

LITERATURE REVIEW ON THE IMPORTANCE OF ISLAMIC SERVICE QUALITY MODEL ON MALAYSIAN BANKING FIRMS: A KEY TOWARDS ACHIEVING COMPETITIVE ADVANTAGE

I. Jaafar 

Faculty of Science, Technology and Human Development,
Universiti Tun Hussein Onn Malaysia (UTHM), Johor, Malaysia
ishaqjaafar212@gmail.com

R. Tasmin

Faculty of Science, Technology and Human Development,
Universiti Tun Hussein Onn Malaysia (UTHM), Johor, Malaysia

Abstract

The nature of today's business environment has been heavily intensified by the aggressive nature of competition with clients considered as the principle center of any business organizations. Thereby achieving client's satisfaction and loyalty is the most important factor in achieving huge success in such competitive environment. This is very obvious and also serve as a challenging task for business firms such as banks due the nature of their undifferentiated product and services rendered to customers. However, differentiation in such service sector is considered important which creates an opening based on exploiting a neglected opening in the market by providing excellent and quality service. The objective of this paper is to provide an overview based on previous investigation in the service industry on the role of service quality in a competitive environment with the help of CARTER's service quality dimension. This study highlights on the importance of clients' emotions, experience and religious beliefs for making them very satisfied. Companies must embark on meeting the customers' personal preferences, which seem to be the emotional side.

Keywords: CARTER, SERVQUAL, competitive advantage, service quality, business strategy

INTRODUCTION

Archiving competitive advantage is one of the challenging demand faced by many business organization in today's fast-growing economy. Service quality as a topic is frequently being studied by various practitioners and academics for which is known to be a contributing factor towards archiving customer satisfaction and client loyalty (Parasuraman, Zeithaml, & Berry, 1988). However little has being contributed towards accessing the ability of service quality toward archiving competitive advantage. Business organization being profit making organization, are progressively looking for new and successful methods for separating their offering and service, and quality in respect to different ideological perspective. In an aggressive business environment where similar business organizations compete for an upper hand, quality service can end up to be a key differentiator and is also considered to play pivotal role for the survival of any business organization (Jamal & Naser, 2002). Shepherd, Douglas, & Shanley (2000) contented that, when a firm procures a higher rate of return in terms of benefit than the normal rate of financial return with comparison to other firms contending in similar market, the firm is said to have competitive advantage. Hill, & Jones (1998) suggested that if high benefits in terms of financial returns can be maintained for quite a period of time, it could established that the firm has a practical upper hand in terms of competitive advantage. Ansoff, and McDonnell (1990) characterized competitive advantage as the qualities controlled by the organization in terms of product or market scope, and these qualities can convey the organization to a superior position as comparison to its contenders. This result highlights the fact that there are different interpretations on the determinant of competitive advantage. However, this stress that competitive advantage is the means of measure of comparing the advantages of a company over its competitors by the means of creating customers value (Woodruff, 1997).

Various organization today, have reacted to the key value of service quality based on strategic and financial impact, regarding it as a vital weapon in terms of archiving success in a business environment (Paradise-Tornow, 1991). With its trending effect affecting both management and marketing of services in today's dynamic world better service conveyance helps firms in separating their offering from its competitors, earning more returns from current clients; and drawing in new clients (Mukherjee, Nath, & Pal, 2003).

In the new global trend, successful firms are those that precisely anticipate market needs and rapidly react to changing client needs (Stalk, Evans, & Shulman, 1992). As indicated by Towill & Christopher (2002), the end user or simply the consumer is the commercial center that decides the achievement or disappointment of the firms that is in the process of providing such service or product. Additionally, Towill & Christopher (2002) expressed that getting the correct product, at the correct cost, at the perfect time to the consumer is not just the linchpin to

aggressive achievement additionally it create a way to survival. Pursue *et al.* (2000) suggest that in the new global trend organizations are compelled to discover adaptable approaches to take care of client demand. The organizations nowadays concentrate on upgrading their core practices in other to expand the speed of reaction to client request. Therefore, the present aggressive nature of the business environment for which business organization compete and operate is highly influenced by the growing world competition and the continuous demand from customers (Rich., & Hines, 1997).

Competitive Advantage

The survival of business firms has become increasingly important among various competing firms and such can be achieved by differentiating themselves. Competitive advantage has been a key foundation in the field of strategic management (Zott, & Amit, 2008; Ceccagnoli, 2009). To achieve success which is important to any business environment, lies the capacity to have some favorable position with respect to their rivals. Accomplishing this competitive advantage relate to strategic implementation and superior performance which will automatically result from a competitive advantage (Porter, 1999). Notwithstanding, it has been contended that competitive advantage is a trending expression that consist of various meaning by scholastics, business officials and experts (Markides, 2000). The comprehension of what is competitive advantage and differentiating this idea from organizational performance remains a lost treasure to be unearth (Powell, 2001). The enquiry remains: how to define competitive advantage, how to create it, at the end of the day, how to outperform the competition, for which differs from various business environment i.e. being operating in a service sector or the manufacturing sector and also keeping in mind the nature of the competition (Eisenhardt & Martin, 2000). The general believe is that competitive advantage can be archived through organizational resources or determinant which is based on the resource based view (Porter, 1998; Barney, 1991; Peteraf, 1993), e.g. specific properties of individual product markets, cost leadership, differentiation, location, technology, product features etc. Specifically, according to Barney (1991), competitive advantage happens when the business firm is actualizing a technique that creates value for which is not being executed at the same time by their business rivals and such business firms can't copy the advantages of such technique. The second school characterizes competitive advantage as performance. For instance, high relative profitability, above average returns, benefit-cost gap, superior financial performance, economic profits, positive differential profits in excess of opportunity costs and cross-sectional differential in the spread between product market demand and marginal cost.

