



# Green Marketing: The Disclosure of Sharia Values Through the Internalization of Service Marketing Mix Practices

Nur Asnawi<sup>1</sup>; Nina Dwi Setyaningsih<sup>2</sup>

<sup>1</sup>Management Department, Faculty of Economics, Universitas Islam Negeri Maulana Malik Ibrahim Malang 65144, Indonesia

<sup>2</sup>Accounting Department, Faculty of Economics, Universitas Islam Negeri Maulana Malik Ibrahim Malang 65144, Indonesia

\*Corresponding author E-mail: [nurasnawi9@gmail.com](mailto:nurasnawi9@gmail.com); [Shirlytania89@yahoo.com](mailto:Shirlytania89@yahoo.com)

## Abstract

This study is aimed at determining the acculturation or internalization of sharia values occurring in Bank Muamalat Indonesia (BMI) and their implications upon the marketing strategy in the bank. This research is conducted using qualitative approach, revealing deeply about the cultural values of sharia in Bank Muamalat Indonesia. Depth interview with key informants and direct observation of the object, the obtained findings: 1) the corporate values of Sharia in BMI is known as Celestial Management Model, 2) the application of Interactive Marketing Strategy consists of internal, external and interactive marketing based on the values of sharia.

**Keywords:** cultural, values of Sharia, marketing, internalization, islamic banking, Bank Muamalat Indonesia

## 1. Introduction

The commitment to employ sharia values in the practices of Islamic banking in Indonesia is inevitably conducted (Gayatri and Chew, 2013; Othman and Owen, 2001), including the implementation of marketing tools known as the marketing mix in the context of financial services. According to Kotler (2000), the company's success is inseparable from marketing tools known as the marketing mix 4P (product, price, promotion, place) and 3P (people, physical evidence, process) which is also called the celestial management emphasizing on the management of employee efforts which not only rely on the aspects of accountability, efficiency, effectiveness, integrity, responsibility, and transparency but also the deep value for devotion to God through belief that doing the best for the company is the key into the eternity towards His-ridha (Allah SWT) (Amien, 2004). Even, marketing mix that had been proposed by the experts of modern marketing is strengthened by values and ethics in accordance with the rules of Islam (Shuhaimi and Osman, 2012).

On the other hand, a study conducted by experts of modern marketing has not touched the aspects of sharia (Kartajaya and Sula, 2006). Researchers in the marketing of Islamic banking has recently been researching on the quality of services (see Jabnoun and Khalifa, 2005; Taap et al, 2011), preferences and criteria of consumers in choose Islamic bank (Ahmad et al, 2011; Clouds and Bukhari, 2011). Only few marketing experts did specifically study research on Islamic marketing (Hassan, et al, 2008), where as the study of marketing in the perspective of Islam is able to find the framework of the strong values and ethics in the practices of marketing (Ishak and Abdullah, 2012). According to Alom and Haque (2011), Islam has a broad view on the values, culture and universality that can be accepted and respected in the marketing practices.

The importance Islamic marketing is applied for the developing life styles currently are hedonistic and consumerist that lead society to the separation of transcendental normative values with worldliness. To anticipate the issues on marketing practices that tend to separate normative values (Islamic law or sharia), it is very necessary to cultivate the sharia values. On the other hand, management support is necessary to keep the value of sharia in the principals of marketing (Abdullah, 2006). Government support in terms of regulation allows Islamic financial institutions able to create innovative products according to Islamic principles. Products must meet the rules of Islamic banks in the Qur'an, Sunnah and Sharia principles (Haque et al, 2010). The population of Muslim in Indonesia is a potential market to build economy based on Islamic sharia that emphasizes religious commitment as an important factor forming beliefs, knowledge and attitudes to adopt a new product (Rehman, 2010).

The practical implications of the study was able to reveal the system of Islamic banking operation in the context of the internalization of sharia value on the product that is issued, pricing policy, promotion strategy undertaken, the feasibility of place, physical evidence shown, process done, and the quality of people who are able to understand sharia values.

