Trust Dimensions Model in Creating Loyalty Stage for Service Consumers of Sharia Rural Banking

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Abstract:

The purpose of this study was to analyze the model of trust dimensions in creating loyalty stage for customers of corporate services as well as to examine trust dimensions consisting of customer's disposition to trust, cognitive trust and affective trust to loyalty stage which consist of cognitive loyalty, affective loyalty, conative loyalty, and action loyalty.

The research is a quantitative study with a survey method on sharia corporate services in banking, based on banking data analysis with Structural Equation Modeling (SEM).

The results showed that there is no positive effect between customer's disposition to trust and cognitive loyalty. Moreover, there is a positive effect between cognitive trust and cognitive loyalty, a positive effect between cognitive trust and affective loyalty, a positive effect between affective trust and affective loyalty, a positive effect between affective trust and conative loyalty. Finally, there is positive effect between affective trust and action loyalty.

Based on the findings, it can be concluded that there is a relationship between trust dimensions and loyalty stage, although not all the trust dimensions can directly create loyalty stage, i.e. the customer's disposition to trust dimension.

Keywords: Trust Dimensions, Loyalty Stage Dimensions, Corporate Services, Sharia Micro Banking.

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1. Introduction

In basic research, trust is conceptualized in a single dimension measured in some constructs, dimensions, or indicators. In the current progress, trust has developed further measurements leading to a multidimensional measurement (Castaldo, 2007). The dimension contains more in-depth information related to developing an understanding of the dynamics of relationships that occur in the businesses which are increasingly complex, especially if the relationship is in terms of marketing domain, technological devices for buying (Nugroho *et al.*, 2017), consumer behavior shift (Budiharseno, 2017) and the environment compliance (Kurniawan, 2017). Based on research conducted by Luhmann (1979) and supported by Lewis and Weigerts (1985), multidimensional construct of trust is measured by three dimensions, namely cognitive, affective, and behavioral. Furthermore, Kramer (1999) concluded in his research to add another dimension to measure the trust, which is the customer's disposition to trust or an individual's propensity to trust. Besides the dimensions that have been developed, according to Morgan and Hunt (1994), it is necessary to study deeper related differences between these dimensions in shaping trust in general (overall trust).

Thus, in order to examine more deeply related trust dimensions and relationships between these dimensions, Sekhon *et al.* (2013) conducted further research to develop a model of trust based on the basic research of the previous researchers. Research conducted on companies or businesses engaged in services (corporate services), particularly corporate banking services. In that research, the dimensions of trust which referred to as the overall trust, measured in three variables, namely the customer's disposition to trust, cognitive trust and affective trust.

All three dimensions (trust dimensions) have been seen as the customer's disposition to trust on cognitive trust and overall cognitive trust, cognitive trust on affective trust and overall trust, and affective trust to trust on overall trust. To generate results of these studies, samples were taken from three cultural societies from different countries that is Hong Kong, England and India. Cultural differences are based on the concept of culture from Hofstede (2001) which divides the culture according to the different characteristics of a certain group of people.

Research results showed that all three of these dimensions have a significant effect, or in other words can be used as a dimension for measuring trust. Based on the research of Sekhon *et al.* (2013), there are still limitations to include in future studies. One of the limitations that are recommended for further research is to find a connection or relationship between trust dimensions to the dimensions of loyalty. Dimensions of loyalty are defined as a description of the stages of a consumer's loyalty towards the level of stage or as called loyalty stage. Therefore, this study is intended to be used as a complement of the previous research by Sekhon *et al.* (2013), namely to analyze the relationship of trust dimensions on loyalty stage.

2. Literature Review

2.1 The Concept of Loyalty

The concept of loyalty itself continues to evolve in the world of research. If the concept of loyalty is conceptualized in a single dimension only, then based on the research by Oliver (1999), Wahyuni and Ginting (2017) the level of customer loyalty to a brand can be separated into four categories, that is cognitive loyalty, affective loyalty, conative loyalty and action loyalty. These four categories are the stages through which a consumer loyalty in the process towards a more powerful phase.

In practical terms, the application of the importance of the concept of trust and loyalty in business practices will not be separated from the overall business model, whether it is service corporate or non-service corporate. In a service company where trust and loyalty are important factors because the products offered by a service company are tangible (Zeithaml *et al.,* 1996). The quality of services received by a consumer will not be separated from the role of human resources to be a mediator so that services can be delivered to the consumer and ultimately the consumer can feel them.

