



The Mediating Role of Organisational Competence on the Relationship Between Tangible, Assurance and Customer Satisfaction in Amanah Ikhtiar Malaysia (AIM) – A SERVQUAL-RBV Perspective

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ABSTRACT - In a competitive microfinance industry, sustainability relies on high-quality services and organisational competence. Amanah Ikhtiar Malaysia (AIM), a leading microfinance institution, faces challenges in maintaining customer satisfaction amid changing dynamics and specific client needs. In light of these challenges, this study fills a gap by examining the direct effects of tangible and assurance on customer satisfaction and organisational competence. It also explores the mediating role of organisational competence in the relationship between Service Quality (SERVQUAL) dimensions and customer satisfaction. This paper analyses measurement scale reliability and validity, along with descriptive statistics and Ordered Probit Regression, using data from 384 AIM respondents. The results demonstrate that organisational competence partially mediates the relationship between customer satisfaction and SERVQUAL, specifically tangible and assurance. Both tangible and assurance significantly influence customer satisfaction and are mediated by organisational competence. These results provide an exploratory dimension to the Resource-Based View (RBV) on organisational competence, which mediates the indirect relationship between tangible, assurance, and customer satisfaction. In addition, these findings imply the need to continue investing in organisational competence and superior client service operations to increase customer satisfaction and retention rates in the microfinance context.

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INTRODUCTION

Microfinance in Malaysia has become an important institution for helping communities in poverty. Malaysia has been recognised as a developing nation undergoing rapid socioeconomic transition. The country has made significant progress in economic growth and poverty reduction over the past few decades (Wan Abdullah et al., 2024). One of the largest microfinance institutions in Malaysia, Amanah Ikhtiar Malaysia (AIM), offers microcredit facilities to women in low-income households. This initiative enables them to finance income-generating activities and improve their living standards. Furthermore, customer satisfaction is a crucial indicator for microfinance sectors such as AIM, which serves vulnerable communities. It is also essential for AIM's sustainability.

Notably, AIM prioritises customer satisfaction to maintain long-term relationships and loyalty, as losing a client is a significant concern. In addition, AIM uses satisfaction measurements to understand client perspectives through reviews, comments, and recommendations.

In the current microfinance competitive environment, the most critical predictor of performance is customer satisfaction. Accordingly, AIM nurtures its members' trust and builds relationships with them over time through the level of service it provides. It also considers itself to be a non-profit organisation that addresses complex and urgent needs, rather than a simple intermediary for business or cash flow. Concurrently, AIM represents a binding social purpose to support economically disadvantaged communities with ethical financial provision, human development programs, and sustainable livelihood initiatives. The problem underlying this study is the challenges AIM faces in its service operations, particularly in loan repayment and the utilisation of funding resources, as identified by recent studies (Mustapa et al., 2018; Wan Abdullah et al., 2024). Remarkably, the result is inconsistent service touchpoints, with delayed services and a lack of support contributing to reduced customer satisfaction. Likewise, empirical evidence in AIM's Client Satisfaction Report released in 2021 identified that AIM services, such as the mandatory weekly Central Meeting (CM), were not beneficial to AIM clients. Correspondingly, they were viewed as a burden rather than a benefit, citing a lack of meaningful content and stagnant routine activities. Thus, the integration of Service Quality (SERVQUAL) and Resource-Based View (RBV) theory is used to develop a comprehensive perspective on institutional success. The SERVQUAL model is a comprehensive framework for evaluating external service aspects from a client-centric perspective (Parasuraman et al., 1988). Conversely, the RBV theory focuses on an organisation's ability to create competitive benefits from its internal resources, such as human capital (Barney, 1991).

Hence, by combining SERVQUAL and RBV theory, this paper seeks to establish the relationship between perceived SERVQUAL and institutional competency from a resource-based perspective. Additionally, this theory seeks to establish that the quality components of services, such as tangible and assurance, are used to build the institution's competencies to impact long-term customer satisfaction. Despite previous studies assessing the relationship between SERVQUAL and satisfaction (Parasuraman et al., 1988; Zouari & Abdelhedi, 2021), there is limited research on the mediating role of internal organisational capabilities in the RBV between customer satisfaction and SERVQUAL (Alzaydi, 2024).

This study specifically identifies organisational competence as the mediating variable in the microfinance context, as it is a capability-based resource that is socially complex and deeply embedded in the institution's culture (Barney, 1991). Although RBV encompasses various resources, organisational competence was selected since microfinance is inherently a high-touch, service-oriented sector where success depends more on human and relational capital within the organisation than on physical assets (Ahamad et al., 2023). Hence, supported by the RBV theory, this study argues that organisational competence, such as staff expertise with community involvement, creates true client value. Therefore, organisational competence is the most suitable mediator in explaining how AIM converts SERVQUAL into client satisfaction.

However, while many past studies focus on the direct relationships between SERVQUAL dimensions and customer satisfaction, there remains a theoretical gap regarding how internal processes facilitate these relationships. For example, most past studies have only indicated that SERVQUAL enhances customer satisfaction, without examining how internal organisational competence can mediate and augment this relationship (Alzaydi, 2024). In line with this, the RBV theory suggests that internal resources are essential for gaining an edge in the organisation. Nevertheless, there has been little integration of RBV theory and SERVQUAL models in explaining the role of internal organisational competencies. In that sense, this study aims to fill the gap by introducing organisational competence as a mediating variable that links SERVQUAL dimensions to customer satisfaction. Following this, organisational competence is the combination of organisational competencies, skills, and knowledge that enables an organisation to succeed and

adapt to its environment by leveraging resources, processes, and individual employees' capabilities. Correspondingly, the study examines how the organisation's internal strengths can translate into service delivery and customer satisfaction by adding RBV theoretical steps as a mediator in the relationship.

Moreover, customer satisfaction is crucial for institutions and organisations due to competition, clients' behaviour, and unpredictable demand (Vencataya et al., 2019). In this situation, AIM must identify the factors and variables that influence satisfaction to gain a deeper understanding. As such, the purpose of this paper is to ascertain and analyse the relationships and antecedent influences of the dimensions of tangible and assurance, and their effects on organisational competence and customer satisfaction. Accordingly, this study examines the impact of SERVQUAL, particularly tangible and assurance, on customer satisfaction, directly and indirectly, through the mediating effect of organisational competence. As such, the objectives of this study are as follows: (1) to investigate the impact of tangible and assurance on customer satisfaction; (2) to analyse the relationship between tangible and assurance and organisational competence in AIM; (3) to investigate organisational competence as a mediating factor of tangible and assurance in the relationship with customer satisfaction.

The subsequent section of this study is organised as follows: the literature review and hypothesis development, followed by the methodology. The upcoming sections cover the results, provide thorough analysis, discuss the results, and finally present a conclusion.

LITERATURE REVIEW

Service quality dimensions

Numerous studies on service indicators in institutions focusing on customer satisfaction have examined SERVQUAL. To objectively evaluate service quality, the SERVQUAL instrument was introduced (Kang & James, 2004). An empirical study by Parasuraman et al. (1985) examined organisational challenges in delivering exceptional SERVQUAL from the consumer perspective and expectations. Notably, quality is considered satisfactory if the service meets or exceeds expectations. Otherwise, it is considered inadequate. The primary concept behind the SERVQUAL dimensions is to assess overall SERVQUAL by examining any discrepancies between what clients believe constitutes SERVQUAL and what they expect to receive. Meanwhile, a service is considered low-quality when the client's expectations are not met, as reflected in their evaluation of the organisation's SERVQUAL, and high-quality when the client's expectations are met, as reflected in their assessment of the organisation's SERVQUAL.

Furthermore, SERVQUAL can be defined as corporate (image), interaction, and physical quality (Lehtinen & Lehtinen, 1982). Gronroos (1982) elucidated that the technical quality of the outcome, the corporate image, and the functional aspect of the service interaction can all be utilised to evaluate the concept of SERVQUAL. This finding led to the development of the SERVQUAL model, claiming that SERVQUAL has two components: functional (process) and technical (outcome) (Parasuraman et al., 1985). Correspondingly, the introduction of the SERVQUAL model laid the groundwork for Parasuraman et al.'s (1988) further development of the SERVQUAL concept into five dimensions. In particular, this study examines two out of five dimensions of SERVQUAL namely tangible and assurance, which were selected for this study since they have been consistently recognised as significant indicators of customer satisfaction in service sectors, including microfinance (Parasuraman et al., 1988; Nyabundi et al., 2021; Rao et al., 2025).

