Preliminary Insights on the Effect of Islamic Work Ethic on Relationship Marketing and Customer Satisfaction

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ABSTRACT

This conceptual paper investigates the moderating impacts of the Islamic work ethic on the relationships between relationship marketing and customer satisfaction. The concept of the Islamic work ethic has its origin in the Quran, the sayings of and practice of Prophet Muhammad, who preached that hard work caused sins to be absolved and that “no one eats better than that which he eats out of his work”. The Quran often articulate about good customer relationship and in trade, and it calls for responsible and fair distribution of prosperity in the community. The Qur'an insists humans to gain skills and technology, and praises highly those who struggle in order to live through. The Quran is against joblessness and waste of time by either remaining idle or engaging oneself in an inefficient activity. Islamic work ethic deserves a serious inquiry because it is the ideal which Muslims seek to realize. Furthermore, literatures suggest that the Islamic work ethic will increase a positive and significant relationship between relationship marketing and customer satisfaction.

INTRODUCTION

Marketing concept of building a firm around the customers’ satisfaction has assisted the firm to make profit, moderately in competitive markets. However, with present challenging markets where exist many competitors who tend to apply the same concept, at this point promoting good relationship with the customers are becoming necessary in encouraging them to come back to the firm (Christopher, Payne & Ballantyne, 1991). Normally the relationship marketing approach manage to achieves very high customer satisfaction and able to ensure firm yield high profit especially in the long run.

The relationship marketing is not about having ‘buddy-buddy’ relationship with the customers. Initially relationship marketing treats marketing as a process over time rather than single unconnected events and usually employs the event-driven approaches of customer retention marketing. Park and Kim (2003) demonstrated how Maeil Dairy Corporation, a major dairy manufacturer in Korea has introduced two types of relationships with customers. First, the firm managed Mother’s Membership Program through direct mailing in encouraging sales and as public relations tool for all customers. The program divided into three phases: during pregnancy, since birth to four months and four to 12 months. Second, product and other information related to infants care were sending to consumer through mail or sales promotion periodically.
According to Prahalad and Ramaswamy (2001) relationship marketing approaches, would enable the firms to offer to the consumer the personalized experience. Customization presumes that the firm will produce goods or services to meet customers’ needs. On the other hand, personalization refers to the method where customers are welcome to participate in designing or creating the content of the goods or services they require. Whitney Museum in New York, for example encourages the visitors to determine the tour they prefer, unguided or guided tour. With these approaches, visitors can propose their tour according to what they know and wish to learn.

Chase and Dasu (2001) suggested the massive impact of applied behavioural science particularly in service management because customer tends to observe perception as reality. Behavioural and cognitive experts have conducted study for many years on how people experience social interactions, develop judgments and store memories. By understanding the trend, firms can optimize those findings in relationship with its customers.

THE CONCEPT OF RELATIONSHIP MARKETING

Traditionally marketing approach has been emphasizing about getting new customers. Meanwhile relationship marketing is a form of marketing approach developed from direct response marketing campaigns conducted in the 1960's and 1980's with focuses given on getting and customers retention (So, 2007). On the other hand, relationship marketing is an effort in bringing together marketing, customer service and quality (Christopher et. al., 1991; Prahalad & Ramaswamy, 2001). The principle has been greatly enriched the marketing concept.

Generally, business transaction is a collaboration of stakeholders including customers, employees, suppliers, shareholders and society as a whole. Therefore, the scope of relationship marketing should be expanded to embrace business to stakeholders’ relationship (Christopher et. al., 2003; Murphy, Laczniak, Bowie, & Klein, 2005; Rajesh, 2003). Normally relationship marketing results in strong economic, technical and social relation among the stakeholder involved, thereby increasing exchange competency process and reducing the transaction cost (Murphy, Laczniak, & Wood, 2007).

Beside the economic transaction, relationship marketing also related to psychological and emotional ties, not only in the short term but extending into the long term outcome (Berry, 2001; Chase & Dasu, 2001). Morgan and Hut (1994) suggested what was essential in relationship marketing is the value of the future deliveries will always be greater than the value of any existing exchange.

The concept of relationship marketing can be seen as differs from other forms of marketing in that it focuses on customers with more directly suited information on products or services which suit and to retain customers’ awareness. Meanwhile the direct or intrusion marketing technique is relied on to attract new customers by focusing upon potential customers’ list (Lovelock, 1991).

Originally the concept of relationship marketing observes businesses should have concentrated on how to retain existing customers rather than focusing far more upon acquisition of customers to purchase products and services. Actually the term of relationship marketing were introduced by Berry (1986) when he was discussing service marketing with the purpose to retain the existing customers. Later with the development of the discipline many marketing theorist have broaden the scope of relationship marketing beyond individual business transactions (So, 2007).