2.2 Rural Banking Development in Indonesia

In Indonesia, banking services is one of the types of businesses in the financial sector that has a fairly large portion. In addition, the existence of the banking sector is growing from year to year due to the positive response from the public. The positive response to bring banking services to the emergence of several business models that is commercial banks and rural banks (BPR). BPR is a commercial bank, but has a specificity that is serving the needs of the society in rural areas and small medium enterprises (SMEs) in the form of deposits (savings and time deposits) and credit (Bank Indonesia, 2011; Suryanto and Thalassinos, 2017; Thalassinos and Kiriazidis, 2003; Thalassinos *et al.,* 2012; Denisova *et al.,* 2017; Hapsoro and Suryanto, 2017).

In terms of service, BPR cannot create current accounts and checks as commercial banks. Area of operation is limited only within the scope of the province. However, the development of BPR is very fast with a positive trend. The development is specialized as an emerging Islamic banking system in Indonesia. The emergence of Sharia system is not out in its application from the business model of BPR, giving the term of an Islamic rural bank (BPRS). The evidence from the numbers is that during the period 2011-2013 BPR continues to increase reaching 155 in 2011, increased to 158 in 2012 and finally goes to 160 in 2013 (Siregar, 2013).

The emergence of sharia system in the form of BPR creates new questions, that is how to model a growing trust and loyalty from customers, how can be created in different systems compared with previous banking system (conventional banking

system). Therefore, this study will discuss the dimensions of trust models in creating loyalty stage from consumer of BPRS.

3. Research Hypotheses

The hypotheses proposed in this study are as follows:
1. The effect of Customer's Disposition to Trust to Loyalty Stage;
   H1: There is a positive effect between customer's disposition to trust to cognitive trust from the consumer.
2. The effect of Cognitive Trust to Loyalty Stage;
   H2: There is a positive effect between cognitive trust to cognitive loyalty from the consumer.
   H3: There is a positive effect between cognitive trust to affective loyalty from the consumer.
3. The effect of Affective Trust to Loyalty Stage;
   H4: There is a positive effect between affective trust to affective loyalty from the consumer.
   H5: There is a positive effect between affective trust to conative loyalty from the consumer.
   H6: There is a positive effect between affective trust to action loyalty from the consumer.

4. Research Methodology and Results

This research is a quantitative study using a survey method in consumer banking services on BPRS in the working area of the Otoritas Jasa Keuangan (OJK) Purwokerto. The object of the research is trust dimensions consisting from customer's disposition to trust, cognitive trust, and affective trust, then loyalty stage consisting from cognitive loyalty, affective loyalty, conative loyalty, and action loyalty. The determination of the number of samples in this study is tracing the opinion of Hair *et al.* (2010) which determines as much as 5 to 10 times the estimated parameters. The study has a loading factor coefficients as much as 24 and as many as 6 lines, so that in total there were as many as 30 parameters. If multiplied by 5, the minimum number of samples obtained is 150 respondents. More details can be seen in Table 1. Then, the sampling method used in this study is the probabilility sampling and the sample collection technique is the stratified random sampling. Furthermore, the conceptual and the operational definitions of each of the study variables are presented in Table 2.

Table 1*. Minimum Number of Samples Distribution Research*

No	Name of BPRS	No. of Customers	Percentage	No. of Samples
1.	PT. BPRS Suriyah	7.887 customers	22%	33 respondents
2.	PT. BPRS ArtaLeksana	6.444 customers	18%	27 respondents
3.	PT. BPRS BinaAmanahSatria	5.321 customers	15%	23 respondents
4.	PT. BPRS BuanaMitraPerwira	15.987 customers	45%	67 respondents