This study focuses on examining only two of the five SERVQUAL dimensions, namely tangible and assurance. The unique nature of microfinance makes physical facilities and professional, knowledgeable staff vital for building trust with microfinance clients in a risky financial environment (Wang et al., 2024). Assurance, such as empathy and responsiveness, involves staff behaviour, though it is uniquely defined by factors that are subject to organisational-

level investment, unlike reliability, responsiveness, and empathy, which are subject to individual staff discretion in real time rather than organisational competency. By emphasizing tangible and assurance dimensions, this study uses RBV theory to assess how organisational competence drives customer satisfaction. These two dimensions are prioritised because they serve as strategic assets at the institutional level rather than at the individual level and are established drivers of satisfaction in the microfinance and broader services sectors (Parasuraman et al., 1988; Nyabundi et al., 2021; Rao et al., 2025). In this regard, tangible is defined by Parasuraman et al. (1988) as the physical attributes of buildings, machinery, staff, and communication methods. This includes the condition of the equipment, the facility's aesthetics and sanitation, and the presentation of the service personnel (Sharma et al., 2024). In the context of AIM, this encompasses the overall appearance and maintenance of AIM's branch offices, the tidiness and professionalism of personnel presentation, and the resources utilised during outreach initiatives and CMs. For example, maintaining facilities and professionally dressed staff can build trust among SAHABAT members. Other tangible aspects include brochures, loan documents, and complaint forms, demonstrating AIM's commitment to transparency and professionalism.

Additionally, employee competence, courtesy, and the ability to build trust and confidence are all included in assurance (Parasuraman et al., 1988). Consumer issues and concerns regarding the type of service they receive are reduced by the assurance dimension's assurance of safety and security. It is a guarantee or promise that people will benefit from consuming services that align with their preferences without causing harm (Fida et al., 2020). Within the context of AIM, assurance refers to staff being able to communicate clearly, competently manage finances, and have empathy with client concerns. Following this, assurance is especially critical in AIM, as many consumers are from vulnerable backgrounds and rely heavily on the institution for guidance and support. For instance, demonstrating strong comprehension of the products and respectfully verbalizing during meetings while collecting funds can help reassure clients.

Organisational competence

Competence was described by Spencer and Spencer (1993) as a person's efficiency at a job, demonstrated by their attitudes, behaviours, and thoughts. Before being extended to business and marketing contexts, the concept of competence was initially introduced in social psychology research (Aaker et al., 2010; Tammubua & Surapto, 2021). In organisational behaviour, competent individuals refer to those who have effectively conducted their duties (Cuddy et al., 2007). Interestingly, competence has a substantial positive influence on individual performance, as an individual's capacity to fulfil their obligations and responsibilities affects their performance (Tenreng, 2016). According to a study conducted by Cuddy et al. (2007), talented individuals are those who have effectively and efficiently executed their duties. As a result, organisational competence is determined by the organisation's effectiveness, or by how well its employees behave and perform within it.

Under the RBV, an organisation can be conceptualised as an aggregation of physical, human, and organisational resources (Barney, 1991). Specifically in the context of cooperative-type microfinance organisations such as AIM, these resources are characterised by a unique collective dimension. Unlike other organisations that pursue economic goals, the competitive advantage or organisational competency of a microfinance organisation lies in its ability to leverage social capital as a key resource. It is characterised by a unique synergy between employees' competence and the community of borrowers (Mustapa et al., 2018).

Notably, in the RBV framework, an entity's human resources and other organisational capabilities play a significant role in creating its distinctive characteristics and achieving competitive advantage (Assensoh-Kodua, 2019). In the AIM setting, which involves a cooperative environment, the source of competitive advantage lies in socially complex entity resources that cannot be easily imitated by other commercial banks. Hence, to determine the ability of cooperative entities to achieve sustainable competitive advantage, the RBV theory assesses the

synergy of institutional resources with their clients (Madhani, 2009). Organisational competencies are defined as the knowledge, abilities, and professionalism required to provide superior services (Harahap et al., 2020). When staff are appropriately trained and empowered by feasible structures and resources, they are more likely to provide services that reflect both material characteristics, such as a clean environment, professional appearance, and assurance, including confidence, courtesy, and reliability. In line with this, SERVQUAL is related to internal capabilities, which enable an organisation to consistently deliver value to clients. In essence, the company's capacity to use its resources to improve the organisation's performance in the financial sector under the RBV theory is known as an organisational competence.

Customer satisfaction

The way clients perceive a service or product after using it is called customer satisfaction. This evaluation measures customer satisfaction regarding the organisation's products, services, and overall skills (Chaw et al., 2024). Consumer satisfaction is a vital factor for achieving sustained economic success over the long term (Zeithaml et al., 1996). This suggests that firms can achieve consumer satisfaction only when their performance surpasses expectations (Fida et al., 2020). For instance, Yi et al. (2021) defined customer satisfaction as the assessment of the quality of a good or service after the purchase. At the same time, customer satisfaction refers to the sense of fulfilment a client experiences after using goods, services, or experiences (Albayrak et al., 2010). A multitude of studies have examined the importance of consumer satisfaction or dissatisfaction to a company's success or failure. As a result, both the company's expectations and the expectations of its clients may be equally significant (Jumaev et al., 2012).

Notably, in many different product and service areas, a significant relationship exists between client retention and overall satisfaction. Customer satisfaction influences repurchase behaviour, as evidenced by the marginal increase in the functional form linking satisfaction to repurchase (Mittal & Kamakura, 2001). It also helps businesses understand what their clients expect. Furthermore, protecting clients' happiness is a core concern for financial organisations. Financial clients' protection helps ensure that financial institutions treat their clients fairly, provide excellent service, and listen to their concerns and complaints (Chow & Ho, 2025). Clients are satisfied when they feel that financial institutions have appropriate policies in place to maintain the security and fairness of their financial transactions. Hence, customer satisfaction is directly influenced by employee-client interaction, a crucial internal organisational capability.

Given the importance of customer satisfaction and its association with other factors, a satisfied client serves as an essential indicator and measure for businesses seeking to enhance their endeavours. Companies and organisations strive to achieve high customer satisfaction, especially those that build ongoing relationships with their clients to gain a competitive advantage (Fida et al., 2020). To enhance customer satisfaction, businesses must assess the quality of services delivered by their organisations. Delivering high-quality services is considered a crucial component in assessing customer satisfaction and the potential future partnership between the business and its clients (Zouari & Abdelhedi, 2021). Moreover, to ensure high-quality service offerings, management must clearly define SERVQUAL and identify the most reliable evaluation method. By identifying organisational competencies and SERVQUAL components, financial firms can significantly enhance customer satisfaction.

HYPOTHESES DEVELOPMENT

The impact of tangible and assurance on customer satisfaction

This paper demonstrates an association between quality of service, specifically tangible and assurance, and customer satisfaction. Parasuraman et al. (1988) developed an instrument to measure SERVQUAL, which is widely accepted by scholars as an indicator of customer satisfaction (Fida et al., 2020). SERVQUAL is considered one of the most crucial factors in

measuring customer satisfaction (Vencataya et al., 2019). Accordingly, management needs to delineate SERVQUAL by establishing the most reliable method for assessing it (Zouari & Abdelhedi, 2021). As a result, many authors use the Parasuraman et al. (1985) model to predict customer satisfaction. On the other hand, Herington and Weaven (2009) applied the SERVQUAL model to customer satisfaction and identified a positive relationship between SERVQUAL dimensions and customer satisfaction.

Nonetheless, it was widely acknowledged that, in terms of a typical causal relationship, customer satisfaction precedes SERVQUAL. Following this, businesses must ensure that every element of SERVQUAL exceeds client expectations to fulfil customer satisfaction. For instance, Parasuraman et al. (1988) asserted that an individual's opinion of SERVQUAL constitutes a comprehensive evaluation or decision of the calibre of service provided. Satisfaction is a transaction-specific evaluation, whereas perceived SERVQUAL is regarded as a long-term appraisal of the service. According to this theory, customer satisfaction results from a long-term evaluation of SERVQUAL.

