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The Antecedents of Customer Loyalty on Tabung Haji Malaysia

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Abstract
Customer loyalty has been a vital concern for every institution as attracting new customers costs more than maintaining the current ones. Therefore, every institution is more inclined in gaining loyal customers. This study attempts to determine the factors affecting customer loyalty toward Tabung Haji, Malaysia as TH has nearly lost the trusts of its customers due to the issues occurring recently. Concerns have been circling the decision of TH to purchase a plot of land in the Tun Razak Exchange, jeopardizing TH image and performance due to the assumption that TH have utilized their savings improperly and exhaust all of their savings unknowingly. The study was carried out by distributing questionnaires to 120 random depositors of Tabung Haji. Service quality, customer satisfaction and trust are the factors that have been investigated in this study. The study showed that customer satisfaction is the most significant factor in influencing customer loyalty in Tabung Haji. The SPSS software is used to analyze the data gathered from the respondents.
Keywords: Customer loyalty; SPSS; (1MDB); Customer Satisfaction; Service Quality.

1.Introduction
LembagaTabung Haji (TH) or also popularly known as the Pilgrims Management and Fund Board was established by the government in 1962 as the first performance of economic-based Islamic financial institution. The main goal of establishing TH is to provide investment services and opportunities while managing pilgrimage activities for the Malaysian Muslim community. TH has been operating for over decades with so many experiences such as dealing with deposits money, services, Hajj services and also in investment matters. Law of Malaysia Act 535 stated that:-

"16.(1)The Lembaga may receive deposits from any individual Muslim person who is citizen of and residing in Malaysia.

(2) Deposit shall be received only for the following purposes:

(a) saving towards the pilgrimage of the individual to the Holy Land; or

(b) as saving for investment or for any other purpose permitted by the Lembaga

(Tabung Haji Act 1995, 2006)"

Through those functions, Tabung Hajiis categorized as a financial institution comparable with other banks in Malaysia such as Bank Islam Malaysia Berhad, Bank Rakyat, Maybank, and others.

The satisfaction of the customer has been a goal to be achieved by almost all of financial institutions including TH itself as it could lead to the loyalty of customer to continue using their products and services. Edvardsson et al. (2000) indicated that loyalty is an indicator of repurchasing from the same firm. This is why customer loyalty becomes one of the most important indicators used in order to win in the market share.TH is the one and only institution that enable Muslim to gradually save their money to perform the pilgrimage when their time comes. Muslims also save their money in TH for investment purpose as TH is guaranteed by the government that all of the savings will be run according to Shari'ah. However, TH has nearly lost the trusts of its customers following its purchase of a plot of land in the TunRazak Exchange,jeopardizing TH image and performance due to the assumption that TH have utilized their savings improperly and exhaust all of their savings without their knowledge.

The situation is worsened by the withdrawal of savings by the depositors as they lost confidence towards TH. *Daim (2015)*mentioned in the New Straits Times published in 2005, reaffirming the statement from DatukMahfuz Omar who is the 'Save Tabung Haji Movement' that TH depositors urged to refrain from withdrawing their saving. A press conference was held between Tan Sri Ismee Ismail, the Chief Executive Officer (CEO) of Tabung Haji Depositors Spooked by IMDB Controversy (2015) where he confessed that for the past 10 years of his employment with TH, this is the most challenging time during his tenureship as the CEO following the issue also added that Tan

Sri Ismee Ismail has acknowledged that depositors withdrew money from the Muslim pilgrimage fund because of a lack of confidence and this is due to the controversial land purchase from 1Malaysia Development Berhad (1MDB). Hence, this study intends to observe the impact of losing customers due to the current issue as highlighted before by analyzing the influence of satisfaction, trust, service quality on customer loyalty.

2. Literature Review

Based on the previous study by Rai and Medha (2013) who investigated on the antecedents of customer loyalty in life insurance context. These researchers stated that there are many factors leading to customer loyalty which are, service quality, customer satisfaction, trust, commitment, and others. The researchers identified that service quality plays significant role in order to gain a loyal customer. In addition, customer's level of trust and commitment also determine the status of their loyalty significantly. However, the most interesting fact that they recognized in their observation is the low strength of customer satisfaction as an indicator of a reduced customer loyalty.

Another previous study about factors affecting customer loyalty is conducted by Rasheed et al. (2015) using customer satisfaction, trust, and service quality as the indicator factors that lead to customer loyalty. The finding of this study reveals that customer satisfaction plays a significant role towards customer loyalty at least 20% in margin while trust contributes almost 8% towards customer loyalty. Last but not least, the major factor that leads to customer loyalty is service quality as it contributes 23% to customer loyalty.Kishada and Wahab (2013) also conducted a study on factors affecting customer loyalty in Islamic banking: evidence from Malaysian Banks. This study used satisfaction, service quality, perceived value and also trust as indicator factors that lead to customer loyalty. Among of all of the instruments that have been tested in this study, the result showed that trust positively influences customer loyalty.