Currently personalized marketing become the trend in relationship marketing, whereby the main preference is given to customers. The customers purchasing profiles is maintained as the person shops on the website. This information is then used to compute what can be his/her likely preferences in other
categories. These items are shown to the customer through web cross-sell, email recommendation and other channels available.

Personalized marketing has also migrated into direct mail, allowing marketers to make full utilization of the digital technological capabilities, toner-based printing presses to produce unique, personalized pieces for each recipient. Marketers can personalize documents by any information contained in their database, including name, mailing address, demographics detail, purchase history and other useful variables stored (Seybold, 2001). The result is a printed piece that indicates the individual customer needs and preferences of each recipient, increasing the relevance of the piece and escalating the response rate (Park & Kim, 2003).

Business process reengineering has been strongly influenced the relationship marketing thought. According to the reengineering concept, firms should be structure according to complete tasks and processes rather than functions. Therefore, cross functional team should be responsible for the entire process, starting from the beginning to end, rather than having the work go from one functional department to another (Kotler & Armstrong, 2010).

Traditional marketing is familiarizes to use the departmental function approach. The approach can be observed in traditional marketing mix or well known as four P’s. Price, product, promotion and placement are argued to be functional silos that firms must access if they are going to carry out their task. Actually the four P’s is too limited to provide a usable framework for assessing and developing customer relationship in many industries and should be replaced by an alternative model where the focus is on customers and relationships rather than markets and products (Gordon, McKeage, and Fox, 1998).

In contrast, the concept of relationship marketing is cross-functional marketing. It is organized around processes that involve all aspects of the business firm. In the wider scope, some scholars prefer to describe relationship marketing as relationship management in recognition of the facts that it involves much more than that which are normally included in marketing (Cravens & Piercy, 2009). Even every staff of the firm, from the receptionist to the board of directors, are said to be a “part-time marketer” (McKenna, 1991).

Christopher et. al. (1991) argued that relationship management has the potential to forge a new combination between quality management, customer service management and marketing. They strongly believe that the marketing and customer service phrase is closely interrelated and inseparable (Chase & Dasu, 2001).

Fornell and Wernerfet (1987) suggested the term “defensive marketing” to explain efforts to increase customer loyalty and reduce customer turnover. This customer-retention approach was contrasting with “offensive marketing” which involved looking forward new customer and increasing customer purchase frequency. Defensive marketing concentrates on reducing or managing customer dissatisfaction, while offensive marketing focuses on “healing” dissatisfied customer from competition and obtaining new potential customer.

**CUSTOMER SATISFACTION**

Customer satisfaction is seen as the key indicator within the firm and has become the important element of business strategy, particularly in a competitive marketplace where businesses competing for customers. Customer satisfaction is a concept to determine of how the products or services delivered meet or exceed customer expectation (Christopher et. al., 1991; Kotler & Armstrong, 2010.; Lovelock,
Measuring customer satisfaction provides an indication of how successful the firm is at producing products and services in the marketplace (Gronroos, 1994).

Customer satisfaction is an abstract concept and the actual manifestation of the state of satisfaction will differ from customer to customer, product or service to product or service. Both psychological and physical variables which correlate with satisfaction behaviours determine the state of customer satisfaction (Kotler & Armstrong, 2010); Zeithmal, Berry & Parasuraman, 1988). The level of satisfaction can also vary depending on other options the customer may have and other products against which the customer can compare the firm’s products or services.

A large amount of research in customer satisfaction has recently been developed. The usual measures of customer satisfaction involve a survey whereby selected respondents are requested to evaluate each statement and in term of their perception and expectation the performance of the firm being measured.

Work done by Berry (2001) suggested ten domains of satisfaction: quality, value, timeliness, efficiency, ease of access, environment, inter-departmental teamwork, frontline service behaviours, commitment to the customer and innovation. These domains are focused for continuous improvement and organizational change measurement and often utilized to develop an integrated model for satisfaction measurement.

Parasuraman, Zeithaml and Berry (in Brysland & Curry, 2001), by adapting the gap between the customer expectation of performance and their perceived experience of performance, provide the basis for measurement which is objective and quantitative in nature of customer satisfaction with a service provided. The SERVQUAL approach combined the ten dimensions of service quality into five elements as listed below.

a. Tangibles – appearance of physical facilities, equipment, personnel and communication materials.
b. Reliability – ability to perform the promised service dependably and accurately.
c. Responsiveness – willingness to help customers and provide prompt service.
d. Assurance – knowledge and courtesy of employees and their ability to convey trust and confidence.
e. Empathy – caring, individualised attention the service provides to its customers.