The wellspring of an organization's competitive advantage are typically divided also along two contending lines of study; one underlining the external factor elements which normally comprises of the outside environment factors and the other accentuating internal factors which are normally associated with organizational resources, capabilities and knowledge (Cater & Cater, 2009). All things being equal, both internal and external factor possess a measurably noteworthy impact on an organizational performance, when an examination or correlation is done within a particular industry, the external factor accept less hugeness as they are ventured to influence every one of the players similarly. Cater & Cater (2009) assert that internal factors are reclassified into either tangible and intangible resources, with physical and financial assets being viewed as tangible and firm's resources being classified as intangible asset. In present day times, intangible resources are viewed as more vital in achieving competitive advantage with respect to tangible ones being the difficulty in imitability. An understanding of the elements that affect the measurement of consumer expectations would aid service firm managers who wish to build a competitive edge in the marketplace. These factors can influence expectations both positively and negatively. For example, if consumers are exposed to additional promotional material, or word-of-mouth communications from a friend, such information may be expected to influence their expectations. That is the longer the period between measurements, the more opportunity for this to occur.

Malaysian banking sector

The Malaysian banking industry can be classified in to two basic division i.e. the banking sector and non-bank financial intermediaries. These two banking division differs from each other with regards to their activities. Outperforming the non-bank sector is known as the banking sector which generally contribute approximately 70% of the banking system's total assets. With the Commercial banks being the financial key players in the banking sector they are also being classified as the largest and most significant providers of funds. The banking industry in Malaysia is dominated by the ever present of the conventional banks, in terms of financial system's assets and liabilities, with total assets and liabilities amounting to RM1600.5 billion (\$462.6 billion), with the Islamic banks representing about one-fifth. Malaysia has long been regarded as a leading country on the global front in Islamic finance (IF), after being around for over 30 years. However with such long existence Islamic banking is still in its infant stage.

The establishment of Islamic banks has being on focus on providing non interest banking services which is key towards differentiating their product and services from the conventional counterpart which are based on the compliance to Islamic beliefs, there have being issues regarding the practice of Islamic banking. This may be largely attributed to the

general perception that the Islamic products or services possesses little or no difference from the conventional ones, going not only by the strong resemblance between the two but also by the prices charged for the products.

Service Quality

"Quality" is a troublesome and slippery term to characterize, since it has a wide assortment of implications and intentions to various people. The disarray over the perspective and interpretation of what service is particularly pronounced in the context of service quality as described by Galloway, & Ho (1996) because of such attributes, this tend to separate services from products. The main concept of quality gains such important if and only if the product or service addresses the issues and desires of the consumer. Most importantly, this is the reason that every one of the techniques depend on quality guidelines originating from remarkable information about the customer. Researchers prescribe making service quality a foundation or key of an organization marketing strategy which is important keeping in mind the end goal of service quality is to guarantee fruitful business (Asubonteng, Mccleary, & Swan, 1996).

Service quality can be characterized as the client's judgment of the general excellence or superiority of the service (Zeithami, Berry, & Parasuraman, 1988). In this way, quality is the capacity of a product or service to constantly satisfy, or even outperform the client's desires and expectation (Stevenson, 1993). Schroeder (2000) likewise suggest that quality means to satisfy or outperform clients demand in present or in the future. Wicks & Roethlein (2009) sketched out quality into five classes:

- (1) Transcendent definitions. These definitions are subjective and individual. They are interminable yet go beyond estimation and logical description. They are identified with ideas, for example, excellence.
- (2) Product-based definitions. Quality is viewed as a quantifiable variable. The bases for estimation are target traits of the item.
- (3) User-based definitions. Quality is a method for consumer loyalty. This makes these definitions individual and halfway subjective.
- (4) Manufacturing-based definitions. Quality is viewed as conformance to prerequisites and details.
- (5) Value-based definitions. These definitions characterize quality in connection to costs. Quality is viewed as giving great incentive in connection to cost.

Service quality models

Measuring service quality has been one of the most challenging task in management writing, Parasuraman, Zeithaml, & Berry, (1988), Grönroos, (1984), Cronin & Taylor, (1992). This is as a result of the need to create legitimate instruments for the precise assessment of firms' execution from the client perspective; and the relationship between perceived service quality and other key organizational results, Cronin et al., (2010, p.93), which has prompted the improvement and development of models for measuring service quality. Gilbert, Veloutsou, Goode, & Moutinho, (2004) stated the different ways service quality can be measured. They incorporate: The expectancy-disconfirmation method which is related with the process of recognizing client expectation as against what they really experienced. It concentrates on the correlation of the service performance with the client's desire or expectation. The client's desires or expectation could be measured after the service experience by asking him/her to review such service. Performance only approach simply evaluates service quality by only inquiring clients about their level of fulfillment with the provision of different service highlights following a service experience. Technical and functional dichotomy method distinguish two form of service that result to clients satisfaction which are, the technical nature of the service or product which depends more on product qualities, for example, durability, security, physical attributes while functional quality is worried about the connections between the service provider and its client, for example, courtesy, speed of delivery, accommodation. Service quality versus service satisfaction approach which basically concentrates on two service characteristics that are interrelated; the transition-specific which assesses particular highlights of value and the general evaluation which assesses general quality. This approach joins perceived quality at the point of the service experience or quickly after it and general satisfaction with the service. Perceived quality depends on attribute of which the service organization possesses control and it is a measure of the client's assessment of the service value without any form of correlation with the client's expectations.