This study examines two aspects of SERVQUAL: tangible and assurance. These SERVQUAL dimensions have greatly impacted customer satisfaction, which has been widely measured in previous studies. These two criteria have been extensively validated as crucial determinants of consumer satisfaction in service-based sectors, including microfinance (Parasuraman et al., 1988). A significant, positive relationship exists between customer satisfaction and the fundamental elements of client SERVQUAL, namely tangible and assurance (Zouari & Abdelhedi, 2021). Nonetheless, prior research has demonstrated a correlation between customer satisfaction and both tangible and assurance factors, which are widely recognised as indicators of consumer satisfaction.

To conclude, SERVQUAL dimensions, such as tangible and assurance, significantly influence customer satisfaction. Interestingly, tangible accounts for approximately 50% of the difference in consumer satisfaction (Nyabundi et al., 2021). This study demonstrates that tangible factors significantly influence consumer satisfaction. A study by Rao et al. (2025) revealed that enhancing SERVQUAL, particularly in the assurance dimension, can improve overall customer satisfaction. Based on previous studies on how the tangible and assurance dimensions impacted customer satisfaction, this study presented these hypotheses:

H_{1a}: Tangible has a positive and significant effect on customer satisfaction.

H_{1b}: Assurance has a positive and significant effect on customer satisfaction.

The impact of tangible and assurance on organisational competence

Tangible and assurance, as SERVQUAL dimensions, help drive customer satisfaction and are also prominent dimensions that enhance organisational competence. In service delivery, tangible include the physical facilities, the equipment involved in the service, and the appearance of the organisation's employees. It highlights the organisation's capability while also managing its resources effectively. These indicate the organisation's internal capability to maintain an efficient and professional atmosphere necessary for operational excellence. As emphasised in previous studies, a well-maintained tangible presence supports both clients' perceptions and internal performance, consistent with the RBV theory. It also underscores the strategic importance of material resources in improving organisational competence (Barney, 1991; Kurniawan et al., 2023).

Alternatively, assurance, which relates to employees' competence, professionalism, and ability to instil confidence, extends organisational competencies by fostering professionalism and confidence in employees. By demonstrating assurance, employees are advancing a culture of competence and trustworthiness, fostering internal employee trust and consistent service delivery. It demonstrates to clients that they can rely on the organisation to deliver service efficiently and with quality. Assurance-driven practices, such as employee training and knowledge application, are

essential for building a competent organisation that can meet its goals and sustain competitive advantage (Ali & Si, 2015; Wang & Feng, 2012).

Generally, tangible and assurance should be regarded as interrelated components of SERVQUAL that enhance both outward customer satisfaction and internal organisational competence. Their collective influence enhances the organisation's capacity to provide consistent, high-quality services while boosting its structural and human resource competencies. The following hypotheses were proposed to examine the indirect effect between variables for these studies:

H_{2a}: Tangible has a positive and significant effect on organisational competence.

H_{2b}: Assurance has a positive and significant effect on organisational competence.

Mediation role of organisational competence

Organisational competence serves a vital mediating role in the relationship between customer satisfaction and SERVQUAL, specifically in the tangible and assurance dimensions. As previously noted, SERVQUAL, especially through the factors of tangible and assurance, significantly impacts consumer satisfaction and enhances internal organisational capabilities. These factors, consequently, enhance the organisation's capacity to constantly fulfil or surpass consumer expectations.

Organisational competence is posited as a mediator based on the logic of the resource-capability-performance chain of the RBV theory (Barney, 1991). If it is treated as a direct predictor, the model would imply that the competencies and SERVQUAL dimensions of tangible and assurance are independent. However, according to the RBV, organisational competency develops from the strategic use of service delivery dimensions. In comparison, if it is treated as a mediator, the model implies that the relationship between SERVQUAL dimensions and customer satisfaction depends on organisational competency. Nevertheless, this study focuses on the internal transformation process. By treating organisational competence as a mediator, this study examines how SERVQUAL dimensions strengthen or augment organisational competence, ultimately leading to customer satisfaction. This is consistent with the logic of the RBV, which holds that resources must transform into competencies before competitive advantage is achieved (Teece et al., 1997; Martínez-Peláez et al., 2023).

According to the RBV, organisations achieve competitive advantage through the strategic use of valuable and limited resources, such as skilled personnel and a well-managed service context (Barney, 1991). Organisational competence improves internal effectiveness and enhances the client experience, thereby acting as the link between SERVQUAL and customer satisfaction (Lepistö et al., 2024). Thus, when physical factors are properly managed, and staff demonstrate high organisational competence, the client believes the organisation is trustworthy and professional. The perception of professionalism, driven by the organisation's competency, leads to higher customer satisfaction.

Furthermore, research indicates that firms with elevated competency are better at understanding and addressing consumer needs, personalizing services, and fostering enduring relationships (Tammubua & Surapto, 2021; Vargo & Lusch, 2014). The SERVQUAL principle justifies the mediating role of organisational competence, stating that having quality inputs, such as tangible and assurance, is not sufficient to ensure customer satisfaction (Ali & Raza, 2017). Without organisational competence, these quality inputs are underutilised or inconsistently used. For instance, while tangible factors provide a valuable environment, organisational competence is required to leverage them to ensure efficient service processing. In addition, assurance is the potential relationship that needs to be developed, through organisational competence, into knowledgeable staff capable of solving clients' problems. Consequently, organisational competence is vital as it serves as a mediating factor in the relationships among tangible, assurance, and customer satisfaction, underscoring the need to complement SERVQUAL with internal

capabilities for effective service delivery.

In summary, organisational competence serves as a key mechanism through which SERVQUAL dimensions, namely tangible and assurance, are converted into customer satisfaction. This mediating role highlights the importance of delivering high-quality services while also developing the internal capabilities that underpin ongoing service performance improvement. This study proposes the following hypotheses according to previous literature:

H₃: Organisational competence mediates the relationship between the dimensions of SERVQUAL and customer satisfaction.

METHODOLOGY

Theoretical model framework

The SERVQUAL model developed by Parasuraman et al. (1988) outlines five components of SERVQUAL. However, this study focuses only on two independent variables: tangible and assurance. This study is centered on the dimensions of tangible and assurance to provide a rigorous test of firm-level resources as specified by the RBV theory. Although reliability, responsiveness, and empathy are considered valuable, they are often subject to the discretion of individual employees. On the other hand, the dimensions of tangible and assurance are institutionalised and structural, which can be controlled by the organisation. By limiting the scope of the research to only two dimensions, the framework provides a clear causal link between controllable organisational resources, which include tangible and assurance, and organisational competence, excluding behavioural variables that occur at the individual level.

The dimensions of SERVQUAL served as independent variables influencing customer satisfaction, which, in turn, acted as the dependent variable reflecting overall client satisfaction in the microfinance sector. The organisational competence from RBV theory served as a mediating variable, translating tangible and assurance factors into enhanced customer satisfaction. The RBV theory suggests that organisational competence is an essential mediating factor linking SERVQUAL and client-related outcomes. Notably, this relationship is built on the SERVQUAL-RBV model, as presented in Figure 1.

To explain customer satisfaction, the SERVQUAL-RBV model framework combines the SERVQUAL dimension, encompassing tangible and assurance, with RBV measurement, namely organisational competency. The model illustrates the mediating role of organisational competency in the relationship between customer satisfaction and SERVQUAL dimensions.

