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The Influence of Service Quality and Brand Reputation on Customer Satisfaction in Zakat Institution

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Abstract - **Zakat services are one of the vital things that being emphasized in Islam, however, there is often a dispute between givers and zakat recipients over the quality of their services in handling the zakat. The problem is more critical when it involved the quality of services provided by the institution that has been appointed by the government in delivering the zakat. Amongst the components that have been stressed by the customers are the service quality and reputations of the zakat Institution. This study aimed to explore the effects of service quality and reputation towards the customers' satisfaction at one of the Zakat Institutions in one of the state in Malaysia. Respondents for this study were residences who reside in the state and used the Institution services. There were 280 questionnaires have been distributed to the respondents. The study found that reliability, assurance and brand reputation does have significant relationship towards the customers' satisfaction.**

Keywords - *Zakat Institution, customer satisfaction, service quality, brand reputation.*

1. Introduction

Zakat is one of the pillars of Islam that is required for every Muslim to perform (if possible) around the world. Zakat can be defined as blessedness, growth, progress and purity in terms of language. The term zakat can be defined as the share of the property of the owner with certain requirements that must be given to the rightful owner of the property as been urged by Allah SWT [1]. There are various type of *zakat* that are required under certain conditions such as property *zakat,* business *zakat* and so on. On the other hand, *zakat* helps the Muslims in terms of eradicate poverty, alleviate the problems of Muslims social community, boost the country's economy and other benefits [2]. The administration of *zakat* institution has been existed since the Prophet era, where it was managed through the *amil* (those who are assigned to perform all activities related to charity, from collection to distribution) system. Eversince, the *zakat* institution has been used among the Muslim countries such as Saudi Arabia, Egypt, Jordan, Yemen, Indonesia and others. In Indonesia, the institution that managed zakat is called *Organisasi Pengelola Zakat (OPZ).* Whilst in Malaysia, *zakat* used to be managed by the religious school teacher who were responsible as the *amil* and during the colonial era, *zakat* was managed by the state

zakat institution [3].

The establishment of the institution of *zakat* or better known as the Religious Council and Malay Council Customs of State (MAIN) was established to facilitate the affairs of zakat as planned, coordinating and making decision for *zakat* to be delivered and received. On top of that, the *zakat* institution also need to ensure that the management at the *zakat* institution to offer a quality service to their customers through professionalism, usage of newest technology that considers Islamic value in order to deliver the maximum best quality of services delivered [3]. However, there are previous studies mentioned that customers did not satisfied with the service given by the alms giving management. For example, according to [4], there are many Muslims who did not happy with the service given by the alms giving management. The quality of service provides by the alms giving management may portray the credibility, efficiency of the management, hence it directly gives impression towards all others institution. This issue really need to be ensured especially the institution that manage the alms giving activities such as the *zakat* institutions. The quality of alms giving management also closely related to the branding reputation of certain organizations. This is because, reputation is defined as a level of an institution at the eyes of the customer [5] , which may have impact on the reputation toward customers positive or negatively [6].   Thus, the objectives of this present study is to examine the service quality factors and brand reputation on the relationship with customer satisfaction in zakat institution.

1.1 Customer Satisfaction

Customer satisfaction is the key success of an organization, especially an organization that is based on service. According to Oliver [7] generally satisfaction can be regarded as the consumer assessment towards comparison between customer's expectation and the real service being delivered by an organization. However, in the *zakat* institution, customer satisfaction is when the customers received a great service quality while dealing with their alms giving process at the zakat institutions [8]. There were various studies being conducted about the usage of zakat institutions and their customers' acceptance of the service received. For example, about a decade ago, Ibrahim [9] studied on the effects of the alms giving distributions toward the economic development. The researchers found that the distribution of the alms giving could developed the economy when there is cooperation between the responsible party who

is the *zakat* institution, government and the alms giving receiver. However, there is an issue pertaining the alms giving management especially to the customer at the *zakat* institution. The statement has been mentioned by [10] through previous studies that the alms giving customers did complain that they were not satisfied with the alms giving management system such as the distribution of the alms giving were not transparent, excess funds and mismanagement by the *zakat* employees in Malaysia. In addition, a news prepared by Othman [11] in the Sinar Harian (local newspaper) supported that the customers of Zakat Pulau Pinang (ZPP) were not happy with the service given by the ZPP and they were also worried that these could jeopardize the ZPP image. This issue need to be closely considered because it could give bad impact towards the service quality, brand reputation and Islamic value that have been practiced in the Zakat Institutions in Malaysia. Notwithstanding to the issue, the service quality factor needs to be reconsidered in ensuring it effects towards the customers' satisfaction at the Zakat Institution.