Total	35.639 customers	100%	150 respondents

Table 2. *Conceptual and Operational Definition of Research Variables*

Variable	Conceptual Definition	Operational Definition	Indicator
Customer's Disposition to Trust	General tendency from an individual to believe / trust about something based from innate nature of the person to accept or believe (Colquitt, *et al*, 2007; Ennew & Sekhon, 2007; Riding *et al*, 2002; McKnight, 2002).	General tendency from the personality of a consumer to believe in the brand and the product from a banking services.	1. Trust for pulling in the hearts. 2. Believe because business systems used. 3. Believe it because honestly. 4. Believe as reliable.
Cognitive Trust	Components from trust which describes the cognitive elements as a basis for consideration of a consumer to a brand, which related to knowledge, skills, and understanding from the process (Castaldo, 2007; Ennew &Sekhon, 2007; Johnson & Grayson, 2005; McAllister, 1995).	Consumer confidence to believe in the brand and the product from banking services that are based on the cognitive elements into consideration.	1. It has a reputation to be trusted. 2. It has a reputation of honesty. 3. It has a reputation for reliable.
Affective Trust	Trust owned by a consumer of the results that will he get from a brand that is based on feelings and experiences interact with the brand (Ennew &Sekhon, 2007; Johnson & Grayson, 2005; McAllister, 1995).	Consumer confidence on the results of the services provided by banking services by basing on consumer affective elements such as consideration.	1. It has a reputation for maintaining a good relationship. 2. It has a reputation for providing comfort. 3. Able to meet the needs of consumers. 4. Have a commitment to providing the best service.
Cognitive Loyalty	Response evaluation from a consumer based on his experience taking a product, or specifically seen based on the perception of the performance from the products offered by cost considerations (Verhoef *et al*, 2004; Sirdeshmukh, 2002; Baker *et al*, 2002; Sivakumar & Raj, 1997).	Loyalty to a consumer banking services products that are based on perceptions from product performance and cost considerations (*cost-benefit ratio*).	1. Good assessment on the transaction experience. 2. Quality of service is considered good. 3. Sacrifice of time and cost of suit. 4. Neighborhood shops / offices attractive / comfortable.

Variable	Conceptual Definition	Operational Definition	Indicator
Affective Loyalty	A full response from consumers who indicated feelings associated level of comfort or discomfort of a consumer towards a brand (Oliver, 1999; Oliver, 1997; Bettencourt, 1997).	Consumer loyalty towards a banking service products based on comfort / feeling when consumers acquire such of services.	1. Satisfaction with the experience during the transaction. 2. Feeling happy / comfortable during the transaction. 3. Satisfaction more than other services.
Conative Loyalty	A loyal consumer attitudes towards a brand in which it is driven from his motivation to demonstrate that behaviorally loyal to others (Oliver, 1999; Zeithaml*et al*, 1996).	Consumer loyalty towards a banking service products based on the motivation to show a sense of loyalty to others.	1. Intention to tell a positive experience to others. 2. Intention to transact again. 3. Intention of recommending to others.
Action Loyalty	A loyal consumer attitudes shown by a situation where consumers are ready to act, which re-purchase of a product from a brand (De Wulf *et al*, 2001; Oliver, 1999).	Consumer loyalty towards a banking service products as indicated by measures significantly related behavior re transaction.	1. The intensity of the transaction back than other services. 2. Sacrifices were issued compared to other services. 3. The intensity of interaction / visits than other services. 4. The intensity of transactions conducted during a specific time period.

The measurement tools in this study have used an interval scale. Respondents provide answers to a range from strongly disagree to strongly agree. Then, the analysis is using the Structural Equation Modeling (SEM) assisted by the computer program AMOS using the seven-step of the SEM modeling as they referred by Ghozali (2008), as follows:

1. Development of theory-based models;
2. Develop a path diagram;
3. Develop structural equation;
4. Choosing the type of input matrices and estimation models;
5. Assessing the structural model identification;
6. Assessing the goodness of fit criteria;
7. Interpretation and modification of the model.

Furthermore, to test the hypothesis that the relationship between the variables by using the estimated t-test values from the regression models, that is by comparing the estimated t value with the t-table value to accept or to reject the null hypothesis.

Data collection for about one month has gained as much as 170 respondents with the characteristics presented in Table 3.