3. Research Methodology

The purpose of this study is to investigate the antecedents of customer loyalty towards Tabung Haji, Malaysia from depositor perspectives. The aim of this study is to also describe how the factor of loyalty is affecting the customer to be loyal to Tabung Haji. Besides, this research also focuses only on three factors that contribute to customer loyalty and those three factors are customer satisfaction, service quality and also trust. It is hypothesized thattrust, service quality, and customer satisfaction will influence customer loyalty. The questionnaire was adopted from the previous studies and has been modified accordingly to fit the need of this study.

Table-1. Variable Measurement

Variables	Items	Reference
Service Quality	*TH shows willingness to help and is always ready to respond to any questions.*	(Rai and Medha, 2013), (Rasheed et al., 2015)
	Ease of depositing and withdrawing money from any branch	
	Knowledgeable and competent staffs	
	Information provided by TH staffs are clear and understandable	
Customer Satisfaction	*I am satisfied with the decision to deposit in TH*	(Rasheed et al., 2015) (Rai and Medha, 2013)
	I will recommend TH to anyone who seeks my advice	
	Decision to choose this TH solutions was wise	
	Overall satisfied with TH	
Trust	*TH has a reputation for looking after its customers*	(Hassan et al., 2014) (Megdadi et al., 2013)
	TH services rendered safe	
	Fairness and justice based on transaction and away from exploitation and deception	
	TH policies and practiced activities worthy of mutual trust and respect toward customers	
Customer Loyalty	I considered TH is the best services to meet my needs	(Megdadi et al., 2013) (Hassan et al., 2014)
	I have a firm desire to keep my transactions with TH	
	I defend the current TH policies positively	
	I will definitely continue using TH services	

For this research, a total of 120 respondents were selected comprising of random customers of Tabung Haji, Malaysia. However, the researchers only focused on random depositors of Tabung Haji as our sample of respondents in this study. Out of total 120 distributed questionnaires, only 110 of random respondents returned back the questionnaire.

4. Finding and Discussion

The purpose of doing normality test is to test either the data can be met to be tested or not. In the normality test, the value of Skewness and Kurtosis will be determined. As for Skewness, the normal distributions produce a skewness statistic of about zero. As an example, -0.01819 would be an acceptable skewness value for a normally distributed set of test score as this value is almost close to the zero. Therefore, positive values are described as positively skewed while negative values are described as negatively skewed (Brown, 1997).Brown (1997) also

highlighted that Kurtosis describes a normal distribution when the value is about zero which means any value that is relatively close to zero. As an example, 0.09581 would be an acceptable kurtosis as the value for mesokurtic which means normally high distribution as the value is closer to zero (Table 2). A positive value represents the possibility of a leptokurtic distribution which means (that is, too tall) while the negative value shows the possibility of a playkurtic distribution which means (that is, too flat, or even concave if the value is large enough).

Table-2. Test of Normality

Variables	Skewness	Kurtosis	Normality
Customer Loyalty (Independent Variable)	-1.448	4.103	Normal
Service Quality (Dependent Variable)	-1.619	5.143	Normal
Customer Satisfaction (Dependent Variable)	-1.694	4.681	Normal
Trust (Dependent Variable)	-1.413	4.214	Normal

The value of reliability of Cronbach's alpha must be greater than 0.6 and if in case the value is lower than 0.6 then the instrument is not reliable. Based on the Table 3, the results contributed by Cronbach's alpha based on each of four variables. Thus, we can see that the value for all four variables are greater than 0.6 and it implies that the variables are reliable.

Table-3. Test of Reliability

Variables	No. of item	Cronbach's Alpha	Reliability
Customer Loyalty (Dependent variable)	4	0.926	Reliable
Service Quality (Independent variable)	4	0.902	Reliable
Customer Satisfaction (Independent variable)	4	0.933	Reliable
Trust (Independent variable)	4	0.928	Reliable

In the Table 4, the result shows that the value of R – squared is 0.780 or also read as 78%. It indicates these three factors are strong enough in influencing customer loyalty in TH which means that another 22% belongs to other factors in influencing of customer loyalty in TH.

Table-4. Model Summary of factor that influence of customer loyalty

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.883ᵃ	.780	.774	.28825

a. Predictors: (Constant), Trust, Service_Quality, Customer_Satisfaction

Based on the result of this survey, we can conclude that the loyalty of customer is significantly influenced by 78% due to these three factors which are service quality, customer satisfaction and also trust while another 22% comes from other factors. The Pearson Correlation analysis between customer loyalty and customer satisfaction is 0.855 (Table 5). It indicates that there exists a strong positive relationship between customer loyalty and customer satisfaction. The Pearson Correlation's value between these variables is 0.713 which represent that there is a strong positive relationship existed between customer loyalty and service quality. The Pearson Correlation analysis for customer loyalty and trust is 0.856. It also shows that there is a strong positive relationship between customer loyalty and trust.