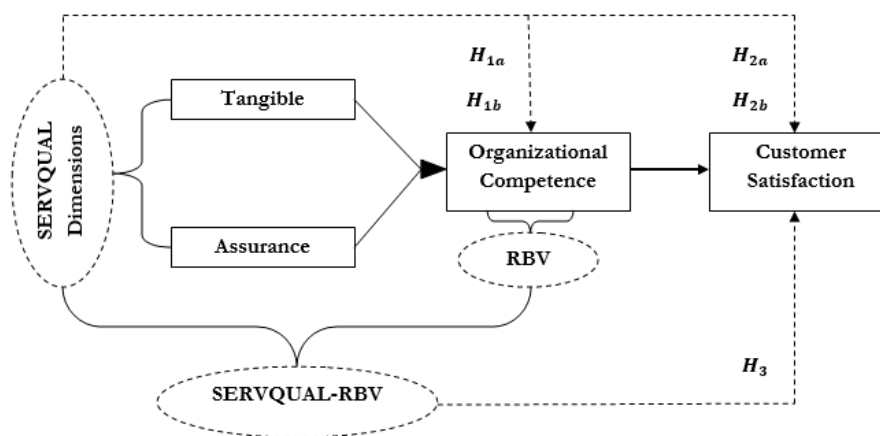


Figure 1: Theoretical model framework

Data and sample selection

This research employed secondary quantitative data from AIM, a microfinance institution established to provide financial services and entrepreneurial support to low-income households, especially women. The data were obtained via a structured questionnaire designed and distributed by AIM staff. The survey assessed customer satisfaction using a five-point Likert scale, where 1 indicated “Very Dissatisfied” and 5 indicated “Very Satisfied,” effectively capturing client perspectives.

In particular, the questionnaire was designed to assess customer satisfaction with AIM across various service dimensions. However, this study used it to examine the relationships among SERVQUAL, competence, and customer satisfaction among AIM clients. The study’s entire population comprises active clients (SAHABAT) and entrepreneurs within the AIM clientele, with a total of 124 branches across Malaysia. Based on Krejcie and Morgan’s (1970) sample determination table, their recommendations for large populations suggest that a sample size of 384 or more responses would be adequate to provide a representative response, with a 95% confidence level and a 5% margin of error. AIM collected and distributed a total of 2840 responses. This study, in contrast, randomly selected and analysed only 384 of these complete and valid responses. The participants in the study are active clients of the AIM organisation, officially referred to as SAHABAT. These individuals are composed of low-income female micro-entrepreneurs who lack access to conventional commercial banking services. For this study, the participants were identified as AIM clients who are active borrowers with accounts. These individuals were selected since they are deemed most qualified to assess the organisation’s SERVQUAL and competence, given their active relationships with it.

This study used convenience sampling: a nonprobability sampling method. This approach was possible since the study used secondary data from AIM, with participants selected based on their accessibility. Despite the non-probability nature of the initial collection, the large volume of responses across various AIM centres help mitigate potential selection bias.

Measurement of construct

The instrument and items for the variable were sourced and adapted from a customer satisfaction survey conducted by AIM in 2024. The instrument was aligned with the established academic constructs to assess its content validity (Wan Abdullah et al., 2022). The conceptual definitions of the constructs were established based on prior studies, in which each individual’s items from the AIM survey were reviewed and evaluated against the established construct definitions. The items were then assigned to constructs whose definitions were carefully reflected. This ensured the operationalisation of the constructs using the established measurement items and their theoretical foundations in the SERVQUAL and RBV frameworks. Item details are discussed below, while the actual items are presented in Table 1 of the results section.

Table 1: Variable description

Variables	Dimension	Items
Tangible (TAN)	Appearances of branch facilities; Structure elements of the services	8
Assurance (ASS)	Ability of employees to inspire trust and confidence; Employees’ knowledge and personality when dealing with clients	8
Organisational Competence (OC)	Employees’ ability to handle clients’ issues	4
Customer Satisfaction (CS)	General and overall satisfaction of clients with the services	6
	Total Items	26

The first independent variable, tangible (TAN), was measured based on the physical and structural elements of the organisation's services (Sharma et al., 2024; Parasuraman et al., 1988). Subsequently, the second independent variable, assurance (ASS), was measured by the employees' ability to inspire trust and confidence in clients (Fida et al., 2020; Parasuraman et al., 1988). Following this, the mediating variable, organisational competence (OC), was measured using the RBV framework, which defined it as employees' ability to oversee clients' issues (Barney, 1991; Tammubua & Surapto, 2021).

Method of data analysis

The data for this investigation were analysed utilizing both Statistical Package for the Social Sciences (SPSS) and STATA. The data analysis process encompasses evaluating the reliability and validity of measurement scales and conducting descriptive analyses. To evaluate the hypotheses, this study used the Ordered Probit Regression Model in STATA, given the ordinal nature of the dependent variables.

Notably, descriptive analysis offers an overview of the dataset's attributes. The process and early phase of analysing survey results include providing insights into trends, distributions, and patterns without going any deeper. In this study, descriptive analysis, such as frequencies and percentages, was employed to summarise respondent profiles and highlight general response patterns.

To ensure the questionnaire accuracy, consistency, and stability, this study evaluated the reliability analysis of multi-item scales. According to Hair et al. (2014), construct validity analysis is essential to confirm that the measurement used to assess the target variable is a valid indicator of the construct. Data were analysed to evaluate the model's reliability and validity based on internal consistency, construct validity, and convergent validity. Internal consistency was evaluated using Cronbach's alpha and Composite Reliability (CR), while convergent validity was evaluated using Average Variance Extracted (AVE) values. CR and AVE values are depicted based on the factor loadings of each measurement item. Discriminant validity was examined and assessed based on the Heterotrait-Monotrait (HTMT) ratio of correlations.

Furthermore, the research hypotheses were assessed using the Ordered Probit Regression Model, enabling this research to employ the dependent variable's ordinal overall satisfaction score. The model evaluated the direct effects of SERVQUAL dimensions on OC and the mediating role of OC in the relationship between TAN, ASS and CS, consistent with the research aims.

Control variables were included in this study to reduce the potential confounding impact of external factors on the estimates from the structured probit regression. Accordingly, this study considered demographic factors such as age, marital status, and education as control variables. Control variables allow researchers to claim that the relationships between the variables of interest and the responses are, in fact, causal and are not simply confounded by external factors (Memon et al., 2024). Thus, to control for confounding variables, this study used control variables to ensure that changes in CS performance are directly attributed to TAN, ASS, and OC rather than to irrelevant extraneous variables.

Ordered Probit Regression Model

The dependent variable, CS, is represented as Y_i^* while the independent variables, including demographic variables, TAN, ASS, and OC, are denoted as $x_{i,k}$. Demographic factor variables serve as control variables to mitigate the influence of other factors that may affect the Ordered Probit Regression results. The dependent variable, Y_i^* , exhibits a natural ranking order and comprises more than two levels. Therefore, to examine the correlation between CS and demographic characteristics, as well as TAN, ASS, and OC, this study used an Ordered Probit Model (Wooldridge, 2002). The sectional Ordered Probit Model for the i -th respondent is predicated on a latent variable Y_i^* which is associated with a $(k \times 1)$ vector of independent variables $x_{i,k}$ through the subsequent linear relationship, as presented in equation (1):

$$Y_i^* = \mu + \gamma_k' x_{i,k} + \varepsilon_i, \quad (1)$$

where μ represents a scalar constant, γ_k denotes a $(k \times 1)$ coefficient vector, and ε_i is presumed to follow a normal distribution. For simplicity of notation, the constant was incorporated into $x_{i,k} = (1, x_{i,k})'$ and define $\beta_k = (\mu, \gamma_k')'$. The Ordered Probit Regression is presented in equation (2):

$$Y_i^* = \beta_k' x_{i,k} + \varepsilon_i. \quad (2)$$

For this study, the five-point Likert scale measures respondent satisfaction, with 1 indicating “Very Dissatisfied” and 5 indicating “Very Satisfied.” For causal-effect analysis, the parameter estimates of the Ordered Probit Model must be rescaled to align with a substantively meaningful metric (Jackman, 2000). This is achieved by changing the five-point Likert scale to range from 0 (Very Dissatisfied) to 4 (Very Satisfied), rather than 1 to 5 in the questionnaire. Hence, the value Y_i^* of the observed variables depends on whether it crossed a particular threshold, as depicted in equation (3) below:

$$Y_i^* = \begin{cases} 4, & \text{if } Y_i^* > \rho_3 \\ 3, & \text{if } \rho_3 \geq Y_i^* > \rho_2 \\ 2, & \text{if } \rho_2 \geq Y_i^* > \rho_1 \\ 1, & \text{if } \rho_1 \geq Y_i^* > \rho_0 \\ 0, & \text{if } \rho_0 \geq Y_i^* \end{cases} \quad (3)$$

with ρ_0, ρ_1, ρ_2 , and ρ_3 as the threshold parameter, which is aggregated in $\rho = (\rho_0, \rho_1, \rho_2, \rho_3)'$. Threshold parameters determine the estimation of different observed values of Y_i^* . The error term is assumed to follow a standard normal distribution, which is anticipated to follow a normal distribution with mean equal to zero and standard deviation equal to one, $N(0,1)$. This is a typical modelling approach for ordered categorical variables.

