyzed because the manifestation already happened (Kerlinger, 2010).

### **B. Population and Sample**

The population for this research is the customers of Bank Syariah Jatim Surabaya. Approximately 80 respondents from Bank Jatim Syariah Surabaya had been considered (5 x 16 indicators). The samples are collected using non probability sampling. There are also criterias needed for the samples which include: (a) Respondent is a customer that had became a customer for a year or more; (b) Respondent is 17 years old at the minimum with the assumption that that is the age in which an individual could be considered as an adult and is responsible for their own decisions; and (c) Respondent is living in Surabaya.

The data collection uses questionnaires which is filled with questions appropriate with the research's variable. Scale value shows the respondents' Agreement and Disagreement level towards the questions asked. The measurement scale of the five factors above reaches 5 scales that include: 1-Highly disagree, 2-Disagree, 3-More or less agree, 4-Agree, and 5-Highly agree.

### **C. Research Variable**

#### **X1 : Service Quality**

It refers to whether the service offered match the expectations of the customer. The indicators for this service quality is adapted from Rafidah (2014).

#### **X2 : Brand Equity**

It is a set of liabilities that is related to a brand, name and symbol, that could decrease the vaku given by a service to the customer. The indicators for this point is adapted from (Kotler & Keller, 2016).

#### **M : Attitude Loyalty**

The customer's loyalty because they have a strong attitude and is knowledgable regarding a service. Thus, with the existence of this attitude and knowledge, the customer decided to use it. The indicators are adapted from (Boonlertvanich, 2019).

Y : Behavior Loyalty

The customer's behavior in using the service regularly and repeatedly, using other services, showing some kind of immunity towards other service competitors and recommending the service offered. The indicators for this are also adapted from (Boonlertvanich, 2019).

**D. Data Analysis Method**

In the analysis, the approach Partial Least Square will be used. In this module, the data does not always have to fulfill the criteria proposed by the researcher. It is also a non-parametric prediction and will include (1) an outer model that will be evaluated using convergent validity and its indicators, composite reliability for block indicator; and, (2) inner model in which is evaluated by looking at the percentage of variance explained, which is by looking at the R2 (R Square) to construct latent dependent and measuring the coefficient of its structural track. Stability from this estimation is evaluated using t statistics test that is received through bootstrapping procedure (Ghozali, 2018).

**E. Hypotheses Evaluation**

The hypotheses evaluation is also done by comparing the value of t statistics with t table. If the t statistics is higher than t table (1,96), that signs that there is significant influence between a variable towards other variables. On the other hand, if it is lower than that number, then there is no significant influence.

**III. RESULTS AND DISCUSSION**

**A. Partial Least Square Analysis Reliability and Validity Test**

**Convergent Validity Test**

Convergent validity is based on the correlation between item score / component score and construct score. The indicator is decent if it equally or more than 0.7 correlates with the construct that is to be measured (Ghozali, 2018).

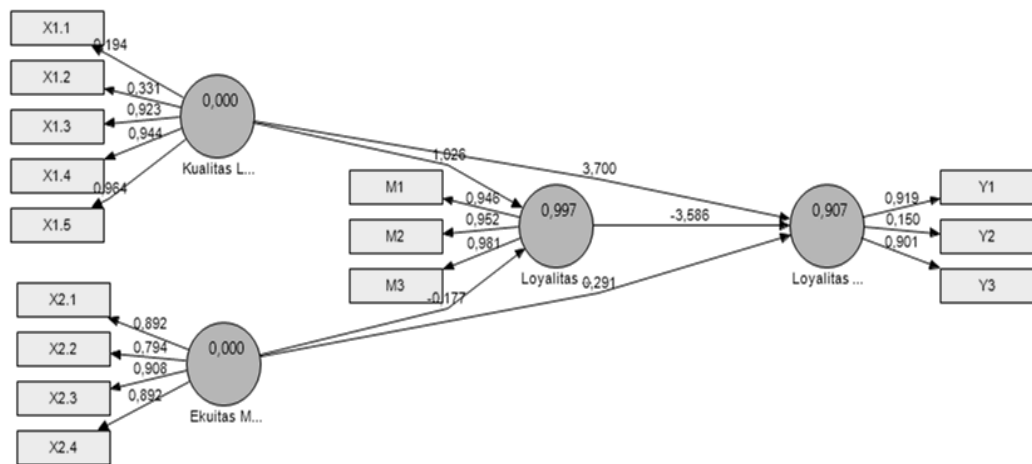


Figure 1 - Outer Model

From the figure above, the variables has multiple indicators. These indicators are included if they fulfill the convergent validity of loading factor value of >0,7. The indicators include:

- 1. Service Quality (X1) by 5 indicators – X1.1= 0.194; X1.2= 0.331; X1.3= 0.922; X1.4= 0.944; X1.5= 0.964;
- 2. Brand Equity (X2) by 4 indicators – X2.1= 0.892; X2.2= 0.793; X2.3= 0.908; X2.4= 0.892;
- 3. Attitude Loyalty (M) by 6 indicators – M1= 0.945; M2= 0.951; M3= 0.981;
- 4. Behavior Loyalty (Y) by 3 indicators – Y1= 0.918; Y2= 0.149; Y3= 0.900.

The indicators detailed above inferred that X1.1, X1.2 and Y2 are rejected because the loading factor numbers are insufficient.

**Discriminant Validity**

The next evaluation is by comparing between discriminant validity and square root of average variance extracted (AVE), the measurement model is valued basing on cross loading measurement with construct. If the construct coleration with measuring items is higher than other constructs, then the latent construct predicts the size in their block is better than other constructs (Ghozali, 2018). Other method to measure discriminant validity is to compare the square foot of average variance extracted (AVE) of each construct with correlation between constructs in the model. If the AVE root value of each construct is higher than the correlation value in the model, then the discriminant validity value is decent (Ghozali, 2018).

*Table 1. AVE measurement*

	AVE
Service Quality (X1)	0.564
Brand Equity (X2)	0.761
Behavior Loyalty (Y)	0.559
Attitude Loyalty (M)	0.921

*Source : PLS*

From the measurement above, it could be seen that the Brand Equity (X2) and Attitude Loyalty (M) fulfills the criteria of > 0.7.

**Composite Reliability Test**

To determin the composite reliability, the value >0,8 is considered high reliability and >0,6 is decent reliability. The result of test could be seen below.

*Table 2. Composite reliability measurement*

	Composite Reliability
X1	0.837
X2	0.927
Y	0.745
M	0.972

**Cronbach Alpha Test**

This test is to strengthen the reliability test in which consistency of every answer is tested. The condition for this test is it will be considered good if  $\alpha \geq 0,6$  and it will be considered decent if  $\alpha \geq 0,3$ . Below is the Cronbach test results.

*Table 3. Cronbach Alpha measurement*

	Cronbachs Alpha
X2	0.896
X1	0.752
Y	0.529
M	0.957

**Inner Model**

The value of R-square >0 shows model has predictive relevance, however, if it shows  $\leq 0$  then it means that the model does not have enough predictive relevance. Below is th table for the inner model using PLS.

*Table 4. R Square*

	R Square	Adjusted R Square
Y	0.907	0.996

The R-square table above shows that R Square value is 0.907. This value is obtained from the X1, X2, and M that gives the value 0.907 or 90.7%. The other 9.3% is explained by other variables outside this research's limitation. Since Adjusted R has interval of 0 until 1, with the Adjusted R valued obtained 0.996

or 99.6%, then it could be inferred that variation happened in variable Y could be explained by latent dependent variable.

