

The effect of Islamic values on relational marketing basics

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ABSTRACT

In this paper, we present an empirical study to measure the relationship between Islamic values and marketing affairs in the field of alimentary industries of West Azarbaijan province, Iran. The proposed study distributes a questionnaire among 105 managers out of 145 ones and analyzes the data using different statistical methods such as linear regression analysis. The preliminary results indicate that Islamic values significantly influence trust, commitment and communication among members of business units and it could help resolve conflict management, substantially. The paper provides some guidelines for better managing firms in the region by attaching on Islamic values for marketing products and preventing unethical methods in mislead customers.

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1. Introduction

During the past few years, there have been growing interests on executing Islamic rules for different companies such as banks, insurance companies, etc. (Hunt & Vitell, 1986; Ahmad, 2000; Ahmad, & Haron, 2002). Al-Khater and Naser (2003) discussed the importance of honoring ethical rules in organization to increase customers' trust and feeling towards firms. Dsuki and Abdollah (2006) investigated some important factors, which motivate customers to deal with Islamic banks specifically in a dual banking environment exists in some countries such as Malaysia. They also investigated some important factors associated with corporate social responsibility as a necessary element of potential customers' banking selection criteria. The study disclosed that the selection of Islamic banks is a combination of Islamic and financial reputation and quality service offered by the bank.

There are also other important factors including good social responsibility practices, convenience and product price. Wilson (1997) presented a comprehensive study on Islamic finance and ethical investment. Arslan (2001) discussed influencing moral issues affecting the success of business in

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different countries. Lund (2000) performed an empirical examination of marketing professionals' ethical behavior in differing situations. Ndubisi (2007) performed a comprehensive study on relationship marketing and customer loyalty.

Morgan and Hunt (1994) presented a comprehensive study on the relationship between the components of commitment and trust using theory of relationship marketing. Othman and Owen (2001) proposed a method for adopting and measuring customer service quality in Islamic banks. They investigated their studies for a case study in Kuwait finance house and analyzed their results. Porter and Kramer (2002) presented a detailed discussion on the competitive advantage of corporate philanthropy.

The organization of this paper investigates the impact of Islamic rules and regulation on other factors such as trust, loyalty, etc. The organization of this paper first presents details of the survey and sampling as well as definitions of hypotheses in section 2. Section 3 presents details of finding and finally concluding remarks are given in the last to summarize the contribution of the paper.

2. Research methodology

The empirical study of this paper has been implemented among the managers of 145 people of West Azarbaijan alimentary. In order to select statistical sample from community, classified random sampling has been used. Therefore, we could use the following formula to calculate the minimum number of sample size,

$$n = \frac{N \times z_{\alpha/2}^2 \times p \times q}{\varepsilon^2 \times (N - 1) + z_{\alpha/2}^2 \times p \times q}, \quad (1)$$

where N is the population size, $p=1-q$ represents the yes/no categories, $z_{\alpha/2}$ is CDF of normal distribution and finally ε is the error term. Since we have $p=0.5$, $z_{\alpha/2}=1.96$ and $N=145$, the number of sample size is calculated as $n=105$. In our sampling, first community has been divided into 14 towns and after calculating the shares of every town in sample, the determined number of statuses were selected from every class, through random simple sampling, which are shown on Table 1.

Table 1

Number of statistical community and sample by town division

Rank	Town Name	Number of Community	Number of Sample
1	Orumieh	55	40
2	Oshnavieh	3	2
3	Bukan	5	4
4	Piranshahr	4	3
5	Poldasht	1	1
6	Chalderan	1	1
7	Khoy	17	12
8	Sardast	8	6
9	Salmas	13	9
10	Shahindezh	3	2
11	Makoo	5	4
12	Mahabad	14	8
13	Miandoab	11	10
14	Naghadeh	5	3
Sum		145	105

For data gathering, there were two segment questionnaires. First segment includes relational marketing basics questions with 47 questions and second segment includes 13 questions of Islamic values have been arranged and have been used. Table 2 shows details of our questions and their titles.

Table 2

Relational marketing dimensions and number of related questions of every element in questionnaire

Dimensions of relational marketing basics	Elements	Number of questions	Sum of questions
Trust	Confidence	3	12
	Treat	3	
	Products Sale	4	
	Presence on Number & Mass	2	
Commitment	Services Presence	3	13
	Commitment to Duties	3	
	Meet Standards	3	
	Quality Improvement	4	
Relationships	Presence of Information	4	10
	Informing	3	
	Interfaces selection	3	
Conflict management	Responsivness	3	12
	Conflict Prevention	3	
	Ideas submission	3	
	False correction	3	
Sum of relational marketing basics questions			47

Cronbach Alpha (1951) method has been used for perpetuity calculation with SPSS software and it was 0.936 for relational marketing basics questions and was 0.921 for Islamic values questions. Value of this statistic states that first, questionnaire has high coherency second that it has high perpetuity. Cronbach Alpha was calculated as 0.936 for perpetuity of relational marketing basics questions. Cronbach Alpha is also calculated as 0.921 for Perpetuity of Islamic values questions.