ISLAMIC WORK ETHIC (IWE)

Generally in marketing, ethics is referring to applied ethics which dealing with the moral principles behind the operation and regulation of business transaction that take place. In a broader perspective ethics tells us the right and wrong conduct and what good for life, is one of the major branch of philosophy. As we know, the concern about ethics in business management, inclusive marketing, is closely related to the issue of social responsibility which refers to the doing of societal good unrelated or less related to the business activity in view (Camenish, 1991). In day to day business, marketers are facing with myriad ethical issues involving moral judgements, standards, rules of conduct and perceptions concerning right or wrong doing (Kavali, Tzokas, & Saren, 1999).

While work ethic is a set of values based on the moral virtues of hard work and diligence. It is also a belief in moral benefit of work and its ability to enhance character. An example would be the Protestant Work Ethics and Islamic Work Ethics. A work ethic may include being reliable, having initiative or maintaining social skills. People showing of a good work ethic in theory should be selected for better positions, more responsibility and ultimately promotion. Contrary people who fail to show a good work
The Protestant work ethic, sometimes called the Puritan work ethic, is a Calvinist value emphasizing the necessity of constant hard working for personal survival. The ethics seen work as a duty in the world for the benefit of the individual and society as a whole (Gibbs, Ilkan & Pouloukas, 2007; Yousef, 2001). The Catholic idea of good work was transformed into an obligation to hard work as a sign of grace.

Eventually the foundation of Islamic ethic was the Muslim understanding and interpretations of the Quran teachings and the Prophet Muhammad practices (Sunnah) which is always leading to the submission to Allah. The main motive of the Islamic ethics is the notion that every human being is required to practice the good and forbid the evil in all aspects of life. Therefore we can see that Islam has offered a unique perspective on ethic and have formulated specific conceptualization of work ethics as well.

The Islamic ethical values are different from western or secular ethical values and moral code. The western or secular system assumed moral codes that were transient and myopic because the system were based on the values of their founders (human) and generally these model proposed a system of ethics separated from religion. Contrary, Islamic ethics focus the relationship of man to his creator (Beekun, 1996). The similarity of both system are both ethics place considerable emphasis on hard work, commitment and dedication to work, creativity, get rid of unethical ways of wealth accumulation, cooperation and competitiveness at the work place (Yousef, 2001).

Islamic work ethic as well is based on the Quran, the sayings and practice of Prophet Muhammad. According to Beekun (1996) the work related teaching can be grouped into several categories : pursuing legitimate business, wealth must be earn, quality of work, fair wages, reliance on self, monopoly, bribery, deeds and intentions, transparency, greed and generosity. The ethic system demonstrates that work in Islam not only concern on economic aspect, but has moral, psychological and social dimensions as well. Work done must be meaningful to the individual and society at large (Yousef, 2001). Generally the Islamic work ethics stand on four primary pillars: effort, competition, transparency and morally responsible conduct and all the elements are able to strengthen the business and economic progress in the society (Ali & Al-Owaihan, 2008).

**RELATIONSHIP MARKETING, CUSTOMER SATISFACTION AND ISLAMIC WORK ETHIC**

Based on previous study, apparently there are several positive impacts can be drawn when firms engage in relationship marketing. Prahalad and Ramaswamy (2001) in what they described as customer-centric, suggesting firms can generate values through dialogue, collaboration and partnership with customers. They explained further that closeness to customers and encouraging the end customers to participate or customize products is part of the effort to strengthen the relationship. The relationships between the parties were strengthening with the present of trust and commitment.

United Parcel Service always carried out informal meeting with in-house staff and drivers with the purpose to synchronize and facilitate the accomplishment the job of all parties concerned. Even top management of the firm recommends all the drivers on duty spending an extra 30 minutes a day with the customers (Murphy et. al., 2007). Cohen and Prusak (2001) commented that even though the drivers only have short contacts with several particular customers, it manage to build up healthy relationship over time. At the end these relationship bring into beneficial customers information and loyalty to the firm.
Lilly, Tippins and Pollack (2007) explained service firms usually adopt a multiple ways of relationship marketing instruments when seeking to build strong customer relationships. One of the common technique used, is customer terminology that is calling the customer guest, family or member. They have empirically examines the effects of using customer terminology on loyalty behaviours. The results underline the importance of providing excellent service. However, customer terminology did not significantly affect loyalty.

Hallowell (1996) illustrated the relationship of customer satisfaction to customer loyalty and customer loyalty to profitability. The result encourages the inference of relationship between customer satisfaction and customer retention and between customer retention and profitability. This finding supports the important of customers’ satisfaction although he suggested further research to on the matter.