**Bootstrapping**

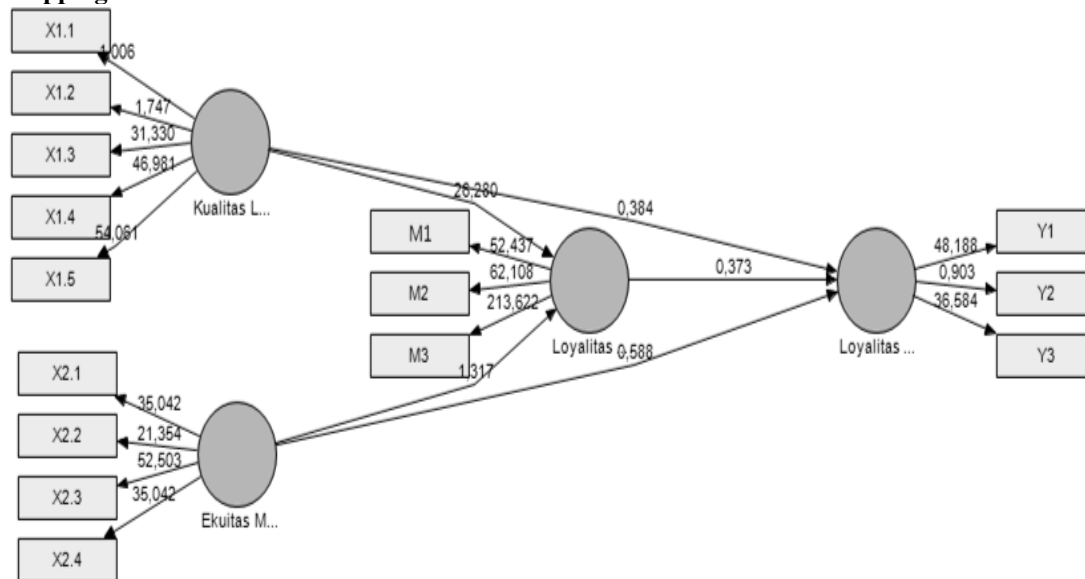


Figure 2. Bootstrapping PLS

**B. Hypotheses Tests**

The significance level ( $\alpha$ ) of 5% is included in the criteria for hypothesis. The conditions are: (1) if the value of t count > t table (1.96), then the hypothesis will be accepted; and (2) if the value of t count < t table (1.96), the hypothesis will be rejected. See below for the tests.

Table 5. Bootstrapping Hypotheses 1 – 7

Hypotheses	Variables	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	Standard Error (STERR)	Statistics (O/STERR)
H1	X1 → M	1.026	1.038	0.038	0.038	26.380
H2	X2 → M	-0.176	-0.147	0.135	0.135	1.302
H3	X1 → Y	3.700	0.100	37.549	37.549	0.098
H4	X2 → Y	0.290	0.615	0.529	0.529	0.548
H5	M → Y	-3.586	-0.009	37.533	37.533	0.095
H5a	X1*M → Y	0.979	1.032	0.102	0.102	9.563
H5b	X2*M → Y	-0.287	-0.294	0.274	0.274	1.050

Source: PLS

1. The T-statistic of H1 is higher than the t-table (1.96), which means H1 significantly influences positivity on M.
2. The statistics of H2 is lower than the t-table (5% = 1.96). Therefore, H2 is rejected.
3. The T-statistics of H3 is lower than the t-table, thus, H3 is rejected.
4. The T-statistics of H4 is lower than the t-table, thus, H4 is rejected.
5. The T-statistics of H5 is lower than the t-table, H5 is rejected.
6. The T-statistics of H5a is higher than t-table, thus, H6 is accepted.
7. The T-statistics of H5b is lower than t-table, thus, H7 is rejected

#### IV. CONCLUSION

From the statistics, it could be concluded from this study that:

1. Keeping a loyal customer is a crucial matter in competitive environment, which could be seen from the low percentage of them not wanting to change to other service providers. Service quality gave a big influence on the customer's commitment.
2. Brand equity has not satisfy the customers.
3. The service quality has not reached a satisfying degree according to the customers.
4. Brand equity of Bank Jatim Syariah has not convince the customers enough for them to be loyal customers.
5. Attitude loyalty represent the how long a customer is loyal to the company which could be seen not only from their re-buy behavior.
6. Service quality is an important trigger of the customer's loyalty, because it could measure the customer's satisfaction.
7. Brand equity is built from image and meaning. It acts as a magnet to attract new customers to the company and as a reminder of the company's products and services. It could also become an emotional bond from the customer to the company.

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