## 2. Research Method

This research is a field research about the civilization ofsharia values in marketing and its implications on the marketing strategy in Bank Muamalat Indonesia (BMI). In order to ease the identification, data collection, deep interview and data validity verification, the researcher decided to explore data in BMI Malang city chapter. BMI is chosen because it is the only first Islamic bank in Indonesia with a pure



Islamic principles, the Islamic banks that have strong enough branding, international award-winner of Sharia Quality rating 'AA' from the Islamic International Rating Agency (IIRA) Bahrain. This study used qualitative approach to uncover the diverse social reality by direct phenomena observation and deep natural interviews (BMI employees) or known as ethnography (Malhotra and Peterson, 2001). Data Extraction used trusted informants (marketing division, front office, back office).

### 3. Result and Discussions

This research seeks to discuss the implementation of marketing strategies within the context of Islamic banking services that comprise three important aspects: first, the model of interactive marketing at the corporate value of BMI within the framework of integrated marketing strategy; second, the disclosure of sharia values internalization (marketing mix) which includes product, price, promotion, place, physical evidence, process and people; third, integrated marketing strategy in BMI.

#### 3.1. Corporate values of sharia in bmi

The civilization Sharia values in Bank Muamalat Indonesia (BMI) is reflected in its vision and mission translated into celestial management comprising of three major philosophies: Muamalat as a place of worship, a place of warfare, and place of wealth. The philosophy of the above vertical management in the view of cultural theory of Evolutionistic (Syria, 2007) is a code of conduct of the founders of Bank Muamalat reflecting Islamic values in the implementation. BMI internal code of conduct that reflects Sharia values is implemented in three words: ZIKR, MIKR, and ICRS. ZIKR is means Zero Base, Faith (Iman), Consistent, Result Oriented), MIKR does Militant, Intellect, Competitive, Regenerative), while ICRS goes to Power Sharing, Information, Knowledge and Rewards).

#### 3.2. The internalization of sharia values on marketing mix

The corporate value of BMI does not stand alone, but it is also accompanied by the familiarization of marketing strategy through Sharia values (marketing mix)

Sharia values on the product

BMI product consists of collecting and financing products. It holds two principles in creating the product, wadi'ah (surrogations) and mudarabah (savings). Products developed emphasizes on the beneficial aspects of transactions conducted and accompanied by prudential aspects of banking realized in the form of market research before processing finance. It channel the main funds to the productive sectors that do not have a negative impact on society and with partnership principle which emphasizes on the transparency aspects in the transaction. It does not do financing on businesses which are makruh and haram.

#### 3.3. Sharia values in the price

In setting the price of Bank Muamalat, it has at least two goals, financial performance and product positioning. According to Kashmir (2008), the purpose of pricing is to survive, to maximize profit, expand market share, to maintain the quality of products and competitors. The prices set, in addition to referring to the profit aspect, also refers to the development of products image by always considering the aspects of the regulations set by the regulator, Bank Indonesia. Pricing applied to the profit sharing system is intended to avoid usury aspects of the transaction. This profit sharing system is the main image of transactions in the banking that implement sharia system. BMI, in setting price, is determined by the bargaining parties to a transaction within the limits set by Bank Indonesia as the regulator of the monetary sector. The model of bargaining parties doing transaction shows aspect of knowing what happened to one another. BMI Customers will feel the satisfaction from real performance they set for themselves.

#### 3.4. Sharia values in the place (distribution).

The term distribution within services tends to a place or location which often cause the success of the service offer, because it is closely related to the company's market target. Place, for BMI, is a medium to disseminate the values of sharia in doing business. The realization of the sharia value investment such as exterior and interior design of physical facilities of BMI shows the characteristics of services rendered. The rooms where customers make transaction are decorated with religious messages intended to persuade customers to behave in accordance with the sharia in business. The developed distribution strategy, when viewed from the aspect of the sharia, is implicitly explained in the holy Qur'an QS An Nahl (68-69), which shows that when humans want to make business expansion, they are given the signal to open the business partners or cooperation with other agencies in order to develop the enterprise for the sake of the realization and continuity of the business.