1.2 Service Quality

Service quality is closely related with customer satisfaction. Service quality can be defined as the difference between perceived expectation and actual expectation [12] or an overall evaluation of advantages and importance of products or services [13] nor attitude. The importance of sufficiency model, operating based on the most effective attitude toward service quality and current evaluations reflect customer perception on the quality of service quality on a particular service quality [14]. Service quality being measured through few dimensions that have been identified by previous researchers. The earliest measurement of service quality had been introduced by Parasuraman et.al. [15] whereby the service quality has been measured by SERVQUAL which has five dimensions; reliability, responsiveness, assurance, empathy and tangibility. However [14] have criticized SERVQUAL whereby they argued that SERVQUAL is not accurate in measuring service quality in service context. Moreover, according to the researchers, SERVQUAL is more suitable to be employed to measure service quality in the business context or organisations that based their operation with products. While, for the industry that their operations are based on service, SERVPERF is more suitable to be employed [16]. This is because, in the industries that their operations are based on service, customers' perceptions play an important role in ensuring an organisation to sustain. The statement is supported by [17] who stressed that the SERVPERF scale items are more concrete in the valuation of the service quality of an organization since they are more parsimony and stable in measuring the psychometric. There are five dimensions of SERVPERF that could be employed in measuring the service quality, they are:

Table 1 : SERVPERF Dimensions

Dimension	Explanation
Tangibility	Facility, materials for communication, staff appearance and more.
Reliability	Ability to provide service in effective way, high commitment and able to solve customers' problem.
Responsiveness	Highly responsive towards the customers' need and behaviour.
Assurance	Ability to provide confidence, reliable, comfortable in relationship and highly cooperative.
Empathy	Ability to fully focus on the customers' need through honesty, give personal attention and ingratiate.

Table 1 indicates the five service quality SERVPERF dimensions including their explanations. Since this study identified the effect of service quality at zakat institution that is based on service, SERVPERF measurement has been adapted from the previous researchers for this study [16] [17].

There are scholars that have expanded theories, and in fact the service quality measurements have been diversified in order to maximize the customers' satisfaction [4] [18] [19]. [18] combined the SERVQUAL and CARTER measurements in exploring the effects of service quality towards customers' satisfaction. Hence, in identifying the indicator that will maximize the customer satisfaction, this study also enhances the model by including the brand reputation variable.

1.3 Brand Reputation

According to Abd-El-Salam, Shawky, and El-Nahas [6], brand reputation is specifically being defined as a positive or negative picture of the result of accumulated feelings, ideas, attitudes, experiences with the organization that are kept in memory and subsequently taken to create an image once the organization's name is heard or disseminated by the people around it.. The definition of a brand's reputation clearly shows that it is very important to a business or institution because it is closely related to the customer, which is a factor that guarantees the success of a business or institution.

There are general or specific measurements of brand reputation that have been determined by previous studies. For example, Dowling [6] recommended the four dimensions of brand reputation, which are admiration, respects, honest and confidence. Whilst Walsh and Beatty [6] have found six dimensions in determining brand reputation which are emotional appeal, product and service, work environment, social responsibility toward environment and monetory performance. However, the measurement of brand reputation can also be measured specifically in the context of the research conducted. In due, this study aimed to identify the relationship between brand reputation and customer satisfaction on the zakat institution. Notwithstanding to that, brand reputation is seen and measured through the services scope. For example, Le and Fitzgerald [20] conducted their study of the brand reputation effects towards service quality in hospitals. On top of that, Zainal, Bakar, and Saad [20] seen the effect of reputation as a change factor towards the zakat institution. In additon, organization brand reputation is the final factor for an institution and also an overall value of customers on how they can remember about the the service experiences at an institution. Moreover, it is said that, in the services of zakat, the positive attitude of community shall raise the alms giving activities. Align with previous researchers, Ab Hamid and Jusoh [20] mentioned that reputation is one of the factor that can influence the corporate image and indirectly influenced the service quality,