Parasuraman, Zeithaml, & Berry, (1985) built up a theoretical model of service quality where they distinguished five gaps that could affect the client's assessment of service quality in four different business environment. Parasuraman, Zeithaml, & Berry (1988), built up the SERVQUAL model which consist of a multiple item scale which was specifically designed to evaluate client view of service quality in both service and retail firms. The scale disintegrates the idea of service quality into five measurable dimensions which include: Tangibles, Reliability, Responsiveness, Assurance and empathy. This was built on the bases on understanding the gap between clients expectation and experience which could be negative or positive if the

expectation is higher than experience or expectation is not exactly or equivalent to encounter respectively.

Othman & Owen, (2001) developed an instrument called CARTER to measure service quality in Islamic banking. They recognized the existence of cultural differences between countries, regions, religions and ethnic groups. CARTER model unlike SERVQUAL has six dimensions constructed from the existing SERVQUAL with a new dimension called compliance with Islamic law. The essence of the compliance dimension is to include product and service that are in line with Islamic law and principles, that is no interest should be paid nor taken on savings and loans, provision of Islamic products and services, provision of free interest loans and provision of profit-sharing investment products (Othman and Owen, 2001). CARTER's model includes 34 items across six dimensions, namely compliance, assurance, reliability, tangibles, empathy, and responsiveness. In their study conducted on Kuwait Finance House, they found a positive link between quality, satisfaction and service encounter.

American Management Association (AMA) survey of North America, Western Europe and Japanese managers, result indicated that, improving quality and services to customers is the key to competitive success. Therefore, to archive the expectations of the customers means to deliver the quality of service that provides the totality of satisfaction to the customers. The value that the customers obtain from an organization leads to the loyalty and trustworthiness to that organization. In light of this idea, Parasuraman, Zeithaml, & Berry (1988) built up the SERVQUAL framework, which views service quality as the gap between the level of service clients expect and the their view of the level of service they get in return. A great part of the examination on measuring service quality based on Islamic perspective, to date, has centered utilizing CARTER MODEL. Thusly, inquire about utilizing this instrument has been ordinarily referred to the promoting of both administrative and marketing literature and it use has turned out to be to a great degree pervasive in service industry (Brown, Churchill, & Peter, 1993) mostly in the Islamic banking system. The six determinants of the service quality are developed by (Othman & Owen, 2001) are also recognized in SERVQUAL demonstrate with the exception of one dimension:

- 1) Tangibility: This are considered as the financial asset and the physical resources which aide in physical presentation of such service which include equipment, accessing material, trained employees.
- 2) Reliability: This known as the client's concern over the outcome of the service coupled with the ability of the firm to honor its promise to the client with dependability and accuracy.

- 3) Responsiveness: This dimension is described as the ability to provide prompt service to business clients that is when exactly such service will be done and providing an undefined attention to the business clients.
- 4) Assurance: Such dimension is classified as the ability of the firm's staffs to provide a competent confidential service, courtesy service and the staff ability to provide friendly service. More importantly organizational staff are required to inspire trust and confidence in clients.
- 5) Empathy: This dimension is simply known as the understanding of client's problem in process of proving such service.
- 6) Compliance: The provision of product and service in accordance to Islamic laws.

Service Quality Dimensions and Competitive Advantage

Quality service is considered an important component to any business organization and such importance affect the performance of firms in relation to their customers. When business organization provide poor service to their client, such will lead to customer dissatisfaction. if improved or adequately provided, customers are retained, increased and a business on the off chance that poor client benefit is acknowledged whenever in a business, can have the capacity to increase their profit margin by 25% (Griffin, & Herres, 2002). Based on the service quality model developed by Othman & Owen (2001) which consist of (Tangibility, Reliability, Responsiveness, Assurance, Empathy and Compliance) are being utilized to quantify the role between the expectation and perception level in the process of service delivery. In a study conducted in the banking industry by Buell, Campbell, & Frei (2010), argued that the environment in which the banks compete is highly competitive which focuses on the provision of good service quality and price to the customers hence there is a positive association between customer value and service sensitivity when the contenders lacks in the provision of quality services to the customer. It is important to note that customer satisfaction is key factor on archiving competitive advantage. Relatively, customer satisfactions generally intended to influence buyers repurchase decision through positive word of mouth; while at the other hand, dissatisfaction leads to negative word of mouth. However, satisfied customers influence others to go for a product while on the contrary, dissatisfied customers will also recommend on the other wise which is a negative concept of marketing (Labarbera & Mazursky, 1983). However, all the six measurements of service quality impacts consumer satisfaction significantly and enhancing the service quality components is broadly considered as the primary predecessor which could viably increase critical commitments to consumer loyalty.

CONCEPTUAL FRAMEWORK

In this study, a CARTER model was adopted as developed by (Othman & Owen, 2001) was used with some modifications focusing on customer service quality rather than products. The model measures the effect of customer service quality (CSQ) with six dimensions (Compliance, Assurance, Reliability, Tangibility, Empathy and Responsiveness) on competitive advantage (CA) in the Islamic banking sector. A conceptual framework is illustrated in figure 1.