#### 3.5. Sharia values in promotion

BMI uses three channel models; supporting, expert, and social channels. Supporting Channels are salespeople who meet clients or potential clients to offer the products. Expert channels are realized with seminars that explain the business model based on the sharia system by forming a Da'i Muamalat community (DM) as a resource person. Social channels carried by inviting customers to convey the experience to others about the great value of the Bank with Shariah system (Positive Word of Mouth Communication). In doing promotions, BMI uses a model of qawlan balighan and qawlan karima which emphasizes the bank's internal communication with the correct spoken word, clear, and realistic.

#### 3.6. Sharia values on people.

The concept of celestial management provides direction for employees to carry out tasks on the basis of worship. Professionalism is formed not only refers to the superior ratings, but Allah's rating is the main goal. The impact, when servicing the customers, employees of BMI always puts the value held by the institution during either working in the office or afterwards.

### 3.7. Sharia values on physical evidence

BMI shows sharia values in the context of physical evidence through the behavior of employees that corresponds to the value of sharia either ethically or symbolically. For example, the way to dress exemplifies an institution that adheres to the Islamic values. The clothing design of employees who deals directly with customers is adjusted to the image of Islam. The implementation of sharia values in the aspects of life as evidence to customers can be seen in the behavior of carrying out group prayers, paying zakat as much as 2.5% of the earned income each month, the positioning of the bathrooms that is not facing the Qibla direction in order to demonstrate to customers on ethics applied BMI with regard to the physical nature of tangible evidence.

### 3.8. Sharia values on process

Process in the service performed by BMI is based on the values of sharia by giving the same treatment to all customers. The philosophy espoused is as implied in the vision and mission which are divided into three major philosophy; ZIKR, PIKR and MIKR. In providing services to customers, the values of justice is embodied by not distinguishing customers. The concept of zero base where there is no intention to behave *su'udhan* (bad thought) in viewing others. The model of prioritizing customers as applied in the conventional banks is also applies to BMI, but the difference lies on the flexibility of bargaining transaction prices and services performed. BMI has the principle that all customers are partners who have the same right to receive services, and are identified by their adherence to the implementation of the teachings of Allah (taqwa), as Allah's verse in Surah Al-Hujurat 106. So with the perfection of the soul possessed in activity, they always obeyed all the principles or Standard Operating Procedure (SOP) that apply.

### 3.9. Integrated marketing strategy on bmi

Marketing strategy of BMI is an integrated interactive marketing strategy. Interactive is the quality of service or service which depends on the quality of the interaction between the seller and the buyer as long as services rendered. Interactive marketing is committed through direct interaction between companies that make direct contact with customers. While the meaning of integrated is a combination of internal concerning 3P (Process, Physical Evidence and People) and external which comprises 4P (Product, Price, Promotion and Place) which are together conducted during marketing services (Fig 1).

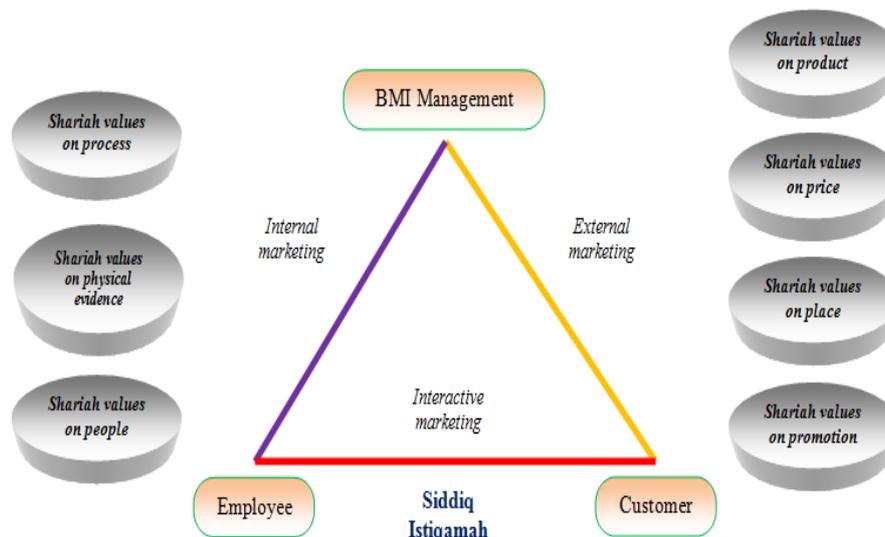


Fig 1: Interactive Marketing Strategy on BMI. Source: Bank Muamalat Indonesia (BMI) (2008)