2.1 Research Hypothesis

1. Islamic values are effective on the basics of relational marketing, which includes the following.
 - 1.1. Islamic values are effective on trust dimension of basics of relational marketing.
 - 1.2. Islamic values are effective on commitment dimension of basics of relational marketing.
 - 1.3. Islamic values are effective on communications dimension of basics of relational marketing.
 - 1.4. Islamic values are effective on conflict management dimension of basics of relational marketing.

3. Results

In order to analyze the collected data from questionnaires, we have used descriptive and deductive statistical methods. Table 3 shows detailed characteristics of the survey participants in terms of their gender.

Table 3

Gender specifications

Gender	men		women		sum	
	S	%	S	%	S	%
answers	95	90.5	10	9.5	105	100

Marital status	single		married		sum	
	S	%	S	%	S	%
	15	14.3	90	85.7	105	100

Table 4

Superabundance distribution and percentage of answered questions in terms of education, years of employment and age

Educations	High school		Diploma		After diploma		Master		Graduate & Phd		Sum	
	S	%	S	%	S	%	S	%	S	%	S	%
Answers	0	0	0	0	8	7.5	82	78.1	15	14.3	105	100

Year of employment	Under 5 years		5-10		11-15		16-20		More than 20		Sum	
	S	%	S	%	S	%	S	%	S	%	S	%
Answers	8	7.6	41	39	32	30.5	15	14.3	9	8.6	105	100

Age	Under 25		25-35		36-45		46-55		More than 55		Sum	
	S	%	S	%	S	%	S	%	S	%	S	%
Answers	0	0	42	40	35	33.3	24	22.9	4	3.8	105	100

Table 5 demonstrates details of our survey on six components of trust, commitment, communication, conflict in management, basics of relational marketing and Islamic values.

Table 5

Descriptive statistics of research variables

	Trust	Commitment	Communication	Conflict Management	Basics of Relational Marketing	Islamic values
Number	105	105	105	105	105	105
No Answer	0	0	0	0	0	0
Average	35.54	37.63	30.11	34.60	137.89	36.19
Median	37	38	31	36	140	35
Mod	45	43	34	34	156	35
Standard .D	6.743	7.411	7.101	8.135	26.306	7.696
Variant	45.462	54.928	50.429	66.185	692.006	59.233
Ranking	25	31	29	36	110	34
Min	20	21	11	12	69	18
Max	45	52	40	48	179	52

Based on the information of Table 5, the average of the sixth item, Islamic values, is 36.19 also average of basics of relational marketing, trust, commitment and conflict management are 137.89, 35.54, 11.63, 30.37, and 34.60, respectively. Table 6 shows details of Pearson's test (Norusis, 2004) to examine the correlation on basics of relational marketing and its dimensions. According to calculated information from Table 6, Pearson's test meaningfully level is 0.001 and $P=0.000$ for all of hypothesis at one scope meaningfully level. This is lower than minimum level of meaningfully i.e. 0.05. Calculated values for hypothesis numbers 1 to 1-4 are 0.650, 0.540, 0.570, 0.532 and 0.670, respectively. Therefore, these are higher than 0.174 critical value of Pearson's at confidential level of 0.95 and freedom grade of 104.

Table 6

Pearson's test for the determining of Islamic values correlation on basics of relational marketing and its dimensions

Hypothesis	Variable	N	Type of test	Sig(2-tailed)	Islamic values
1	Basics of Relational Marketing	105	Pearson's Correlation	0.000	0.650
1-1	Trust	105	Pearson's Correlation	0.000	0.540
1-2	Commitment	105	Pearson's Correlation	0.000	0.570
1-3	Communication	105	Pearson's Correlation	0.000	0.532
1-4	Conflict management	105	Pearson's Correlation	0.000	0.670

Therefore, there is a meaningful relation between Islamic values and basics of relational marketing and its four dimensions, which are trust, commitment, communications and conflict management in West Azarbaijan alimentary industries. In addition, for evaluation of effectiveness of independent variable on dependent variable of all hypothesis two variable regressions is used and the results are summarized in Table 7.

Table 7

Variant analyze of regression model of Islamic values on basics of relational marketing related hypothesis

