

**Abstract
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Brand Image and Corporate Reputation in Sharia Banking: a Consumer Perspective

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Abstract

The purpose of this study is to determine the brand image and reputation of the company in sharia banking in Pekanbaru City. Data were collected using questionnaires distributed by accidental sampling and then analyzed descriptively. The results found that sharia banking in Pekanbaru city has a good brand image and corporate reputation. This is a good thing for sharia banking but still not enough to ensure customer satisfaction. There are still many things that must be addressed by sharia banking to seize the customer. Therefore, sharia banking should continue to innovate to provide the best service so that customers not only have a good perception on the bank, but also a loyal customer and make sharia banking as the main choice.

Keywords: Brand Image; Corporate Reputation; Sharia Banking

1. Introduction

According to Karim Consulting Indonesia (KCI) in the exposure of Sharia Banking Projection 2018 states that next year will be the starting point for sharia banks to grow better after the difficulties during 2015-2017. Some indicators for better growth are the encouragement of the Shariah National Finance Committee (Komite Nasional Keuangan Syariah/KNKS) with the initiation of the establishment of a large Sharia-compliant state bank, the integration of zakat, the development of halal lifestyles that impact on sharia banking, and the development of waqf roles through syariah microfinance institutions (LKMS) 'Wakaf Bank'. KCI also predicts there will be state investment plus additional capital from banks in one of the national sharia banks so that the sharia bank will become a large state-owned Sharia bank. KCI also sees the possibility of merging one sharia bank with the other bank which has the same primary business in housing finance. In addition, the conversion of Bank NTB to full syariah bank will also bring fresh air for the national sharia banking. The addition of capital to the two large BUS in the industry will also hoist the increase in assets and the average capital adequacy of the industry. The additional assets from the establishment of sharia banks, mergers and convertible, could raise the market share of sharia banking by about eight percent. But if not, the market share of sharia banking is only about six percent. However, according to Secretary General of the Association of Indonesian Sharia Banking (Asbisindo) Achmad K Permana, 2018 is not a good year for sharia banks to grow aggressively. This is because the assumption of economic growth set by the government in the next year is not far from achieving the national growth in 2017, which is still in the range of five percent. In addition, the year 2018 is a political year so it is not right for sharia banks to move aggressively though not also restraint.

Apart from the conditions mentioned above, changes in consumer behavior can also affect the development of sharia banking in Indonesia. Consumers switching to sharia banking will be able to support sharia banking to grow. Based on some previous literature, the decision to consume products or services can also be caused by brand image and corporate reputation. This study aims to find out the brand

image and corporate reputation of sharia banking in Pekanbaru City from the perspective of customers. To achieve this goal, this paper will begin by discussing the brand image and company reputation then analyzing the data descriptively and drawing conclusions.

Brand image is the perception of a brand in the minds of consumer (Hanzae Farsani, 2011). Ghaderi et al., (2015) also state that brand image is based on the perception of consumer, so that they expected it has strong association with brand color. According to Tu et al., (2013) brand image has been considered as a crucial antecedent of customer commitment and loyalty. In the literature of brand management, it is understood that generating favorable, strong, and unique brand images leads to sustainable competitive advantages with attractive economic returns (Dirsehan and Kurtulus, 2018). In line with that opinion, Lahap et al., (2016) state that setting up a great brand image is unavoidable to ensure the overall organizational success. In addition to brand image, corporate reputation is also a very important factor for the company. According to Gotsi and Wilson (2001) corporate reputation is a perception of high esteem or respect for a firm's activities, strategies, and so forth. It is composed of the most recent beliefs about an organization (Williams et al., 2012). Organizations are more and more familiar with the importance of corporate reputation to reach business goals and remain competitive (Wang et al., 2015). Corporate reputation is a great stimulus on whether potential consumers become customers.