In the conventional modelling approach for ordered categorical variables, the likelihood of an outcome is articulated as a conditional probability $P(Y_i = j | x_{i,k})$. The log-likelihood contribution for an observation is depicted in equation (4) below:

$$L_j(\beta_k, \rho) = I_4 \log[P(Y_i = 4 | \beta_k, \rho)] + I_3 \log[P(Y_i = 3 | \beta_k, \rho)] + I_2 \log[P(Y_i = 2 | \beta_k, \rho)] + I_1 \log[P(Y_i = 1 | \beta_k, \rho)] + I_0 \log[P(Y_i = 0 | \beta_k, \rho)], \quad (4)$$

where $I_j = (Y_i = j)$ is an indicator function that takes the value of one when the observed outcome aligns with category j , and zero otherwise. In particular, the Maximum Likelihood Estimation (MLE) method can be used to ascertain the parameter estimates (β_k, ρ) that maximise this log-likelihood. This ensures that the estimated model assigns the highest possible probability to the observed outcomes.

As a result, categorical probabilities supporting the calculation of probabilities can be calculated in the following manner:

$$\begin{aligned}
P(Y_i = 4|\boldsymbol{\beta}_k, \boldsymbol{\rho}) &= P(Y_i^* > \rho_3 | \mathbf{x}_{i,k}; \boldsymbol{\beta}_k, \boldsymbol{\rho}) = 1 - \Phi(\rho_3 - \boldsymbol{\beta}_k' \mathbf{x}_{i,k}), \\
P(Y_i = 3|\boldsymbol{\beta}_k, \boldsymbol{\rho}) &= P(\rho_3 \geq Y_i^* > \rho_2 | \mathbf{x}_{i,k}; \boldsymbol{\beta}_k, \boldsymbol{\rho}), \\
&= \Phi(\rho_3 - \boldsymbol{\beta}_k' \mathbf{x}_{i,k}) - \\
&\quad \Phi(\rho_2 - \boldsymbol{\beta}_k' \mathbf{x}_{i,k}), \\
P(Y_i = 2|\boldsymbol{\beta}_k, \boldsymbol{\rho}) &= P(\rho_2 \geq Y_i^* > \rho_1 | \mathbf{x}_{i,k}; \boldsymbol{\beta}_k, \boldsymbol{\rho}), \\
&= \Phi(\rho_2 - \boldsymbol{\beta}_k' \mathbf{x}_{i,k}) - \\
&\quad \Phi(\rho_1 - \boldsymbol{\beta}_k' \mathbf{x}_{i,k}), \\
P(Y_i = 1|\boldsymbol{\beta}_k, \boldsymbol{\rho}) &= P(\rho_1 \geq Y_i^* > \rho_0 | \mathbf{x}_{i,k}; \boldsymbol{\beta}_k, \boldsymbol{\rho}), \\
&= \Phi(\rho_1 - \boldsymbol{\beta}_k' \mathbf{x}_{i,k}) - \\
&\quad \Phi(\rho_0 - \boldsymbol{\beta}_k' \mathbf{x}_{i,k}), \\
P(Y_i = 0|\boldsymbol{\beta}_k, \boldsymbol{\rho}) &= P(\rho_0 \geq Y_i^* | \mathbf{x}_{i,k}; \boldsymbol{\beta}_k, \boldsymbol{\rho}) = \Phi(\rho_0 - \boldsymbol{\beta}_k' \mathbf{x}_{i,k}),
\end{aligned} \tag{5}$$

where Φ denotes the standard normal Cumulative Distribution Function (CDF) as it pertains to the Ordered Probit Model. The log-likelihood function can be optimised using any standard nonlinear optimiser, provided that ρ_0 is constrained to be less than ρ_1 .

The marginal effects in an Ordered Probit Model indicate how the probability of moving from one category to another is influenced by changes in the independent variable. In a binary response model, such as the one estimated here, the main focus is on the impact of a change in an independent variable on the category $P(Y_i = j | \mathbf{x}_{i,k}; \boldsymbol{\beta}_k, \boldsymbol{\rho})$, $\partial P_i / \partial x_{i,k}$, where $x_{i,k}$ is the k element of $\mathbf{x}_{i,k}$. The value of \mathbf{x}_t and all parameters $(\boldsymbol{\beta}_k, \boldsymbol{\rho})$ are nonlinear functions of $\partial P_i / \partial x_{tk}$. The values of the parameter coefficients are not straightforward to interpret and are examined solely in relation to $\partial P_i / \partial x_{i,k}$. The sign of the k -th coefficient in $\boldsymbol{\beta}_k$ decides how the likelihoods for the extreme categories change. If $\beta_k > 0$ then $\partial P_4 / \partial x_{i,k} > 0$ and $\partial P_0 / \partial x_{i,k} < 0$. A value of $\beta_k = 0$ signifies that the k -th independent variable holds no relevance.

In this study, the calculation of these marginal effects $\partial P_i / \partial x_{tk}$ depends on $\mathbf{x}_{i,k}$ being an ordinal variable. For ordinal independent variables, the marginal effect of k -th coefficient in $\boldsymbol{\beta}_k$ can be viewed as the shift in category probabilities as $\mathbf{x}_{i,k}$ transitions from j to $j + 1$:

$$\text{Marginal Effect}_{ij} \approx E[P(Y_i = j | \mathbf{x}_{i,k} = j + 1) - P(Y_i = j | \mathbf{x}_{i,k} = j)], \tag{6}$$

where the category probabilities $P(Y_i = j | \mathbf{x}_{i,k} = j + 1)$ are derived from equation (5). The likelihood of a standard normal variable assuming a particular value must be no less than zero. Consequently, for the greatest category, the sign of the parameter $\boldsymbol{\beta}_k$ aligns with the direction of the marginal effect, whereas for the lowest category, it contradicts the direction of the marginal effect. When the sign of $\boldsymbol{\beta}_k$ is positive, the marginal effect will be positive for the highest category and negative for the lowest category. Conversely, if $\boldsymbol{\beta}_k$ is negative, the marginal effect will be negative for the highest category and positive for the lowest.

Model Specification

The models are specified based on the study hypotheses as follows:

- i) Path 1: The direct impact of TAN and ASS on CS based on hypotheses H_{1a} and H_{1b} .

$$\begin{aligned}
CS_i^* &= \beta_0 + \beta_1 Age_i + \beta_2 MaritalStatus_i + \beta_3 EducationLevel_i + \\
&\quad \beta_4 TAN_i + \beta_5 ASS_i + \mu_i,
\end{aligned} \tag{7}$$

where,

CS_i^* = the latent (unobserved) measure of customer satisfaction for the i -th respondent.

$Age_i, MaritalStatus_i, EducationLevel_i$ = the ordinal measures of the control variable for the i -th respondent.

TAN_i = the ordinal measures of tangible for the i -th respondent.

ASS_i = the ordinal measures of assurance for the i -th respondent.

β_0 = constant.

$\beta_1, \beta_2, \beta_3, \beta_4, \beta_5$ = slope coefficients.

μ_i = the error term, where under the probit assumption, it is presumed to have a normal distribution.

ii) Path 2: The direct impact of TAN and ASS on OC based on hypotheses H_{2a} and H_{2b} .

$$OC_i^* = \alpha_0 + \alpha_1 Age_i + \alpha_2 MaritalStatus_i + \alpha_3 EducationLevel_i + \alpha_4 TAN_i + \alpha_5 ASS_i + e_i, \quad (8)$$

where,

OC_i^* = the latent (unobserved) measure of organisational competence for the i -th respondent.

$Age_i, MaritalStatus_i, EducationLevel_i$ = the ordinal measures of the control variable for the i -th respondent.