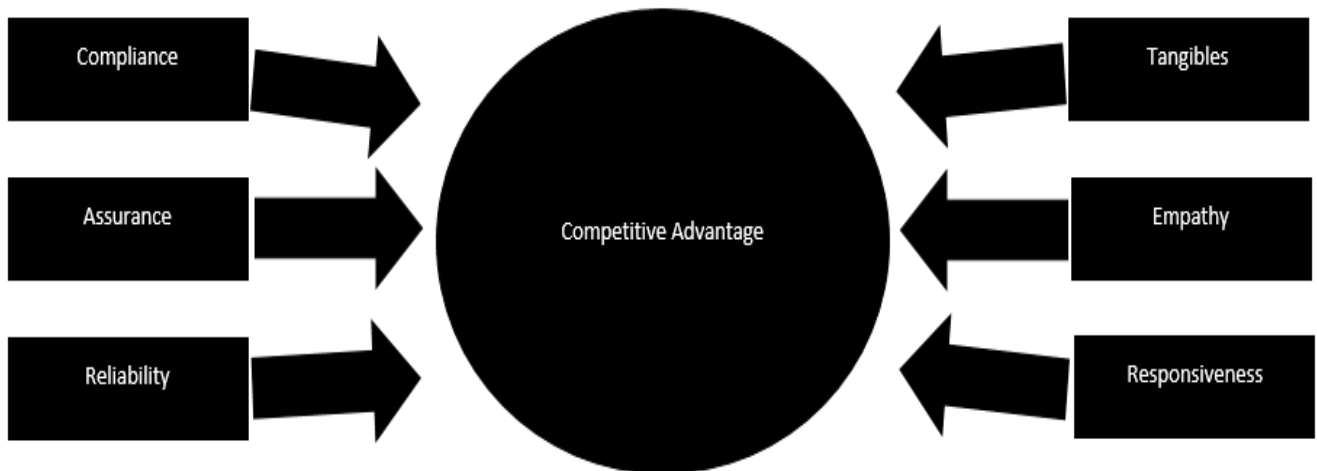


Figure 1: Proposed Research Model

Tangibility and Competitive Advantage

Tangible resources are financial assets and physical resources. There are the most straightforward to distinguish, for which are gathered and valued in the monetary terms of by the organization. It is also defined as the ease in visibility of resources that is necessary for providing the service to customers, well trained employees and ease in accessing materials like pamphlets, brochures, folders, information books. will have a favorable consequence on the level of customer satisfaction (Parasuraman, Zeithaml, & Berry, 1985). Good looking equipment and modern equipment are viewed as the positive impacts of tangibility on customer satisfaction in banking sector (Ananth, Ramesh, & Prabakaran, 2011). Based on the resource dependence or resource based view (RBV), resources, skills and capabilities create an incentive value for the firm that prompts an economical upper hand and predominant financial performance (Barney, 1991). According to Hall (1993) assets or resources used to make or achieve an upper hand are sorted as tangible (e.g., financial asset, capital, production capability, and so forth.) or intangible resources which include; (copyright, trade secret, corporate reputation, culture,

employee know-how). According to Barney, (1986), Barney, (1991), Rao, (1994), such resources create value and meet the accompanying conditions:

- 1) It is important because of its capacity to increase the value of the firm (source of differentiation);
- 2) It is uncommon (just a few firms have it);
- 3) Difficulty in imitating by competing firms; and
- 4) There are no substitutes

More importantly, Davis, Aquilano, Balakrishnan, & Chase, (2005) concluded that tangibles are the physical requirement that provide success and value in the process of the organizational service.

Reliability and Competitive Advantage

Reliability is considered to be the most important factor in convincing and retaining customers in banking services (Yang & Fang, 2004). Reliability is the ability of the business firm to fulfill its commitments as promised to its customers. Most successful companies are of the interest of providing quality product or service to its customers (Jaško, & Marinković, 2016). And there is a great association between high quality products or services in relation to the improvement of profit of a business organization. However most customers are of the concern of best quality product or service in comparison to the competing product for which compete on the same price. In the past, reliability as deciding factor tool by the customer has being largely being ignored due to the lack of knowledge by the customer toward product or service quality. But now, the average consumer buying decision is largely influenced by not only price and quality but also reliability (Levin, & Kalal, 2003). That is to say consumers engage in consuming product or services that provide value. And value is much related to quality and reliability of a product or service. The key benefits of associating or including reliability to an organization product or service is that it promotes customers perception of the value of the product or service and lower cost production. Other benefit includes:

- Less material scrap
- Less product reworks
- Fewer field failure
- Reduced warranty cost: which provide a price competitive advantage
- Lower risk of recall, etc.

Responsiveness and Competitive Advantage

To gain competitive advantage, firm needs to respond better to their customers demand against its competitors. Ellinger, (2000) stated that competitive advantage accrues to those company

who are responsive to their customer needs and want. Client responsiveness is the capacity of a business to perceive and react to changing client needs. As indicated by Forrester(1997), learning and engagement with clients are the main upper hand a business organization can archive. A responsive organization utilizes either supply chain, training, product development or technology to learn more about client needs and prepares its people to deliver the highest standards of customer service. Most emphasis has being given toward supply chain and has being consider as a contributing factor towards competitive advantage (Barney, 2012; Mason-Jones & Towill, 1997; Ventura & Fabra, 2003). Creating responsiveness of supply chain has been become a source of competitive advantage of the firm (Lau,& Hurley, 2001). Companies with more supply chain responsiveness will be more adaptive to demand fluctuation and can overcome the environment uncertainty at a lower cost due to the shorter lead time (Ittner, Larcker, & Randall, 2003). Thatte (2007) stated that supply chain responsiveness and competitive advantage of the firm are positively related. Customers get satisfied when business organization provide individual attention and the employees are paying attention to problems experienced by customers regarding safety in transaction (Kumar, Tat Kee, & Taap Manshor, 2009).