Table 3. *Characteristics of Respondents*

No.	Remarks		Percentage
1.	According to Gender	Male	42%
		Female	58%
2.	According to Age	Age 17 - 24 years	10%
		Age 25 - 34 years	24%
		Age35 - 44 years	24%
		Age 45 - 54 years	26%
		Age 55 - 64 years	13%
		Age 65+ years	3%
3.	According to Type of Work	Servants	18%
		Private Employee	29%
		Entrepreneur	41%
		Not Working	12%
4.	According to the Length of Being Customer	During< 1 year	20%
		During 1 - 3 year	31%
		During> 3 - 5 year	24%
		During> 5 year	25%
5.	According to Total Deposits	< 10 million rupiah	65%
		10 - 100 million rupiah	28%
		> 100 - 500 million rupiah	8%
		> 500 millionrupiah	0%
6.	According to Average Transaction Each Period	Each week	54%
		A few weeks	7%
		Each Month	25%
		Several Months	14%
7.	According to Information Resources about BPRS	Relatives / Family	16%
		Friend / Colleague	35%
		Advertising in Media	5%
		Direct Selling	41%
		Other	2%
8.	According Ownership Product Type	1 kinds of products	59%
		2 kinds of products	31%
		3 kinds of products	9%
		4 kinds of products	1%

The results of SEM analysis known as model-based development theory they were 7 variables and 25 indicators. Preparation of path diagrams and preparation of structural equation and measurement models derived from the development of the three substructures research. Input matrix used is covariance and estimation technique used is the method of Maximum Likelihood (ML) which has been available in the computer program AMOS. At this stage, Confirmatory Factor Analysis (CFA) should eliminate the indicator on the loyalty action variable because it does not meet the standards of validity. Then, the test construct validity consisting of construct reliability, variance extracted, convergent validity, and discriminant validity entirely been fulfilled. On the assumption SEM evaluation consisting from data normality, outliers, and multicolinieriety and singularity also has met the required criteria. Finally, a full model can be made as a result of SEM analysis as shown in Figure 1.

Figure 1. *Results of Full Model of SEM Analysis*
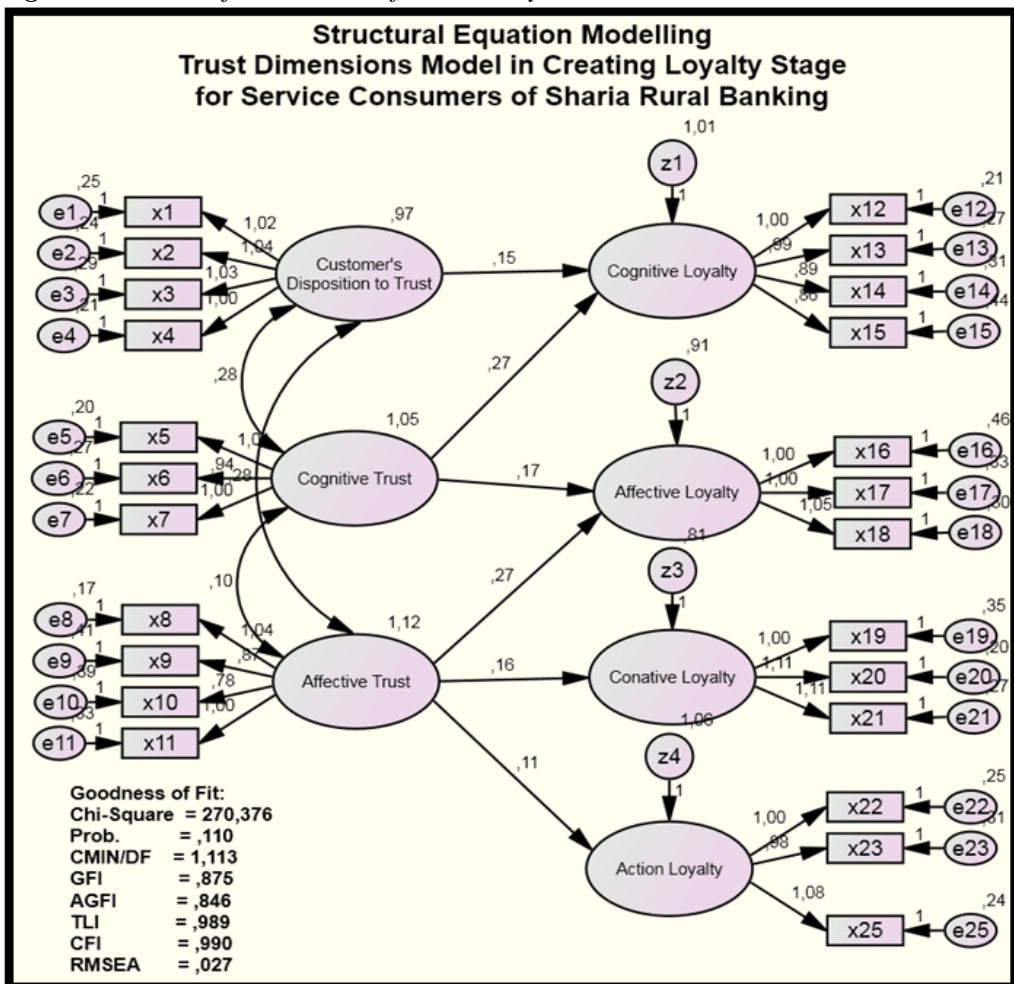
Among the 8 criteria of the suitability index model (goodness of fit test) used as reference in this study, which are Chi-Square test, Probability, CMIN / DF, GFI, AGFI, TLI, CFI, and RMSEA, there are as many as 6 criteria characterized as acceptable and the remaining 2 criteria characterized as marginally acceptable. Since, there are more than 5 acceptable criteria it can be concluded that the model in fits quite well in the data set.

