



RESEARCH ARTICLE

THE INFLUENCE OF PERSONAL SELLING, WORD OF MOUTH, AND SERVICE QUALITY ON PURCHASE DECISIONS WITH CUSTOMER SATISFACTION AS AN INTERVENING VARIABLE AT PNM MEKAAR REGIONAL BANDUNG 2

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Abstract

This research primarily seeks to investigate the impact of personal selling, word of mouth, and service quality on purchase decisions, considering customer satisfaction as an intervening construct. The study adopts a quantitative methodology, applying Structural Equation Modeling (SEM) via Smart PLS 4 to analyze data obtained from 115 respondents, all of whom are customers of PNM Mekaar Regional Bandung 2. The analysis reveals that personal selling, word of mouth, and service quality have a substantial and positive influence on customer satisfaction. In addition, both these independent variables and customer satisfaction are found to significantly shape purchase decisions. The results also demonstrate that customer satisfaction serves as an important mediating factor in the relationships between the independent variables and purchase decisions. These insights recommend that organizations strengthen the performance of personal selling, improve service quality, and effectively manage word of mouth communication as strategies to enhance customer satisfaction and, ultimately, purchasing behavior.

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Introduction:-

Microfinance institutions are pivotal in reducing poverty and fostering financial inclusion, particularly within developing nations.

PT Permodalan Nasional Madani (PNM), a state-owned enterprise, initiated the Membina Ekonomi Keluarga Sejahtera (PNM Mekaar) program in 2015. This initiative is designed to assist underprivileged women throughout Indonesia by offering ultra-micro financing coupled with entrepreneurial development support (PNM, 2021).

In Bandung Regency, an area with more than 377,000 low-income households (P3KE, 2024), PNM Mekaar functions as a significant driver of women's economic empowerment.

However, despite the program's expanding outreach and the substantial growth in financing distribution within PNM Mekaar Regional Bandung 2, recent operational data indicate a persistent upward trend in customer dropout (DO) rates. Specifically, the percentage of customers discontinuing their participation increased from 7.36% in 2021

to 10.83% in 2022, and further surged to 16.20% in 2023. A similar pattern is observed in the proportion of dropout financing value, which rose from 6.34% in 2021 to 9.57% in 2022, before reaching 13.81% in 2023. This escalation suggests potential challenges in customer retention, which may be linked to factors such as service delivery quality, customer relationship management, or the effectiveness of marketing strategies. Addressing these issues is essential for sustaining customer engagement and ensuring the long-term success of microfinance initiatives in the region (PNM, 2023).

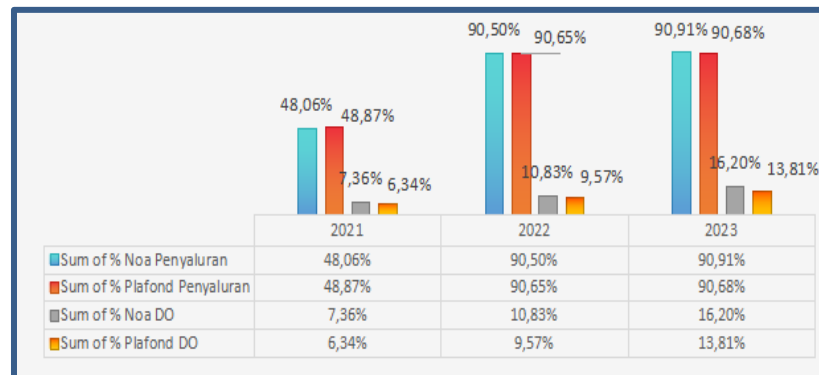


Figure Percentage of Financing Disbursement and Customer Dropouts (2021-2023)

Source: PNM 2021-2023

This situation underscores significant concerns related to customer satisfaction and the efficacy of marketing strategies in shaping purchase decisions. According to Kotler and Keller (2016), decision-making in the context of financial services is largely influenced by relational marketing approaches, notably personal selling and word-of-mouth communication, both of which contribute to building trust and fostering emotional connections with customers. Likewise, service quality evaluated through dimensions such as responsiveness, reliability, and empathy plays an essential role in influencing customer satisfaction and loyalty (Baihaky et al., 2022; Sundari, 2021).

Nevertheless, empirical evidence regarding these relationships remains mixed. Certain studies report a positive effect of personal selling and word of mouth on purchase decisions (Mutmainnah et al., 2020; Khoiruddin, 2021), whereas others indicate negligible or even adverse impacts (Yoga et al., 2022; Chintya et al., 2022). A similar inconsistency is observed in the literature on service quality, where its influence on customer satisfaction and behavioral outcomes varies across different settings (Anisah et al., 2023; Amin et al., 2022).