Basics of relational marketing	R		R ²		Modified R ²		Standard Error	
	0.650		0.422		0.141		20.09074	
	Source of changes	Degree of freedom	Sum of Squares	Mean Squares	F	Confidence level	Meaningfully level	
	Regression	1	30393.915	30393.92	75.3	0.95	0.000	
	Remain	103	41574.713	96.080		Null hypothesis is rejected		
Total	104	71968.629	-					
Trust dimension of Basics of relational marketing	R		R ²		Modified R ²		Standard Error	
	0.540		0.292		0.285		5.70257	
	Source of changes	Degree of freedom	Sum of Squares	Mean Squares	F	Confidence level	Meaningfully level	
	Regression	1	1378.566	1378.66	42.4	0.95	0.000	
	Remain	103	3349.491	32.519		Null hypothesis is rejected		
Total	104	4728.057	-					
Commitment dimension of Basics of relational marketing	R		R ²		Modified R ²		Standard Error	
	0.570		0.325		0.319		6.11714	
	Source of changes	Degree of freedom	Sum of Squares	Mean Squares	F	Confidence level	Meaningfully level	
	Regression	1	1858.317	1858.32	49.7	0.95	0.000	
	Remain	103	3854.197	37.419		Null hypothesis is rejected		
Total	104	5712.514	-					
Communications dimension of Basics of relational marketing	R		R ²		Modified R ²		Standard Error	
	0.532		0.283		0.276		6.04386	
	Source of changes	Degree of freedom	Sum of Squares	Mean Squares	F	Confidence level	Meaningfully level	
	Regression	1	1482.220	1482.2	40.6	0.95	0.000	
	Remain	103	3762.409	36.528		Null hypothesis is rejected		
Total	104	5244.629	-					
Conflict management dimension of Basics of relational marketing	R		R ²		Modified R ²		Standard Error	
	0.670		0.449		0.444		6.06731	
	Source of changes	Degree of freedom	Sum of Squares	Mean Squares	F	Confidence level	Meaningfully level	
	Regression	1	3091.543	3091.54	84	0.95	0.000	
	Remain	103	3791.657	36.812		Null hypothesis is rejected		
Total	104	6883.200	-					

Based on captured information from Table 7, meaningfully level of regression test is $P=0.000$. It can be claimed that mentioned test in meaningful at 95% confidence level. Therefore, we can reject the null hypothesis in favor of H1. Based on the results, we can concludes that 42 percent of basics of relational marketing changes are affected by Islamic values changes and respectively 29,32,28,44 % of Islamic values are affected by changes through trust, commitment, relationships and conflict management which are basics of relational marketing. Table 8 shows details of our regression analysis between different independent and dependent variables.

Table 8

Coefficients of Islamic values hypothesis on basics of relational marketing and its dimensions

Islamic values and effects on basics of relational marketing	Variable Name	slope	t-student	P-value	Null Hypothesis	Mathematic formula
Islamic values and effects on basics of relational marketing	Width from origin	57.498	6.072	0.000	Reject	$Y=57.498+2.221X$
	Islamic values	2.221	8.678	0.000	Reject	
Islamic values and effects on trust dimension of basics of relational marketing	Width from origin	18.423	6.854	0.000	Reject	$Y=18.423+0.473X$
	Islamic values	0.473	8.511	0.000	Reject	
Islamic values and effects on commitment dimension of basics of relational marketing	Width from origin	17.751	6.157	0.000	Reject	$Y=17.751+0.549X$
	Islamic values	0.549	7.047	0.000	Reject	
Islamic values and effects on communication dimension of basics of relational marketing	Width from origin	12.362	4.340	0.000	Reject	$Y=12.362+0.491X$
	Islamic values	0.491	6.370	0.000	Reject	
Islamic values and effects on conflict management dimension of basics of relational marketing	Width from origin	8.962	3.134	0.000	Reject	$Y=8.962+0.708X$
	Islamic values	0.708	9.164	0.000	Reject	
	Life overall atmosphere	1.109	0294	0.000	Reject	

So it can be concluded that a one percents increase in independent variable, Islamic values, will generate an increase of 2.221 times on West Azarbaijan alimentary industries' value. In addition, one unit increase of Islamic values as independent variable will result to an increase of 0.473 times on trust dimension value, 0.549 times increase on commitment value, 0.491 on communications and 0.708 on conflict management value.

3.1 Suggestions

In order to reinforcement of Islamic values concern with relational marketing basics on West Azarbaijan alimentary industries we may use different suggestions. There is no doubt that establishing effective relationship with costumers based on Islamic values could be achieved by encouraging employees on reading books or participating in appropriate conferences. The hiring must be accomplished based on Islamic rules as well as people's educations and company's requirement. The firm must maintain strong commitment to meet customers' needs. The promotion plans must be based on Islamic rules and customers must be satisfied on what they buy from the company. The firms must prevent of using misleading advertisement and any abusing system. Firms must take care of the feedbacks customers send back to firms in an attempt to improve the quality and reliability of

the products. Marketing development needs to be on Islamic rules, which includes ongoing relationships with customers, detecting customers' need and informing them about the new products and maintaining on time services. Pricing is another issue associated with the product and it must be according to product characteristics. Firms do not have to charge for low quality products, they do not have to mislead customers to purchase products; they do not have discriminate customers. Quality is a priority according to Islamic rules and firms must comply with highest levels of quality. Customer relationship management must also be based on Islamic rules, employees need to have outstanding relationship with their customers according to Islamic rules and regulation and customers must be treated with respect.

4. Conclusions

In this paper, we have presented an empirical study to investigate the relationship between Islamic values and marketing affairs in the field of alimentary industries of West Azarbaijan province, Iran. The proposed study designed a questionnaire and distributed among 105 managers out of 145 ones and analyzed the data using different statistical methods. The preliminary results indicated that Islamic values significantly influence trust, commitment and communication among members of business units and it could help resolve conflict management, substantially. The paper provided some guidelines for better managing firms in the region by attaching on Islamic values for marketing products and preventing unethical methods in mislead customers.

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