Assurance and Competitive Advantage

Assurance means customer service staffs' competence, knowledge and their ability to maintain trust and confidence. Every successful business organization start with a standard. Standard are what define a business organization for which so important that they are revised yearly by either the regulatory commission or based on the business organization by both product and service industries (Cassar, 2004). Standard are being used to block unwanted product from the market by regulatory agencies. And firms need not just to prepare themselves not only on meeting the regulatory agencies standards but also on customer's standards around the worlds. And such can be achieved by updating the firm industry by those standards as in relation to regulatory and customers requirement. Such conformity to such standard result to authenticity, warranty and safety which result to competitive advantage to the firm. In the banking industry, providing assurance to customers as quality service means the act of providing financial assistance in a courteous and friendly way, ease in the accessibility of account records, comfort or convenience inside the banking hall, an all-around experienced and professional administration group such qualities will generate a good result on consumer loyalty and satisfaction (Sadek, Zainal, Taher, Yahya, Shaharudin, Noordin, & Jusoff, 2010). The assurance measurement dimension incorporates the following components: competence to perform the service, respectfulness and regard form the client, successful communication with the client and

the general attitude that the server has the customer's best enthusiasm on a fundamental level (Fitzsimmons, Fitzsimmons, 2001).

Empathy and Competitive Advantage

Empathy enables a company to be successful in many ways such include the empathic connection with customer which result to product development and innovation. Patnaik, & Mortensen, (2009) prefunded in their studies from Nike, Xbox Microsoft, IBM and others that empathy can lead to better product, more employee engagement, more valuable feedback and increase in revenue. More importantly Parasuraman, Berry, & Zeithaml, (1991) reports that firms that incorporate empathy into their daily operation are 35-40% more likely to exceed their goal which will lead to breaking down of communication barrier as result of increase in communication flows Business leaders and marketers agree that understanding and serving customers are the keys to competitiveness. Customer's emotion cannot be ignored. Empathy refers to the service provider's ability to give individual and personal attention and providing convenience. It is believed that understanding customer expectations better than competitors in providing the required customer service at any time without any inconvenience will strongly influence the level of customer satisfaction (Parasuraman *et al.*, 1988). Furthermore, competitive advantage is not driven by the assets you control, but rather those client that you can get to (Oxman, 1992). Progressively, instead of owning assets and capacities, successful firms utilize technology and various platforms to get data and information of clients wants and query. The way to progress never again lies in ripping at your way to the highest peak, however but in making your way to the focal point of the system. That is the reason Colvin (2016) contended that the most basic important tool in the 21st century is the ability of business organization to influence empathy as a service tool and requires an essential move from "information laborers" to "relationship specialists." In a universe of exponentially expanding increasing complexity, nobody i.e. both individual and firm can do everything, so those that can cooperate with other people have an unmistakable favorable position.

Compliance and Competitive Advantage

The creation of Islamic banks is an element of the Islamic financial system that possess its roots in the core beliefs of Muslim practitioners with regards to what is lawful (Halâl) and unlawful (Haram). A portion of Muslim clients, therefore, maintain their accounts with Islamic banks solely because of their adherence of their operations which are on basic with Islamic Sharī'ah (Islamic law) that surpasses every other benefit, including financial gain/rate of return (Haron, Ahmad, & Planisek, 1994). Although, the issue of interest is one of the main attribute that different the

conventional banks and the Islamic banks, but yet they do possess some similarities in terms of the product and service they offer to their clients. Banks being categorized as service providers are more in consideration of the customer's satisfaction (Rasheed, Aimin, & Ahmed, 2012). Due to the fact that the customer is main driving force behind their operations also, development of business. Consumer loyalty and satisfaction is credited with outstanding service delivery and other features and attribute of the service (Naser, Jamal, & Al-Khatib, 1999), and Sharī'ah recognition is of enormous significance for Islamic banks since it might fundamentally influence the level of consumer loyalty and satisfaction Metawa & Almosawi (1998) also suggested that the Islamic bank clients in Bahrain were satisfied with those products and services provided by their bank. However it is important to note that with the level of competition and the similarity of product and service offered by both conventional and Islamic banks it is important to consider, customer satisfaction through quality service because such will lead to the deciding factor that can affect an Islamic bank's performance and consolidate its competitive edge and success. Othman & Owen, (2001) also suggested the importance of compliance in importance in archiving competitive advantage by delivering quality service. Therefore, it is of utmost importance to study the level of customer satisfaction in Islamic banks (Ahmed, 2017).

CONCLUSION

The review was aimed at examining how quality customer service plays an important role to archiving competitive advantage with respect to Islamic customer's belief. The study is evident of the fact that the concept of quality to service, even though not an end to competition, contributes immensely for the survival of every firm. The study has therefore proven that, the concept of quality customer service plays an important role in gaining competitive advantage, however, the theory of competitive advantage emphasized other contributory factors; and irrespective of how insignificant some of these factors may to be, they together make the effort of the firm compete. Therefore, attention is needed towards the improvement of service quality. The previous studies combined with this study, suggests that competitive advantage within banks and other service firms lies in customer loyalty, which is archived by creating more value to the clients relationship with the business firm. Satisfied clients are considered not enough, for they will defect (Oliver, 1981). Only very satisfied customers count as a competitive edge (Reichheld, 2006). However the inclusion of services which are line to Islamic belief can their by increase clients loyalty. This study highlights on the importance of clients' emotions, experience and religious believes for making them very satisfied. Companies must embark on meeting the customers' personal preferences, which seem to be the emotional side. This study support

earlier studies to concentrate on clients experiences as the key element for competitive advantage (Frow & Payne, 2007).