Ndubisi (2007) argues the measurement of the underpinnings relationship marketing: trust, commitment, communication and conflict handling, has strong influence and predict customer loyalty. However Ndubisi did not examine the possible influences of socio-demographic factors between relationship marketing initiatives and customer loyalty.

Abouchedid and Nasser (2002) examined the students’ attitudes of registration and academic advising office in a private university. Generally, the finding demonstrated students were unhappy and leading to dissatisfaction with the registration process particularly with regard to time taken to complete registration, bureaucracy, registration’s venue and fees payment process. The students expect the management to improve the registration process.

A number of research empirically demonstrated customer satisfaction and excellent products/services has a moderate to strong relationship and customer loyalty or repeat purchasing behaviour. In other word, customer satisfaction is similar to attitude because it is the result from an evaluation of a specific consumption experience. In university, likewise in many other setting, perceived quality is a consequence of customer satisfaction as well (Athiyaman, 1997).

Previous research indicated that individual with highly committed to Islamic work ethics has positive attitudes and it might benefit the individual as well as the firms. The positive attitudes confines in Islamic work ethic are hard working, commitment, dedication to work, increasing work creativity, cooperation, and fair competitiveness at work place (Yousef, 2001; Ali, 1992). The study also demonstrated that Islamic work ethics directly effects both organizational commitment and job satisfaction and that it moderates the relationship between these two constructs (Yousef, 2001; Saks, Mudrack & Ashforth, 1996).

Islamic work ethic is related to locus of control and mediates the relationship between locus of control and role ambiguity. The same study exhibited Islamic work ethic does not mediate the relationship between locus of control and role conflicts. The finding also demonstrated that there has significant correlation between Islamic work ethic and role ambiguity. Islamic work ethic was also found to have direct and positive influences on various dimensions of both attitudes toward organizational change and organizational commitment (Yousef, 2000a, 2000b).

Based on the above discussion, we can propose the theoretical framework as shown by Figure 1 and will be discussed in detail in the next section.

THEORETICAL FRAMEWORK

In this paper, a conceptual model leading to customer satisfaction has been developed as illustrated in Figure 1. The dependent variable is customer satisfaction with the dimensions of tangibles, reliability,
responsiveness, assurance and empathy. The variables are available and based on the instrument to measure service quality proposed by Parasuraman, Zeithmal and Berry (in Brysland & Curry, 2001).

While relationship marketing is served as the independent variable. As we can observe the concept of relationship marketing is very broad. Therefore for the purpose of this writing, relationship marketing is confined to the process of planning, developing and nurturing relationship environment, which will promote a dialogue between a firm and the customers with the objective to instil an understanding, confidence and respect of each other’s capabilities and concerns when dealing in the marketplace (Kavali et. al, 1999).

The paper also seeks to examine the effect of Islamic work ethic serves as a moderator of the relationship between relationship marketing and customer satisfaction. Although difference authors suggested various items of Islamic work ethics but all writing included at least one items of Islamic work ethic (the moderator) is restricted only on four items which are effort, competition, transparency and responsible as recommended by Ali and Al-Owaihan (2008).

Hypothesized relationships between relationship marketing and customer satisfaction. The theoretical model is adapted and modify from Kavali, Tzokas and Saren (1999), Parasuraman, Zeithaml and Berry (2001) and Ali and Al-Owaihan (2008).

Based on the reading of numerous literatures we can conclude that relationship marketing has a significant relationship with customer satisfaction and with the practice of Islamic work ethic will increase the significant level on the relationship between independent variable and dependent variable as demonstrated in figure I above. The reason is delivering excellence quality service will make the customer satisfy and the ethical relationship will boast the level of customer pleasure.

CONCLUSIONS

Empirical study of relationship marketing and customer satisfaction has grown explosively. The field has attracted the attention not only the academicians but the business practitioners as well. Relationship marketing occurs when business organization regards customer as partner and always put
great effort to build customer loyalty and later this will lead to customer retention. Meanwhile customer satisfaction is a psychological and emotional state and something to do with customer attitudes.

The study of Islamic work ethic was also draws a great attention particularly as an alternative to the dominant Protestant work ethic as practiced in the western countries. The practices of work ethic generally and Islamic work ethic specifically will increase the level of customer’s pleasurable experience in business transaction. Imperatively ethical issue has become communal concern in business environment lately. Likewise, unethical practices will hinder the customer from go again to business organization pay less attention to this issue.

The previous literatures have been discussed and empirically demonstrated how important for the businesses to establish good relationship with theirs customers. In business, no one can deny that marketing is very important and has significant influence on customer satisfaction. Therefore we can conclude that relationship marketing has a significant relationship with customer satisfaction and with the practice of Islamic work ethic will increase the significant level on the relationship between relationship marketing and customer satisfaction.

REFERENCES