5. Discussion and Conclusions

The first hypothesis indicates that there is not positive effect between customer's disposition to trust to cognitive loyalty from the consumer. This means that the attitude of a consumer's tendency to believe in a brand cannot have direct effect in creating cognitive loyalty to loyalty stage developed in this research. The second and the third hypotheses indicate that there is a positive influence between cognitive trust to cognitive loyalty and affective loyalty from the consumer. This means that the presence of cognitive behavior trust of a consumer to a brand can influence directly in creating cognitive and affective loyalty to loyalty stage developed in this research.

The fourth and the fifth hypotheses shows that there is a positive effect between affective trust to affective loyalty and conative loyalty from the consumer. This means that the presence of affective attitudes trust of a consumer to a brand can influence directly in creating affective and conative loyalty to loyalty stage developed in this research. While the rejection of the sixth hypothesis indicates that there is not positive effect between affective trust to action loyalty from the consumer. This means that the presence of affective attitudes trust of a consumer to a brand cannot be influential in creating loyalty to loyalty stage action developed in this research.

Based on the discussion of the results, it can be concluded that there is a relationship between the trust dimensions to the loyalty stage, although not all trust dimensions can directly create loyalty, which is the dimensions of the customer's disposition to trust. From these results we can create a model of trust dimensions in loyalty stage in consumer services of BPRS. In addition there is not a positive effect between customer's disposition to trust to cognitive loyalty from a consumer; there is a positive effect between cognitive trust to cognitive loyalty from a consumer; there is a positive effect between cognitive trust to affective loyalty from a consumer; there is a positive effect between affective trust to affective loyalty from a consumer; there is a positive effect between affective trust to conative loyalty from a consumer; there is not positive effect between affective trust to action loyalty from a consumer.

The study has successfully developed a model of trust dimensions in creating a stage on consumer loyalty of services, particularly in the field of sharia rural banking, has added a new development in the field of marketing management on the theoretical level of previous researches. Future improvement and further development of the concept of variables related to trust dimensions and loyalty stage is possible.

Therefore, it is suggested that additional research could explore further related to the relationship between trust dimensions and loyalty stage in conjunction with other variables such as brand equity, because it is known in analytical results that consumers tend to be loyal to the brand product than on services due to interactions with employees. Furthermore, it should be analyzed the possibility of mediating or moderating variables that affect the relationship between trust dimensions with the loyalty stages of this research. Alternative development of further research, that is related to another character in the field of services company, can be expected such as health and beauty care services company.

BPRS management can formulate marketing strategies related to the results of this study in order to increase customer confidence and loyalty to the BPRS is also concerned. The first point of the strategy is to keep creating a positive response to the market so as to create customer's disposition to trust of them. This activity is done by optimizing marketing strategies that are available today. When the market has a tendency to believe the attitude towards the next stage of BPRS need to be analyzed how to lure the cognitive attitude of the market, namely by making offerings to suit the needs of the market. As the research has shown there is more interest in products that are more profitable than others, free/minimal cost, and allows a consumer to interact/transact.

Finally, after the cognitive aspect is achieved emphasis on the affective aspects of this analysis show that consumers tend to feel touched affective because of employees who serve on various aspects, such as friendly, communicative, easy to get along, solution-based, reliable, and religious. If all can be created and sustained in the long run it will form phases of highest loyalty of a consumer, which is the action loyalty that will be very useful because it has the potential to create new consumers in the future.

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