Internal marketing in BMI emphasizes on all individuals in the company through training, motivating, and bringing awareness to familiarize employees to live based on the values of sharia both inside and outside of work. The values of *siddiq*, *amanah*, *fatanah*, and *tabligh* are the basic values that are owned by stakeholders of the ideas to be imparted to all employees and served as common values in serving customers. The process of teaching these values has been conducted since the beginning of the recruitment of prospective employees to facilitate the imparting of the visions, missions and objectives of the company that carries the values of sharia in the implementation of muamalat.

In relation to external marketing, the decision of BMI in diversification strategy of product mix that refers to a product line owned is a product with the principles of *wadi'ah* and *mudharabah*, both funding and landing. The results of product line innovation include: 1) fund raising products, which are savings *shar'e*, *ummah*, pilgrimage, Junior Education, Deposits, Current Accounts, Pension Fund (Financial Institutions Pension Fund); 2) financing products such as *Murabaha*, *Mudharabah*, *Musharakah*; and 3) services, which are the fee base income that are still in the planning stages, but are already implemented in BMI central Jakarta. Product mix specifies the type of products that comply with sharia values as well as the approval of the National Council of Sharia. On financing products, the depth of product mix in the form of buying-selling concept that refers to the values of the Koran (Qur'an, al-Nisa': 29).

The pricing strategy in BMI refers to the pricing system of sharia (not interest rate), using the model of sharing profit with bargaining system in determining the price. BMI distribution strategy is establishing a service to customers. The principle that the place of service also serves as a place to devote to Allah causes BMI office shows a place in accordance with the rules of sharia. Besides, distribution strategy, in order to reach a wider public, is undertaken without having to make a physical asset investment, making strategic relationships through partnerships with institutions that have a wide network. Indonesia Post Office which has offices located throughout the country has been selected as a partner in marketing one of products of BMI.

Promotion strategies undertaken by BMI through familiarization of syariah values is reflected in the media and models of promotion used. BMI does not place their ads on events that do not contain Islamic values. Sponsorship is given at events that contain the values of education and dakwah. The communication built by BMI is based on the principle of qawlan balighan and qawlan Kariman.

The civilization of sharia values on internal marketing brings individual behavior which agrees with sharia values in both performing work and doing everyday life. Such behavior is in line with the external marketing components consisting of product, price, place and promotion which agree with the sharia values. It is the realization of interactive marketing where customers feel the fit between offer and the attitude or the behavior of employees which is based on the values of sharia.

#### 4. Conclusion and Further Research

The familiarization of Sharia values in BMI marketing strategy is based on the cultivation of the belief that life is devotion to Almighty God. Sharia values-based behavior is manifested in both behavior of individuals within the company and marketing strategies. It is organizationally formed a management model applied by BMI known as celestial management. In celestial management, organization serves as a place of worship (a place of service), place of wealth (a place to create wealth and prosperity), and the place of warfare (a place of battlefronts). The basic paradigm is to teach the principles to all individuals within an organization that life is part of devotion to Almighty God. The realization of that attitude is reflected in the values of Ilahiyyah grounded in the company ZIKR, ICRS, and MIKR, as a guide, direction of corporate strategy for the entire organization members in carrying out their work. The findings of this research still need to be developed in the context of organizational culture in the other banks that also apply Sharia system, for example in the context of Bank Syariah Mandiri, BNI Syariah, BTN Syariah, BRI Syariah, or even in the context of the Bank Perkreditan Rakyat (rural banks) Syariah and Baitul Maal Wat-tamwil (Islamic rural banks) which certainly have different values, cultures, visions and missions.