Table-5. Correlation between Independent and Dependent Variable

		Customer_ Loyalty	Service_ Quality	Customer_ Satisfaction	Trust
Pearson Correlation	Customer_Loyalty	1.000	.713	.855	.856
	Service_Quality	.713	1.000	.843	.761
	Customer_Satisfaction	.855	.843	1.000	.877
	Trust	.856	.761	.877	1.000
Sig. (2-tailed)	Customer_Loyalty	.	.000	.000	.000
	Service_Quality	.000	.	.000	.000

	Customer_Satisfaction	.000	.000	.	.000
	Trust	.000	.000	.000	.
N	Customer_Loyalty	106	106	106	106
	Service_Quality	106	106	106	106
	Customer_Satisfaction	106	106	106	106
	Trust	106	106	106	106

According to the Table 6, there is a significant influence of the independent variables on dependent variable. In this study there are three hypotheses; H1: There is a significant influence of service quality on customer loyalty; H2: There is a significant influence of customer satisfaction on customer loyalty and H3: There is a significant influence of trust on customer loyalty.

Based on the study, the findings showed that the significant value for service quality was 0.490 which were greater than 0.01 ($p<0.01$). Therefore, the researchers rejected H1 and can conclude that service quality is not an indicator leading to customer loyalty in TH. The significant relationship between customer loyalty and service quality is also absent as the significant value is higher than p-value. This finding is contradicting with previous studies which found that service quality is one of the major influences in customer loyalty (Rai and Medha, 2013; Rasheed *et al.*, 2015).The reason why service quality is not influencing customer loyalty in TH is probably due to the depositors being oblivious of TH services. From the data, we could see that many of depositors have been using TH services for more than 20 years and the frequency of using TH by most of depositors is 88.7%. The depositors probably use TH services for their salary deduction process per month only and involved minimal interactions with the staffs or other services of TH.

We can also see that the significant value for customer satisfaction was 0.000 which is lesser than 0.01 ($p<0.01$). Thus, the researchers accepted H2 and conclude that customer satisfaction which is also the second independent variable from this study has a significant influence on customer loyalty in TH. The findings of this research is similar to the previous study which found that customer satisfaction is one of the indicators in influencing customer loyalty (Rasheed *et al.,* 2015).

Another independent variable used in this survey is trust and the result showed that the significant value for trust was 0.000 which is similar value with customer satisfaction. As the significant value was lesser than 0.01 ($p<0.01$), it indicates that trust has a significant influence on customer loyalty in TH. This finding is similar to previous studies which found that trust is a major influence on customer loyalty (Hassan *et al.*, 2014; Kishada and Wahab, 2013; Rai and Medha, 2013). In a nutshell, the researchers accepted H3 and conclude that trust is an indicator in influencing customer loyalty in TH. Among the three independent variables that were used for this study the two of them which are customer satisfaction and trust being the major variables in influencing customer loyalty in TH. This is due to the significant value which is lesser than 0.01 ($p<0.01$) (Table 8). Service quality was also found that not being a major variable in influencing customer loyalty as its significant value is higher than 0.01 ($p<0.01$).

Table-8. Coefficientsa

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	.333	.163		2.044	.044
	Service_Quality	-.062	.090	-.060	-.693	.490
	Customer_Satisfaction	.484	.114	.497	4.260	.000
	Trust	.467	.097	.465	4.808	.000

a. Dependent Variable: Customer_Loyalty

5. Conclusion

Customer loyalty has been a vital role in every company as attracting new customers costs more than retaining the existing ones. Thus, the company is more inclined to retain the existing ones than to gain new ones. In order to retain existing customers, it is important to know the factors that could lead to customer loyalty. The findings show that service quality is not influencing customer loyalty in TH. In contradiction, customer satisfaction and trust are somehow influential on customer loyalty in TH. This leads to one scenario that customers are not giving away their trust even though there were several incidents happened with unclear and uncertain decision. Surprisingly, among these three independent variables, customer satisfaction is the leading variable that influences customer loyalty in TH followed by trust. The current research was conducted at LembagaTabung Haji, Malaysia solely. Thus, the future research should be conducted in other organizations and it is expected that the findings would be significantly different as the research might be done in the specific area. Other independent variables which are related to this study are corporate image, switching cost and commitment could lead to more accurate finding and bring a significant influence toward the dependent variable which is customer loyalty.

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