TAN_i = the ordinal measures of tangible for the i -th respondent.

ASS_i = the ordinal measures of assurance for the i -th respondent.

α_0 = constant.

$\alpha_1, \alpha_2, \alpha_3, \alpha_4, \alpha_5$ = slope coefficients.

e_i = the error term, where under the probit assumption, it is presumed to have a normal distribution.

iii) Path 3: The indirect impact of OC on TAN, ASS, and CS based on hypotheses H_3 .

$$CS_i^* = \gamma_0 + \gamma_1 Age_i + \gamma_2 MaritalStatus_i + \gamma_3 EducationLevel_i + \gamma_4 TAN_i + \gamma_5 ASS_i + \gamma_6 OC_i + \varepsilon_i, \quad (9)$$

where,

CS_i^* = the latent (unobserved) measure of customer satisfaction for the i -th respondent.

$Age_i, MaritalStatus_i, EducationLevel_i$ = the ordinal measures of the control variable for the i -th respondent.

TAN_i = the ordinal measures of tangible for the i -th respondent.

ASS_i = the ordinal measures of assurance for the i -th respondent.

OC_i = the ordinal measures of organisational competence for the i -th respondent.

γ_0 = constant.

$\gamma_1, \gamma_2, \gamma_3, \gamma_4, \gamma_5, \gamma_6$ = slope coefficients.

ε_i = the error term, where under the probit assumption, it is presumed to have a normal distribution.

Equation (7) serves to assess the impact of SERVQUAL dimensions, specifically TAN and ASS, on CS. Equation (8) illustrates the direct impact of SERVQUAL dimensions, specifically TAN and ASS, on OC. Equation (9) evaluates the mediation effect of OC on the relationship between the dimensions of SERVQUAL (TAN and ASS) and CS in AIM. The findings regarding whether the model demonstrates full, partial, or no mediation are presented in Table 2.

Table 2: Summary Table

Direct Effect		
Model pathways	Coefficient	Conclusion
Path 1	β_k is significant	SERVQUAL influences Customer Satisfaction (CS)
Path 2	α_k is significant	SERVQUAL influences Organisational Competence (OC)
Indirect Effect (Path 3)		
Type of Mediation	Coefficient	Conclusion
Full Mediation	β_k and α_k is significant γ_k is not significant and only γ_3 is significant	All effects go through Organisational Competence (OC)
Partial Mediation	β_k and α_k is significant γ_k are still significant, but the coefficient values have reduced and γ_3 is significant	Organisational Competence (OC) partly explains the effect
No Mediation	β_k and α_k is significant γ_k is significant and γ_3 is not significant	No indirect effect

* $k = 1,2,3,4,5,6$

RESULT

Demographic analysis

A total of 384 valid responses were randomly selected for this study. Among the 384 respondents, 7.0% belong to the 18-30 age group, 30.7% to the 31-40 age group, 43.8% to the 41-50 age group, 16.4% to the 51-60 age group, and 2.1% are aged 61 and above. A large majority of respondents (89.3%) are married. Only 2.9% are not married, and 7.8% are single mothers. Regarding education level, most respondents completed primary school (69.8%), and only a few pursued higher education, including diplomas and bachelor's degrees. The respondents' profile details are displayed in Table 3.

Table 3: Respondents' profile

Demographic	Category	Frequency	Percentage (%)
Age	18 – 30	27	7.0
	31 – 40	118	30.7
	41 – 50	168	43.8
	51 – 60	63	16.4
	61 and above	8	2.1
Marital status	Married	343	89.3
	Not Married	11	2.9
	Single Mother	30	7.8
Education Level	Not Going to School	1	0.3
	Elementary School	22	5.7
	Primary School	268	69.8
	Diploma	74	19.3
	Bachelor's Degree	18	4.7
	Master/PhD	1	0.3

Table 4: Factor loading for each measurement item

Variables	No of Items	Abbreviation	Items Description	Factor loading
TAN	8	TAN1	The frequency of CM is once a week	0.665
		TAN2	How CM is conducted by AIM	0.684
		TAN3	Comfort of CM's venue	0.701
		TAN4	Duration of the CM	0.798
		TAN5	Punctuality of AIM to start the CM	0.748
		TAN6	Set agenda sequence in CM	0.762
		TAN7	Strategic CM location	0.764
		TAN8	Activities carried out during CM are beneficial	0.778
ASS	8	ASS1	How confident is SAHABAT towards AIM's product: death or disability benefits	0.98
		ASS2	How confident is SAHABAT towards AIM's product: funeral or death benefit	0.98
		ASS3	AIM staff's efficiency in managing loan applications	0.794
		ASS4	AIM staff's ability to provide information regarding the loan process	0.827
		ASS5	AIM staff's level of knowledge about financing schemes	0.813
		ASS6	AIM staff level of seriousness in ensuring that the center is always active and cheerful	0.815
		ASS7	AIM staff's appearance in terms of clothing when dealing with SAHABAT	0.831
CS	6	CS1	The suitability of AIM as an option for capital financing	0.82
		CS2	The benefits of AIM's capital financing for businesses	0.86
		ASS8	AIM staff's personality when dealing with SAHABAT	0.809
OC	4	OC1	Satisfaction with the promotional activities conducted by AIM staff	0.745
		OC2	Satisfaction with the efficiency of the admission process for new SAHABAT	0.761
		OC3	Satisfaction with staff efforts to help potential SAHABAT understand the AIM operation	0.798
		OC4	Satisfaction with staff involvement in disseminating AIM-related information to the local community	0.82
CS	4	CS3	The effectiveness of AIM in supporting low-income and impoverished households	0.856
		CS4	Overall opinion of SAHABAT about AIM: Satisfaction with AIM's services compared to other financing agencies	0.856
		CS5	Overall opinion of SAHABAT about AIM: The effort to encourage peer participation in AIM through SAHABAT membership	0.794
		CS6	Overall opinion of SAHABAT about AIM: Satisfaction with additional facilities provided by AIM to SAHABAT beyond capital financing	0.82

Measurement Evaluation

Table 4 demonstrates the factor loading for each measurement item, and Table 5 depicts that each construct met the requirements for convergent validity and internal consistency, with Cronbach's

alpha exceeding 0.7 (Nunnally, 1978) and CR scores above the threshold of 0.7 (Hair et al., 2019). The findings demonstrate that all constructs have sufficient internal consistency and, depending on additional research, are reliable. This study assessed convergent validity using AVE, setting the baseline at 0.5 (Hair et al., 2017). All constructs attained AVEs ranging from 54.6% to 73.8%, surpassing the threshold and indicating that the indicators together explain a significant percentage of variance in their respective constructs. Discriminant validity was assessed using the HTMT criterion, ensuring that each construct measures a distinct concept and is independent of the others. This technique examines the intercorrelations between measures of different constructs relative to those within a single construct. Based on the cut-off criterion of 0.85 (Hair et al., 2021; Henseler et al., 2015), Table 6 presents that all HTMT values are below this limit, indicating no concern regarding construct overlap.

Table 5: Reliability and convergent validity

Variables	No of Items	Cronbach's Alpha>0.7	CR>0.7	AVE>0.5
TAN	8	0.940	0.906	0.546
ASS	8	0.867	0.957	0.738
OC	4	0.938	0.862	0.611
CS	6	0.962	0.922	0.585

Table 6: Discriminant validity results

	TAN	ASS	OC	CS
TAN				
ASS	0.724			
OC	0.710	0.727		
CS	0.640	0.640	0.555	

Result of hypotheses testing

The impact of tangible and assurance on customer satisfaction

The results from the Ordered Probit Model in Table 7 reveal that the first dimension of SERVQUAL, which is tangible, *TAN* has a positive and significant effect ($\beta_{TAN} = 0.7624$, $p = 0.000$). As a result, hypothesis **H_{1a}** is supported, which states that tangible have a positive impact on customer satisfaction. The second determinant of SERVQUAL, assurance, *ASS* is also positively statistically significant ($\beta_{ASS} = 0.8954$, $p = 0.000$). Consequently, it can be inferred that assurance positively influences customer satisfaction. Thus, hypothesis **H_{1b}** is supported.