FURTHER RESEARCH

This paper examined the relation and the barriers of Islamic service quality dimensions on competitive advantage in Islamic banking. Future research may consider focusing on the provision Islamic service quality in different service industries and how it relates to competitive advantage. Furthermore, the fact that Islamic service quality is found in this study to be related competitive advantage, there is the need to investigate further research on the relationships between Islamic service quality and both national culture and organizational performance.

REFERENCES

- Ahmed, S. (2017). Service Quality , Shariah Compliance and Customer Satisfaction of Islamic Banking Services in Malaysia. *Turkish Journal of Islamic Economics*, 4(2), 71–82. <https://doi.org/10.15238/tujise.2017.4.2.71-82>
- Ananth, A., Ramesh, R., & Prabakaran, B. (2011). Service quality gap analysis in private sector bank-a customer perspective. *Internationally Indexed Journal*, 2(1), 245–252. Retrieved from <http://mpa.ub.uni-muenchen.de/29505/>
- Ansoff, H.I. and McDonnell, E. (1990). *Implanting Strategic Management*, Prentice-Hall, New York, NY. New York, NY: Prentice-Hall.
- Asubonteng, P., McCleary, K. J., & Swan, J. E. (1996). Journal of Services Marketing SERVQUAL revisited: a critical review of service quality. *Journal of Services Marketing International Journal of Retail & Distribution Management*
- Iss Managing Service Quality: An International Journal, 10(3), 62–81. <https://doi.org/10.1108/08876049610148602>
- Barney, J. (1991). Firm Resources and Sustained Competitive Advantage. *Journal of Management*, 17(1), 99–120. <https://doi.org/10.1177/014920639101700108>
- Barney, J. B. (1986). Organizational Culture: Can It Be a Source of Sustained Competitive Advantage? *The Academy of Management Review*, 11(3), 656–665. <https://doi.org/10.5465/AMR.1986.4306261>
- Barney, J. B. (2012). Purchasing, Supply Chain Management and Sustained Competitive Advantage: The Relevance of Resource-based Theory. *Journal of Supply Chain Management*, 48(2), 3–6. <https://doi.org/10.1111/j.1745-493X.2012.03265.x>
- Brown, T. J., Churchill Jr., G. A., & Peter, J. P. (1993). Improving the measurement of service quality. *Journal of Retailing*, 69(1), 127–139. [https://doi.org/10.1016/S0022-4359\(05\)80006-5](https://doi.org/10.1016/S0022-4359(05)80006-5)
- Buell, R. W., Campbell, D., & Frei, F. X. (2010). Are Self-Service Customers Satisfied or Stuck? *Production and Operations Management*, 19(6), 679–697. <https://doi.org/10.1111/j.1937-5956.2010.01151.x>
- Cassar, G. (2004). The financing of business start-ups. *Journal of Business Venturing*, 19(2), 261–283. [https://doi.org/10.1016/S0883-9026\(03\)00029-6](https://doi.org/10.1016/S0883-9026(03)00029-6)
- Cater, T., & Cater, B. (2009). (In) tangible resources as antecedents of a company ' s competitive advantage and performance. *Journal for East European Management Studies (JEEMS)*, 2, 186–210.
- Ceccagnoli, M. (2009). Services, industry evolution, and the competitive strategies of product firms. *Strategic Management Journal*, 30(1), 81–98., 30(1), 81–98. <https://doi.org/10.1002/smj>
- Colvin, G. (2016). Humans are Underrated.
- Cronin, J. J., & Taylor, S. A. (1992). Measuring Service Quality: A Reexamination and Extension. *Journal of Marketing*, 56(3), 55–68. Retrieved from <http://www.jstor.org/stable/1252296>
- Davis, M. M., Aquilano, N. J., Balakrishnan, J., & Chase, R. B. (2005). *Fundamentals of Operations Management*. McGraw-Hill Ryerson.
- Eisenhardt, K. M., & Martin, J. A. (2000). Dynamic Capabilities: What Are They? *Strategic Management Journal Strat. Mgmt. J*, 21, 1105–1121. [https://doi.org/10.1002/1097-0266\(200010/11\)21:10/11<1105::AID-SMJ133>3.0.CO;2-E](https://doi.org/10.1002/1097-0266(200010/11)21:10/11<1105::AID-SMJ133>3.0.CO;2-E)