customers satisfaction, trust and customers loyalty towards the zakat institution. Due to that, based on the previous literature, this study aims to study the brand reputation indicator as one of the factors that shall influence quality aspects which indirectly shall gives positive impacts on customers satisfaction.

2. Research Framework

Based on the previous literature, this study has developed a research model that related to customer satisfaction at a zakat institution (Figure 1). From the research framework, there are six hypotheses developed in order to examine the factors that effected the customers satisfaction at the zakat institution. Among the factor that influenced the customers satisfaction is the service quality factors. This study has adapted the SERVPERF measurement in order to examine the influence of service quality on customers satisfaction. SERVPERF has five dimensions, which are tangibility, reliability, responsiveness, assurance and empathy. In addition, this study extend the service quality model with the addition of brand reputation variable in studying the customers satisfaction at the zakat institution.
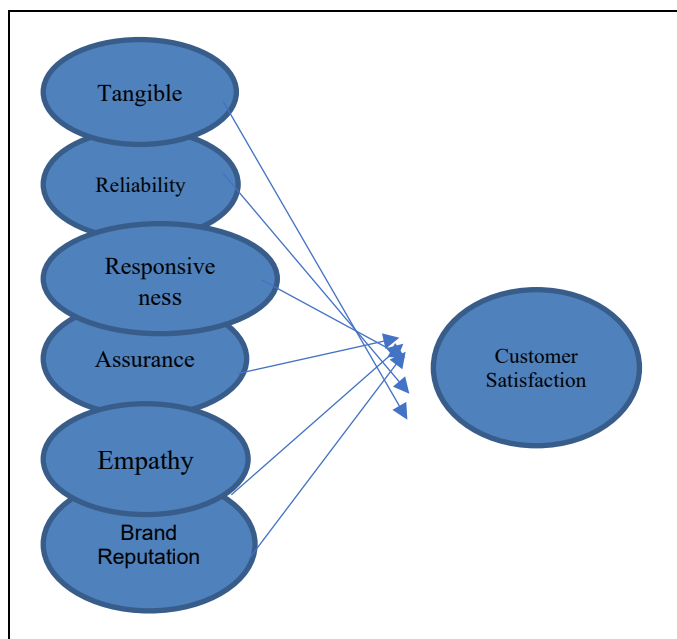

Figure 1: Research Framework

2.1 Research Hypotheses

Based on the research framework that has been discussed, six hypotheses has been developed for this study. The hypotheses are:

H1: There is a positive significant relationship between tangibility and customer satisfaction.

H2: There is a positive significant relationship between reliability and customer satisfaction.

H3: There is a positive significant relationship between responsiveness and customer satisfaction.

H4: There is a positive significant relationship between assurance and customer satisfaction.

H5: There is a positive significant relationship between empathy and customer satisfaction.

H6: There is a positive significant relationship between brand reputation and customer satisfaction.

3. Research Methodology

Research methodology can be referred to a method that is employed in conducting a research toward the respondents that have been identified. This study identified the effects of service quality towards customers satisfaction in a zakat institution. In due, this study has employed the quantitative research design and there were 280 questionnaires have been distributed to the four zakat institution customers in a Northern state in Malaysia (LZNK). The data was collected through a systematic sampling method. The research instruments have been adapted from previous researches. The service quality measurements were adapted from Cronin and Taylor [14] and brand reputation Le and Fitzgerald [14]. While, the customers satisfaction measurements has been adapted from Mujtaba, Sanuri & Olayemi [21]. Table 1 indicate the source of the instruments. All of the service quality and customer satisfaction measurements were measured with the five points likert scale and the scale are from 1 for "not agree at all" and 5 for "strongly agree". In achieving the research objective, descriptive and inferential analysis have been conducted. The descriptive analysis was employed in order to evaluate the respondents profiles. While the inferential analysis was employed in order to prove the relationship between service quality and customers satisfaction via the regression test. All of the data were analysed through the IBM Statistical Package for Social Sciences (SPSS) version 25.0