The coefficient β_{TAN} which is positive and statistically significant for customer satisfaction indicates that as respondents' perceptions of TAN increase from 0 (Very Dissatisfied) to 4 (Very Satisfied), the likelihood of rating their CS as very dissatisfied ($P(Y=0|X)$) decreases slightly by 0.022%. Moreover, the probability of respondents rating CS as "Average" ($P(Y=2|X)$) decreases by 2.10%. The probability of respondents rating CS as "Satisfied" ($P(Y=3|X)$) decreases by the most by 28.15%. Accordingly, as ratings of TAN rise from "Very Dissatisfied" to "Very Satisfied," the probability of respondents rating CS as "Very Satisfied" ($P(Y=4|X)$) substantially increases by 30.31%. Hence, this indicates that improvements in SERVQUAL components have had a significant impact on clients' overall satisfaction.

On the other hand, the marginal effect for ASS aligns with research examining the relationship between CS and SERVQUAL, indicating that as respondents' satisfaction with ASS increases from 0 (Very Dissatisfied) to 4 (Very Satisfied). The probability of respondents rating CS as "Very Dissatisfied" ($P(Y=0|X)$) decreases slightly by 0.026%. The probability that respondents rate CS as "Not Satisfied" ($P(Y=1|X)$) decreases by 0.034%. The probability of respondents rating CS as "Average" ($P(Y=2|X)$) decreases by 2.47%. The probability of respondents rating CS as "Satisfied" ($P(Y=3|X)$) decreases by the most by 32.07%. Specifically, the probability of

respondents rating CS as “Very Satisfied” ($P(Y=4|X)$) increases by 35.60% as the ASS score improves.

The threshold parameters for the model’s goodness-of-fit measures ($\rho_1 = 1.86, \rho_2 = 2.09, \rho_3 = 3.36, \rho_4 = 5.58$) are strictly increasing and ordered, supporting the validity of the Ordered Probit Models. Based on the chi-square coefficient with 5 degrees of freedom ($\chi^2(5) = 107.34, p = 0.000$), multiple predictors significantly account for the variation in the ordinal dependent variable. Out of five predicted coefficients, two are identified, which are both TAN and ASS, are statistically significant, and can be considered as the predictors of CS. The pseudo-R-squared ($R^2 = 0.29$) suggests that the model has strong explanatory power relative to typical values in limited-dependent models.

Table 7: Ordered Probit Regression Result for Path 1

Equation (1) (Dependent Variable: CS)						
Variables	Coefficient	Marginal Effects				
		P(Y=1 0)	P(Y=1 X)	P(Y=2 X)	P(Y=3 X)	P(Y=4 X)
Age	0.05104 (0.490)	-0.0000149	-0.0000194	-0.0014083	-0.0188471	0.0202897
MaritalStatus	0.1411 (0.212)	-0.0000412	-0.0000536	-0.0038932	-0.0521022	0.0560902
Educational	0.08954 (0.375)	-0.0000251	-0.0000327	-0.0023723	-0.0317478	0.0341778
TAN	0.7624 (0.000)	-0.0002227	-0.0002896	-0.021038	-0.2815492	0.3030994
ASS	0.8954 (0.000)	-0.0002615	-0.0003401	-0.0247088	-0.3306764	0.3559869
ρ_1				1.8638		
ρ_2				2.089732		
ρ_3				3.362715		
ρ_4				5.580247		
N				384		
Wald Chi2(5)				107.34		
Prob>Chi2				0.0000		
Log Pseudolikelihood				-240.70269		
Pseudo R2				0.2903		

The impact of tangible and assurance on organisational competence

The Ordered Probit Model results in Table 8 reveal that the first SERVQUAL dimension, tangible, TAN is positive and highly significant ($\beta_{TAN} = 0.9763, p = 0.000$). Thus, hypothesis **H_{2a}** is supported, indicating that tangible positively influence organisational competence. The second SERVQUAL dimension, assurance, ASS, also demonstrates a positive and statistically significant result ($\beta_{ASS} = 0.8724, p = 0.000$). Therefore, it can be proven that assurance positively influences organisational competence, thereby supporting hypothesis **H_{2b}**.

Furthermore, the positive and statistically significant effect of β_{TAN} suggests that while respondents’ perception of TAN ranges from 1 (Not Satisfied) to 4 (Very Satisfied), respondents’ likelihood of rating OC as “Not Satisfied” ($P(Y=1|X)$) decreases significantly by 0.0661%. Respondents’ probability for rating OC as “Average” ($P(Y=2|X)$) decreases most by 18.235%. The probability of respondents rating OC as “Satisfied” ($P(Y=3|X)$) decreases by 0.508%. Consequently, as ratings of TAN rise from “Not Satisfied” to “Very Satisfied,” the probability of respondents rating OC as “Very Satisfied” ($P(Y=4|X)$) substantially increases by 18.81%. When clients witness changes in the physical aspects of SERVQUAL, they are likely to report higher levels of satisfaction with the institution. These positive sentiments enhance respondents’

confidence and trust, as well as their willingness to be loyal, repay loans on time, and use other financial and non-financial services available in AIM.

The marginal effect for assurance, consistent with the research on the relationship between organisational competence and SERVQUAL dimensions, indicates that as respondents' satisfaction with ASS increases from 1 (Not Satisfied) to 4 (Very Satisfied). In line with this, the probability of respondents rating OC as "Not Satisfied" ($P(Y=1|X)$) decreases slightly by 0.059%. The probability of respondents rating OC as "Average" ($P(Y=2|X)$) notably decreases by 16.295%. The probability of respondents rating OC as "Satisfied" ($P(Y=3|X)$) decreases by 0.4564%. Notably, the probability of respondents rating OC as "Very Satisfied" ($P(Y=4|X)$) increases by 16.80% as the assurance score improves.

The model's goodness-of-fit measurements include the threshold parameters ($\rho_1 = 2.39$, $\rho_2 = 4.73$, $\rho_3 = 7.17$) are strictly increasing and ordered, supporting the validity of the Ordered Probit Models. Based on the chi-square coefficient with 5 degrees of freedom ($\chi^2(5) = 150.14$, $p = 0.000$), multiple predictors significantly account for the variation in the ordered dependent variable. In particular, out of five estimated coefficients, two are identified, which are both TAN and ASS, are statistically significant, and can be considered as the predictors of OC. The pseudo-R-squared ($R^2 = 0.31$) suggests that the model has strong explanatory power relative to typical values in limited-dependent models.

Table 8: Ordered Probit Regression Result for Path 2

Equation (2) (Dependent Variable: OC)					
Variables	Coefficient	Marginal Effects			
		P(Y=1 X)	P(Y=2 X)	P(Y=3 X)	P(Y=4 X)
Age	-0.01967 (0.786)	0.0000133	0.0036745	0.0001025	-0.0037903
MaritalStatus	0.1006 (0.344)	-0.0000681	-0.01879	-0.0005242	0.0193823
Education	0.01264 (0.908)	-8.55e-06	-0.0023602	-0.0000658	0.0024346
TAN	0.9763 (0.000)	-0.000661	-0.1823593	-0.0050874	0.1881078
ASS	0.8724 (0.000)	-0.0005907	-0.1629513	-0.004546	0.1680879
ρ_1			2.387618		
ρ_2			4.730401		
ρ_3			7.165878		
N			384		
Wald Chi2(5)			150.14		
Prob>Chi2			0.0000		
Log Pseudolikelihood			-268.0456		
Pseudo R2			0.3125		

Mediation by organisational competence

The analysis of mediation for Path 3 indicates that the mediator variable, which is OC, demonstrates statistical significance ($\beta_{OC} = 0.3685$, $p = 0.004$) as presented in Table 9. However, SERVQUAL dimensions, which are TAN and ASS, are also statistically significant ($p = 0.000$), though the coefficient magnitude for both dimensions has reduced ($\beta_{TAN} = 0.6379$, $\beta_{ASS} = 0.7831$). This finding implies that, under the assessed model, there is proof that OC partially mediates the correlation between SERVQUAL and CS. In this regard, hypothesis **H₃** is proven since OC mediates the relationship. Nevertheless, the relationship is only partial, as even after mediation, the direct effect of SERVQUAL on CS remains.