2. Material and Methods

A three-part questionnaire was developed to this study. First part contains socio-demographic questions about gender, age, education, the name of the bank where respondent has accounts, and what banks that most satisfied them. The rest of the questionnaire contains the question about brand image and corporate reputation. The six item asked in the questionnaire was based on study of Cretu and Brodie (2007) with some modifications. Using semantic differential scale, the following items for measuring brand image were used: "very famous", "modern", "very prestigious", "reflecting quality", and "very elegant". Meanwhile, to measure corporate reputation, the following items were used: "practicing CSR", "giving information about company", "having customer focus", "successful company", "based on customer needs", and being "well managed". A convenience sampling was applied to collect respondent response. The sample was selected from Sharia Banking customer in Pekanbaru. The data were analyzed using descriptive statistic.

3. Result and Discussion

3.1. Respondents Profile

Data collection lasted for three weeks and there were 90 usable questionnaires for further analysis. From 90 respondents, there were 30 (33%) male and 60 (67%) female. 56% of them was under 25 years old, 21% respondent was 25-35 years old, 13% respondent was 36-45 years old and 10% above 45 years old. Next, for education level 30% respondent are graduated from senior high school, 4% bachelor degree, 51% undergraduate degree, 13% master graduate, and 1% doctoral. 37% respondent are consumer of BNI Syariah, 33% respondent are consumer of Bank Syariah Mandiri, 24% respondent are consumer of BRI Syariah and the rest are consumer for BTN Syariah and Bank Muamalat Indonesia each 3% and 2%. Of the total respondents, 26% stated that from some accounts they have, not all feel sharia banking service is the most satisfactory, but it is the most satisfactory service from conventional bank.

3.2. Brand Image

Based on the data on Figure 1 it appears that the majority of respondents answered agree and strongly agree on all statements related to brand image. This means that brand image on sharia banking is good. More specifically, Brand image in Islamic banking has been perceived as famous, modern, prestigious, reflecting quality, elegant, and cool by the respondent. Favorable brand image is frequently depends on whether the value of the product or services equal or exceed consumers' expectation of that brand (Dioko et al., 2010). The inconsistency between brand image created by company with image that consumer get can be decreased by administering consumers' brand expectation (Hu et al., 2012). The important thing to

remember by sharia banking is that brand image will not be formed if there is no brand awareness (MacDonald and Sharp, 2003). Therefore, even though the brand image of sharia banking is good, the company still needs to formulate the right marketing communication strategy so that brand awareness is maintained.