Table 1: Source and Number of Items

Variable	Source	Items
Customer Satisfaction	Mujtaba, Sanuri & Olayemi (2014)	3
Service Quality:		
Tangible	Cronin & Taylor (1992)	5
Reliability	Cronin & Taylor (1992)	4
Responsiveness	Cronin & Taylor (1992)	4
Assurance	Cronin & Taylor (1992)	6
Empathy	Cronin & Taylor (1992)	4
Brand Reputation	Fitzgerald (2014)	3

4. Research Findings

Table 2 showed the result of regression analysis that has been performed in measuring the relationship of service quality towards customers satisfaction in LZNK. The results specifically shows that customers satisfaction does being influenced by service quality. Table 2 also showed that 88.9% of LZNK customer satisfaction are being influenced by service quality.

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The study also found that reliability, assurance and brand reputation are the service quality dimensions that have significant influenced on the customer satisfaction in LZNK.

Table 2: Results

R square		.889	
	Standardized		
	Coefficients		
Model	Beta	t	Sig.
1 (Constant)	.226	2.203	.029
tangibility	.002	.037	.970
reliability	.111	2.100	.037*
responsive	.013	.278	.781
assurance	.164	2.551	.011*
empathy	.102	1.744	.082
brand reputation	.239	4.718	.000**

*Sig at 0.05, **Sig at 0.01

Notes: Dependent variable – customer satisfaction

5.   Discussion and Conclusion

Based on the results, the data has shown that reliability, assurance and brand reputations are the three dimensions of service quality that gives significant relationship on customer satisfaction. The result aligned with the study conducted by Abidah [4] which found that service quality dimensions as such reliability and assurance do influenced the customer satisfaction and Malaysian Zakat Institution. The result has been supported by Anitha [4] who also mentioned that reliability and assurance do have positive significant relation towards customer satisfaction. Further, there were also previous study that found reliability was a main factor for customer satisfaction in service delivery [4]. In addition, previous study also found that there is a positive significant relationship between service quality in terms of brand reputation towards customers satisfaction in delivering services [22]. Based on the results found, this study is recommending that there are few areas of operation activities need to be considered by the management of zakat institution if they want to enhance their customer satisfaction. They need to ensure that their operation maintain excellent services with reliability, assurance and brand reputation at all times. Among the efforts that could be performed are:

i.   Reinforce reliability
Reliability can be enhanced if zakat institution keep their efforts to deliver the promises given to customer such as accountability, innovation in providing accurate and up-to-date information and excellent service. This is because customers will always compare the expectations they have with the actual performance achieved when dealing with the zakat institution.

ii.   Enhancing assurance
Assurance is related to the confidence and reliability of customers toward zakat institution. In order to enhance the customers' confidence, the zakat institution or LZNK needs to be transparent in sharing information pertaining the alms giving distribution processes. This will help the customers to understand that the distribution being fairly performed.

iii.   Enhancing brand reputation
In the context of marketing, brand reputation has been recognized as an intangible asset that is essential to the organisation's sustainability. The result of this study also found that brand reputation is the second service quality dimension that influenced customer satisfaction. Therefore, the zakat institution or LZNK should strive to maintain and enhance the brand's reputation for LZNK among its customers and stakeholders. Among the efforts that can be made to improve the brand's reputation are always to fulfill the promise and improve the quality of service delivery.

The issues of the current study are deemed vital for the future studies since it will help to ensure the variables employed is fit for the study as a whole. On the other hand, future studies are also recommended to perform such study in different setting as this study was only conducted in a Northern state in Malaysia in four different locations. Thus, this could give an issue on possibility the sampling of the study was not sufficient to represent other Zakat Institutions. Hence, it can be challenged in such that the sampling will not be able to represent a larger population.

Acknowledgements

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