Table 9: Ordered Probit Regression Result for Path 3

Covariates	Equation (9) – Indirect Effect	Equation (7) – Direct Effect
	Coefficient	Coefficient
<i>Age</i>	0.0481 (0.512)	0.05104 (0.490)
<i>MaritalStatus</i>	0.1391 (0.233)	0.1411 (0.212)
<i>Education</i>	0.0853 (0.385)	0.08954 (0.375)
<i>TAN</i>	0.6379 (0.000)	0.7624 (0.000)
<i>ASS</i>	0.7831 (0.000)	0.8954 (0.000)
<i>OC</i>	0.3685 (0.004)	-

DISCUSSION

This study focuses on the mediating role of organisational competence in the relationship between factors of SERVQUAL, namely tangible and assurance, and customer satisfaction. Although earlier research has investigated the influence of SERVQUAL dimensions on customer satisfaction, a significant gap persists regarding the potential mediating role of organisational competence in this relationship. The main objective of this study is to investigate the mediating role of organisational competence in influencing the dimensions of tangible and assurance on customer satisfaction at AIM. Specifically, this study examines: (1) the impact of tangible and assurance on customer satisfaction, (2) the impact of tangible and assurance on organisational competence, and (3) the mediating function of organisational competence in the relationship between SERVQUAL and customer satisfaction.

Consequently, the results revealed that both tangible and assurance positively influence customer satisfaction. This result is consistent with previous studies highlighting that key component of SERVQUAL, such as tangible and assurance, exhibit a strong positive correlation with customer satisfaction (Zouari & Abdelhedi, 2021). The significant positive effect of tangible and assurance on customer satisfaction extends the SERVQUAL model, demonstrating that in a high-risk financial environment, physical evidence and staff credibility signal reduced risk. In the microfinance industry, clients refer to people with limited financial knowledge and therefore rely on tangible evidence, such as good facilities and offices, and on guarantees, such as knowledgeable staff and the ability of staff to generate consumer confidence, to reduce risk. This reliance is particularly crucial since clients are not protected by deposit insurance schemes, unlike in retail banking. This result indicates that the signalling role of these two dimensions is more important than their operational purpose in the microfinance industry.

Regarding the second research objective, which examined the influence of tangible and assurance on organisational competence, it was identified that tangible and assurance have a positive, significant influence on organisational competence. This result is consistent with prior findings that the SERVQUAL dimension influences business competencies and effectiveness (Alabduljader, 2018). The positive influence of tangible and assurance on organisational competence lends credibility to the RBV theory that resource utilisation can lead to competency. As this analysis illustrates, improvements in tangible assets, such as infrastructure, premises, and communications, enhance microfinance institutions' perceived efficiency. Furthermore, improvements in assurance enhance staff's perception of their knowledge and competence, thereby increasing trust in the organisation's competence. As a result, AIM strives to improve tangible assets, such as modern infrastructure, and assurance, such as staff training. This has a

direct impact on customer satisfaction and instils knowledge and skills within the organisation. As investment in these SERVQUAL dimensions continues over time, this knowledge, skills, and procedures will in turn become organisational competence. Therefore, this analysis extends the RBV to demonstrate that the SERVQUAL dimension is an outcome and an input into organisational competence.

Subsequently, for the third research goal, the results indicated that organisational competence partially mediates the relationship between SERVQUAL and customer satisfaction. The partial mediation result has significant implications for both the RBV theory and SERVQUAL. First, the finding that tangible and assurance continue to have a direct effect on satisfaction implies that some aspects of SERVQUAL are inherently immediate and experiential, requiring no organisational competence to be effective. Notably, a good activity or service place, or the courtesy of staff greetings, may directly satisfy clients. The second perspective proposes that SERVQUAL influences customer satisfaction indirectly via organisational competence. The partial mediation result implies that the RBV theory and SERVQUAL are complementary rather than competing theories. SERVQUAL explains the immediate client experience, while the RBV explains the organisational depth that enables the organisation to make that experience repeatable and sustainable. The implication for microfinance institutions is that, while investing in tangible and assurance, which are visible qualities and can provide short-term gains in customer satisfaction. Still, these gains are not sustainable without the simultaneous development of organisational competence.

Accordingly, this study has three theoretical contributions. First, it bridges the RBV and the SERVQUAL models by exhibiting that SERVQUAL dimensions are both direct satisfaction outcomes and competence-building constructs. Second, it extends the RBV to the microfinance industry by depicting that, in high-risk, low-trust environments, tangible and assurance dimensions are the key to competency building. Third, the partial mediation effect clarifies the RBV and the SERVQUAL models by demonstrating that the SERVQUAL-satisfaction relation is mediated by organisational competence to a limited extent.

CONCLUSION

This study uses the RBV theory in the context of AIM to examine the mediating role of organisational competence between tangible and assurance, and customer satisfaction. It also investigates the role of internal resources as a mediating factor in the relationship between SERVQUAL and customer satisfaction, using an integrated SERVQUAL-RBV framework.

Additionally, this study's findings indicate that both tangible elements and assurance related to organisational competence significantly influence customer satisfaction in AIM. Organisational competence somewhat influences the relationship between SERVQUAL and customer satisfaction. The elements of SERVQUAL, specifically tangible and assurance, exert a significant and direct impact on consumer satisfaction. Their impact is also indirectly channelled through organisational competence. Thus, this finding aligns with part of the RBV, suggesting that while internal capabilities do not fully explain satisfaction outcomes, they remain an important mechanism that complements the effect of SERVQUAL.

By moving beyond direct relationships and towards a transformative process model, this study provides a theoretical contribution to the relationship between SERVQUAL and satisfaction. This study demonstrates that organisational competence is a key driver of organisational internalisation, whereas previous studies have primarily focused on the direct effects of SERVQUAL dimensions on customer satisfaction. Theoretically, this extends the RBV by depicting that tangible and assurance, rather than being byproducts of service delivery in a high-risk, trust-based environment, function as key drivers of organisational competence and a

means of generating customer satisfaction. Notably, microfinance institutions can achieve long-term institutional stability by continuously developing internal staff knowledge and competence. This, in turn, overcomes short-term customer satisfaction, as suggested by the organisational competence perspective.

Therefore, this study yields three theoretical contributions to the literature by emphasizing the significance of relational SERVQUAL dimensions and organisational competence in assessing customer satisfaction in the microfinance sector. First, since tangible and assurance directly influence customer satisfaction, this emphasises that the physical organisation and service environment are as essential as digital technology in the microfinance service organisation. Second, by examining the relationship between organisational competence and SERVQUAL dimensions, such as tangible and assurance, this study demonstrates the value of SERVQUAL to clients. It reveals that high SERVQUAL interactions are both outcomes and inputs in building the microfinance firm's internal resources. Finally, this study examines the role of organisational competence as a mediator that enhances rather than replaces SERVQUAL. This approach advances a more refined RBV perspective, particularly in the context of microfinance services, where interpersonal relationships are important.

From a practical perspective, these findings suggest that microfinance organisations must develop integrative strategies to improve organisational competencies, including employee expertise, organisational competence, and community involvement. On a similar note, they should invest in the dimensions of SERVQUAL as offered to clients. Moreover, the results indicate that staff training ought to be accorded the highest priority by microfinance institutions such as AIM to enhance competency, especially in rural regions. With minimal cost in the initial stages, training in ethical behaviour, financial knowledge, and client relationships could yield immediate gains in terms of assurance and tangible outcomes.

In the context of AIM management and stakeholders, improving priority and timeliness, as well as providing benefits to clients through the organisation's activities and services, offers immediate ways to enhance employees' competencies. As a result, microfinance organisations such as AIM can achieve high levels of customer satisfaction, trust, and engagement through direct improvements in SERVQUAL and by strengthening their competencies. From the perspective of governments and policymakers, they can move away from supervision focused on compliance toward capacity building. This may involve policymakers considering integrating specific SERVQUAL benchmarks into the performance assessment of microfinance institutions.

To conclude, future research should examine additional mediating variables, such as perceived justice, customer trust, and employee empathy, that may more comprehensively elucidate the relationship between SERVQUAL and satisfaction in microfinance organisations.

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