- Ellinger, A. E. (2000). Improving marketing/logistics cross-functional collaboration in the supply chain. *Industrial Marketing Management*, 29(1), 85–96. [https://doi.org/10.1016/S0019-8501\(99\)00114-5](https://doi.org/10.1016/S0019-8501(99)00114-5)
- Fitzsimmons, J.A., Fitzsimmons, M. J. (2001). *Service Management*, 3rd Edition. McGraw-Hill, New York (3rd Editio). New York, NY.
- Forrester, J. W. (1997). (1997). *Industrial Dynamics*. Journal of the Operational Research Society, 48(10), 1037–1041.
- Frow, P., & Payne, A. (2007). Towards the “perfect” customer experience. *Journal of Brand Management*, 15(2), 89–101. <https://doi.org/10.1057/palgrave.bm.2550120>
- Galloway, L., & Ho, S. (1996). A Model of Service Learning. *Training for Quality*, 4(1), 20–26. Retrieved from <http://search.ebscohost.com/login.aspx?direct=true&db=eue&AN=24964254&site=ehost-live>
- Gilbert, G. R., Veloutsou, C., Goode, M. M. H., & Moutinho, L. (2004). Measuring customer satisfaction in the fast food industry: a cross-national approach. *Journal of Services Marketing*, 18(5), 371–383. <https://doi.org/10.1108/08876040410548294>
- Griffin, J., & Herres, R. T. (2002). (2002). *Customer Loyalty: How to Earn it, How to Keep it* (p. 18). San Francisco, CA: Jossey-Bass. San Francisco,: Jossey-Bass.
- Grönroos, C. (1984). A Service Quality Model and its Marketing Implications. *European Journal of Marketing*, 18(4), 36–44.
- Hall, R. (1993). A FRAMWORK LINKING INTANGMKE RESOURCES AND CAPABILITES TO SUSTAINABLE COMPETITIVE. *Strategic Management Journal*, 14(July 1992), 607–618.
- Haron, S., Ahmad, N., & Planisek, S. L. (1994). Bank Patronage Factors of Muslim and Non-Muslim Customers. *International Journal of Bank Marketing*, 12(1), 32–40. <https://doi.org/10.1108/02652329410049599>
- Hill, C. W., & Jones, G. R. (1998). *Strategy management theory: An integrated approach*. Boston, MA: Houghton Mifflin Company . Boston.
- Ittner, C. D., Larcker, D. F., & Randall, T. (2003). Performance implications of strategic performance measurement in financial services firms. *Accounting, Organizations and Society*, 28(7–8), 715–741. [https://doi.org/10.1016/S0361-3682\(03\)00033-3](https://doi.org/10.1016/S0361-3682(03)00033-3)
- Jamal, A., & Naser, K. (2002). Customer satisfaction and retail banking: an assessment of some of the key antecedents of customer satisfaction in retail banking. *International Journal of Bank Marketing*, 20(4), 146–160. <https://doi.org/10.1108/02652320210432936>
- Jaško, O., & Marinković, S. (Eds.). (2016). *Symposium proceedings -XV International symposium Symorg 2016: Reshaping the Future Through Sustainable Business Development and Entrepreneurship*. University of Belgrade, Faculty of Organizational Sciences.
- Kumar, M., Tat Kee, F., & Taap Manshor, A. (2009). Determining the relative importance of critical factors in delivering service quality of banks. *Managing Service Quality: An International Journal*, 19(2), 211–228. <https://doi.org/10.1108/09604520910943198>
- Labarbera, P. A., & Mazursky, D. (1983). A Longitudinal Assessment of Consumer Satisfaction/Dissatisfaction: The Dynamic Aspect of the Cognitive Process. *Source Journal of Marketing Research*, 20(4), 393–404. <https://doi.org/10.2307/3151443>
- Lau, R. S. M., & Hurley, N. M. (2001). Creating Agile Supply Chains for Competitive Advantage. *South Dakota Business Review*, 60(1), 1–5.
- Levin, M. A., & Kalal, T. T. (2003). *Improving product reliability: strategies and implementation* (Vol. 1). John Wiley & Sons. (Vol. 1). John Wiley & Sons.
- Markides, C. (2000). (2000). *Markides C (2000) All the Right Moves: A Guide to Crafting Breakthrough Strategy*. Harvard Business School Press, Boston MA. Harvard Business Press.
- Mason-Jones, R., & Towill, D. R. (1997). Information enrichment: designing the supply chain for competitive advantage. *Supply Chain Management: An International Journal*, 2(4), 137–148. <https://doi.org/10.1108/13598549710191304>
- Metawa, S. A., & Almossawi, M. (1998). Banking behavior of Islamic bank customers: perspectives and implications. *International Journal of Bank Marketing*, 16(7), 299–313. <https://doi.org/10.1108/02652329810246028>
- Mukherjee, A., Nath, P., & Pal, M. N. (2003). Resource, service quality and performance triad : a framework for measuring efficiency of banking services. *The Journal of the Operational Research Society*, 54(7), 723. <https://doi.org/10.1057/palgrave.jors.2601573>