#### References

- [1] Abdullah, Burhanuddin. 2006. *Budaya Kerja Perbankan, Jalan Lurus Menuju Integritas*, LP3ES Jakarta
- [2] Ahmad, K., Rustam, G. A and Dent, M. M. (2011), "Brand preference in Islamic banking", *Journal of Islamic Marketing*, Vol. 2 No. 1, 2011, pp. 74-82
- [3] Alom, M. M and Haque, M. S. (2011), "Marketing: An Islamic Perspective", *World Journal of Social Sciences*, Vol. 1. No. 3. July. Pp. 71-81
- [4] Amien, A. Riawan, 2006. *The Celestial Management*, Senayan Abadi Publishing Jakarta
- [5] Awan, H. M. and Bukhari, K. S. (2011), "Customer's criteria for selecting an Islamic bank: evidence from Pakistan", *Journal of Islamic Marketing*, Vol. 2 No. 1, pp. 14-27
- [6] Gayatri, G. and Chew, J. (2013), "How do Muslim consumers perceive service quality?", *Asia Pacific Journal of Marketing and Logistics*, Vol. 25 No. 3, pp. 472-490
- [7] Haque, A., Ahmed, K and Jahan, S. I. (2010), "Shariah observation: advertising practices of Bank Muamalat in Malaysia", *Journal of Islamic Marketing*, Vol. 1 No. 1, pp. 70-77
- [8] Ishak, Mohd. Shuhaimi Bin Haji and Osman Chuah Abdullah. (2012), "Islamic Perspective on Marketing Mix", *European Journal of Scientific Research*, Vol.77 No.2, pp.214-220
- [9] Jabnoun, Naceur and Azaddin Khalifa. (2005), "A customized measure of service quality in the UAE", *Managing Service Quality*, Vol. 15 No. 4, pp. 374-388
- [10] Kartajaya, Hermawan dan Muhammad Syakir Sula, 2006. *Syariah Marketing*. Cetakan II, PT. Mizan Pustaka, Bandung
- [11] Kasmir, 2008. *Pemasaran Bank (Edisi Revisi)*, Prenada Media Group Jakarta
- [12] Kotler, Philip., 2000, *Marketing Management Millenium Edition, Tenth Edition*, by Prentice-Hall, Inc. A Pearson Education Company Upper Saddle River, New Jersey 07458
- [13] Malhotra, Naresh K. and Mark Peterson, (2001), "Marketing research in the new millennium: emerging issues and trends", *Marketing Intelligence & Planning*, Vol. 19 Iss: 4 pp. 216 – 232
- [14] Othman, A and Owen, L. (2001), "Adopting and measuring customer service quality (SQ) in Islamic banks: a case study in Kuwait Finance House", *International Journal of Islamic Financial Services*, 3 (4), pp. 1-12
- [15] Parasuraman, A., Zeithaml, V. and Berry, L.L., (1988). "SERVQUAL: a multiple-item scale for measuring consumer perceptions of service quality", *Journal of Retailing*, Vol. 64, Spring, pp. 12-40.
- [16] Quran In MS-Word Ver 1.2.0 With multiple language, (c) 2005/Ramadhan 1426. MohamadTaufiq. All rights reserved. moh.taufiq@gmail.com, yahoo messenger id: mtaufiq.rm, <http://www.geocities.com/mtaufiq.rm/quran.html>
- [17] Rehman, Ateeq-ur-, (2010), "The relationship between religiosity and new product adoption", *Journal of Islamic Marketing*, Vol. 1 No. 1, pp. 63-69
- [18] Samad, Abdus. (2009), "Market Analysis from an Islamic Perspective and the Contribution of Muslim Scholars", *Journal of Islamic Economics, Banking and Finance*
- [19] Syam, Nur. 2007, *Madzhab–Madzhab Antropologi*, LKIS Yogyakarta
- [20] Taap, Manshor Amat, Siong Choy Chong, Mukesh Kumar and Tat Kee Fong, (2011), "Measuring service quality of conventional and Islamic banks: a comparative analysis", *International Journal of Quality & Reliability Management*, Vol. 28 Iss: 8 pp. 822–840