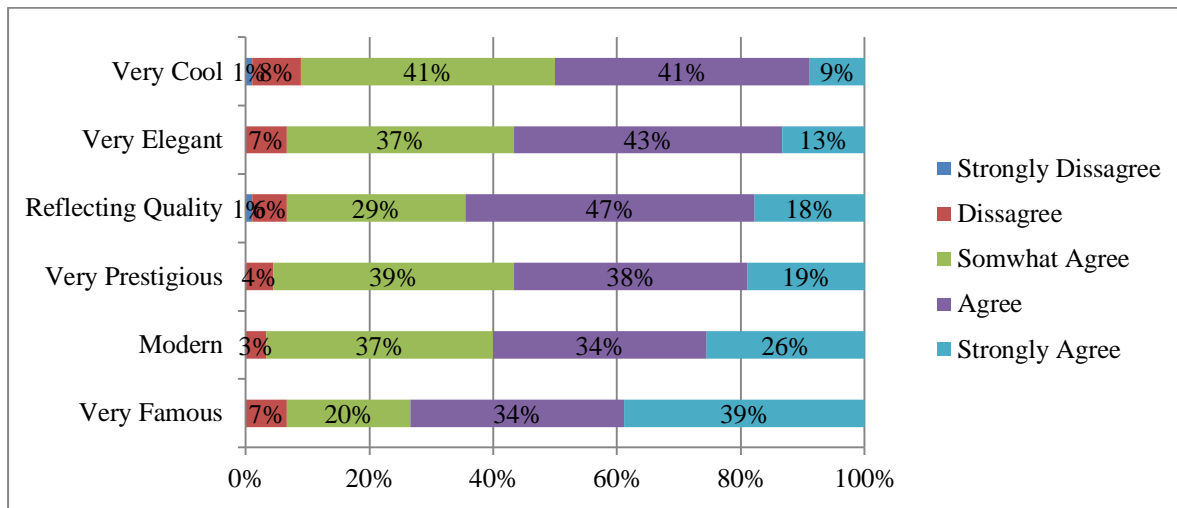


Figure 1. Brand Image

3.3. Corporate Reputation

Not only the brand image is considered positive by the respondents, corporate reputation also received a response that is not much different from the brand image. In more detail, respondents in this study perceived sharia banks have a reputation as a bank practicing CSR, providing information about banks to customers, focusing on customers, successful companies, producing products that suit the needs of consumers, and well managed. Figure 2 shows the consumer response in more detail.

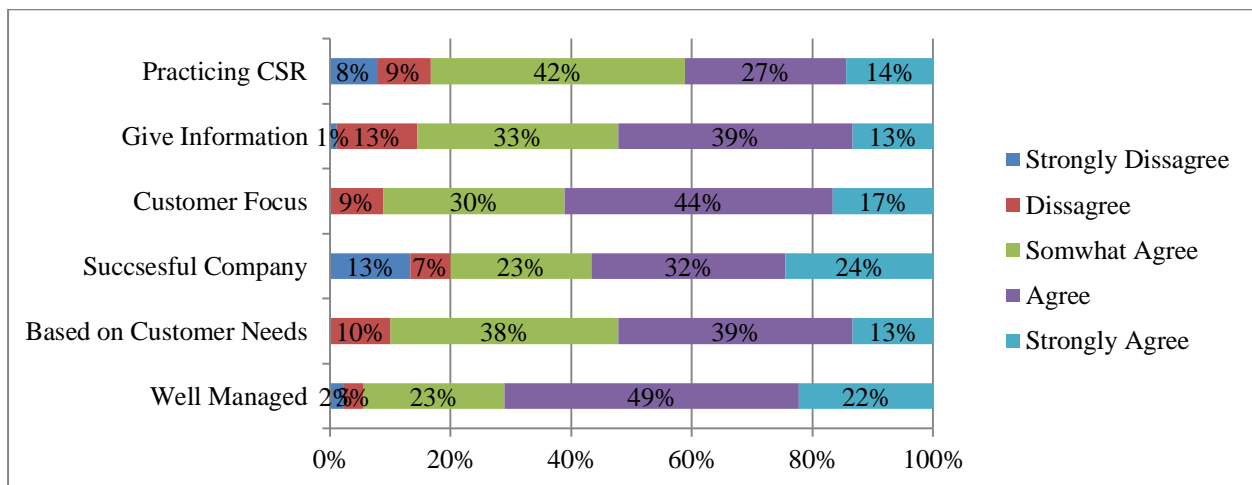


Figure 2. Corporate reputation

Research by Han et al., (2015) found that brand reputation has positive impact on brand trust. Brand reputation partially mediates the effects of food and service quality, brand affect, brand awareness on brand trust. The company's reputation is not only judged from an organizational perspective, but can also be assessed from a stakeholder perspective. Ji et al (2016) takes the stakeholders' perspective to examine the relationship between active stakeholders' online behavior and corporate reputation. They found that positive and negative comments on social media are significant predictor for corporate reputation. Arli et al., (2017) also found that corporate hypocrisy negatively influence corporate reputation. In their study, they also found that the perceived corporate reputation positively influence consumer's attitude toward the company.

4. Conclusion

Based on the results of research, it can be seen that the brand image and corporate reputation of sharia banking is good, although not all customers feel sharia banking services is the most satisfactory. Therefore, sharia banking in Pekanbaru City should continue to strive to not only create a good brand image and corporate reputation, but also optimal customer satisfaction.

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