- Naser, K., Jamal, A., & Al-Khatib, K. (1999). Islamic banking: a study of customer satisfaction and preferences in Jordan. *International Journal of Bank Marketing*, 17(3), 135–151. <https://doi.org/10.1108/02652329910269275>
- Oliver, R. L. (1981). Measurement and evaluation of satisfaction processes in retail settings. *Journal of Retailing*, 57(3), 25–48. <https://doi.org/10.1023/A>
- Othman, A., & 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(1), 1–26.
- Oxman, J. A. (1992). The global service quality measurement program at American Express Bank. *National Productivity Review*, 11(3), 381–392. <https://doi.org/10.1002/npr.4040110309>
- Paradise-Tornow, C. A. (1991). Management effectiveness, service quality, and organizational performance in banks. *People and Strategy*, 14(2), 129.
- Parasuraman, A., Zeithaml, V. A., & Berry, L. L. (1985a). A Conceptual Model of Service Quality and its Implication for Future Research (SERVQUAL). *Journal of Marketing*, 49(September 2014), 41–50. <https://doi.org/10.2307/1251430>
- Parasuraman, A., Zeithaml, V. A., & Berry, L. L. (1985b). A Conceptual Model of Service Quality and Its Implications for Future Research. *American Marketing Association*, 49(4), 41–50. <https://doi.org/10.2307/1251430>
- Parasuraman, A., Zeithaml, V. A., & Berry, L. L. (1988). Servqual: A multiple-item scale for measuring consumer perception of service quality. *Journal of Retailing*, 64(1), 12.
- Parasuraman, A., Berry, L. L., & Zeithaml, V. A. (1991). Understanding customer expectations of service. *Sloan Management Review*, 32(3), 39–48.
- Parasuraman, A., Zeithaml, V. A., & Berry, L. L. (1988). SERVQUAL: A Multiple-Item Scale for Mesuring Consumer Perception of Service Quality. *Journal of Retailing*, 64(1), 12.
- Patnaik, D., & Mortensen, P. (2009). Patnaik, D., & Mortensen, P. (2009). *Wired to Care: How Companies Prosper when They Create Widespread Empathy*. FT Press. FT Press.
- Peteraf, M. A. (1993). The Cornerstones of Competitive Advantage: A Resource-Based View. *Strategic Management Journal*, 14(3), 179–191.
- Porter, G. (1999). Trade Competition and Pollution Standards: “Race to the Bottom” or “Stuck at the Bottom.” *The Journal of Environment & Development*, 8(2), 133–151. <https://doi.org/10.1177/107049659900800203>
- Porter, M. E. (1998). The Adam Smith address : Location, clusters, and the “new” microeconomics of competition. *Business Economics*, 33(1), 7–13. <https://doi.org/http://www.palgrave-journals.com/be/index.html>
- Powell, T. C. (2001). Competitive advantage: Logical and philosophical considerations. *Strategic Management Journal*, 22(9), 875–888. <https://doi.org/10.1002/smj.173>
- Rao, H. (1994). The social construction of reputation: Certification contests, legitimation, and the survival of organizations in the American automobile industry: 1895–1912. *Strategic Management Journal*, 15(S1), 29–44.
- Rasheed, H., Aimin, W., & Ahmed, A. (2012). An Evaluation of Bank Customer Satisfaction in Pakistan , Comparing Foreign and Islamic Banks. *International Journal of Business and Social Science*, 3(16), 177–184.
- Reichheld, F. (2006). The Microeconomics of Customer Relationships The Microeconomics of Customer Relationships. *MIT Sloan Manag. Review*, 47(2), 73–78.
- Rich, N., & Hines, P. (1997). Supply-chain management and time-based competition : association. *International Journal of Physical Distribution & Logistics Management*, 27(3/4), 210–225.
- Sadek, D. M., Zainal, N. S., Taher, M. S. I. M., Yahya, A. F., Shaharudin, M. R., Noordin, N., ... & Jusoff, K. (2010). (2010). Service quality perceptions between cooperative and Islamic banks of Britain. *American Journal of Economics and Business Administration*, 2(1).
- Schroeder, R. G. (2000). “Operations Management Con - temporary Concepts and Cases”. 2000, Boston: Irwin McGraw Hill. Boston: Irwin McGraw Hill.
- Shepherd, D. A., Douglas, E. J., & Shanley, M. (2000). New venture survival. *Journal of Business Venturing*, 15(5–6), 393–410. [https://doi.org/10.1016/S0883-9026\(98\)00032-9](https://doi.org/10.1016/S0883-9026(98)00032-9)
- Stalk, G., Evans, P., & Shulman, L. E. (1992). Competing On Capabilities: The New Rules Of Corporate Strategy. *Harvard Business Review*, 57–60.
- Stevenson, W. J. (1993). “Production/Operations Management” (4th ed.). , Boston: Irwin Homewood.

Thatte, A. A. (2007). Competitive advantage of a firm through supply chain responsiveness and SCM practices (Doctoral dissertation, University of Toledo). The University of Toledo.

Towill, D. R., & Christopher, M. (2002). The Supply Chain Strategy Conundrum: To be lean or agile or to be lean and agile? *International Journal of Logistics Research and Applications*, 5(3), 299–309. <https://doi.org/10.1080/1367556021000026736>

Ventura, E. V. a, & Fabra, U. P. (2003). Supply Chain Management As a Competitive Advantage in the Spanish Grocery Sector. *The International Journal of Logistics Management*, 14(1), 77–88.

Wicks, A. M., & Roethlein, C. J. (2009). A satisfaction-based definition of quality. *Journal of Business & Economic Studies*, 15(1), 82–97.

Woodruff, R. B. (1997). Customer value: The next source for competitive advantage. *Journal of the Academy of Marketing Science*, 25(2), 139–153. <https://doi.org/10.1007/BF02894350>

Yang, Z., & Fang, X. (2004). Online service quality dimensions and their relationships with satisfaction. *International Journal of Service Industry Management*, 15(3), 302–326. <https://doi.org/10.1108/09564230410540953>

Zeithami, V. a, Berry, L. L., & Parasuraman, a. (1988). Communication and Control Processes in the Delivery of Service Quality. *Journal of Marketing*, 52(April), 35–48. <https://doi.org/10.2307/1251263>

Zott, C., & Amit, R. (2008). Services, industry evolution, and the competitive strategies of product firms. *Strategic Management Journal*, 29(1), 1–26. <https://doi.org/10.1002/smj>