In light of these discrepancies, combined with the strategic necessity of retaining and satisfying microfinance clients, the present study investigates both the direct and indirect effects of personal selling, word of mouth, and service quality on purchase decisions, positioning customer satisfaction as an intervening variable. The case of PNM Mekaar Regional Bandung 2 provides a valuable setting for exploring the extent to which marketing strategies and service delivery impact the purchasing behavior of low-income women entrepreneurs.

2. THEORETICAL FRAMEWORK & HYPOTHESES

The theoretical framework for this research is grounded in the Theory of Reasoned Action (TRA) and the Theory of Planned Behavior (TPB), which describe consumer decision-making as a process driven by behavioral intention, shaped by attitudes, subjective norms, and perceived behavioral control (Ajzen, 1991).

Personal selling is defined as direct, face-to-face communication between a salesperson and prospective customers, intended not only to promote products but also to cultivate enduring relationships. Imron et al. (2025) identify four essential indicators of effective personal selling: communication skills, product knowledge, creativity, and empathy. These elements enable sales representatives to tailor their messages according to customer feedback, thereby fostering trust through personalized interactions.

Word-of-mouth (WOM) refers to the exchange of information and opinions about products or services between consumers, which can strongly shape customer perceptions and behavior. Weng (2023) organizes WOM into five dimensions under the 5T framework: talkers, topics, tools, taking part, and tracking. This framework emphasizes the roles of both message senders and recipients, illustrating how consumers actively share and amplify brand-related messages within their social networks.

Service quality reflects an organization's capacity to provide reliable, consistent services that meet or surpass customer expectations. Drawing on the RATER model, Sundari (2021) identifies five critical dimensions: responsiveness, assurance, tangibility, empathy, and reliability, which collectively assess service performance from various perspectives, including employee conduct, physical facilities, and perceived competence.

Customer satisfaction is conceptualized as a psychological state that emerges from comparing anticipated service performance with the actual experience. Indrasari (2019) highlights three primary indicators for assessing satisfaction: alignment between expectations and outcomes, the intention to repurchase, and willingness to recommend the service. These dimensions capture the degree to which the service fulfills customer needs, encourages repeat usage, and promotes positive referrals.

A purchase decision represents the concluding stage of the consumer decision-making process, encompassing the recognition of needs, the search for information, the evaluation of alternatives, and the final selection. Kotler and Keller (2017) propose these four indicators as a framework for understanding the cognitive pathway consumers follow from identifying a problem to completing a transaction, a sequence particularly relevant in financial services, where trust and comprehension play a central role.

HYPOTHESES

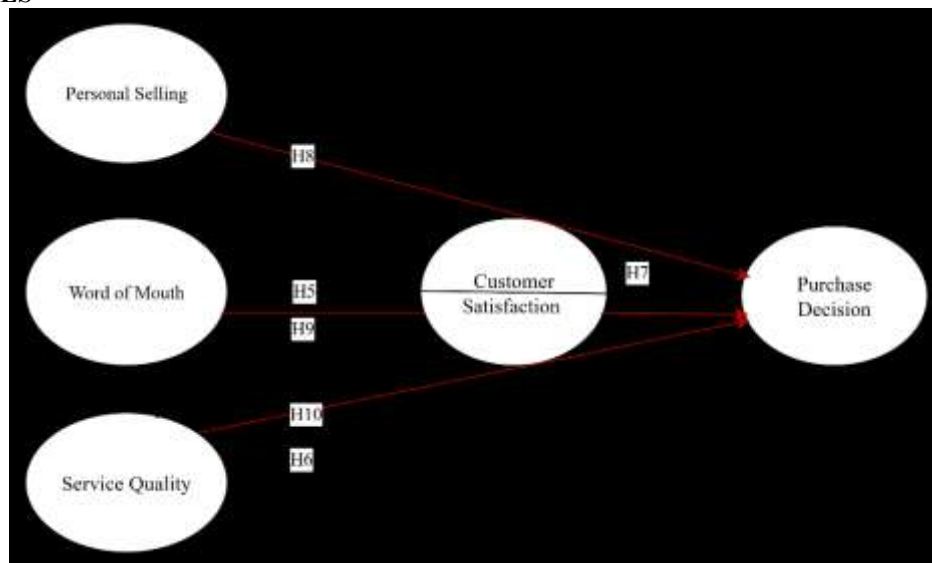


Figure Hypotheses

Based on the literature, the following hypotheses are proposed:

- H1: Personal selling positively influences customer satisfaction.
- H2: Word of mouth positively influences customer satisfaction.
- H3: Service quality positively influences customer satisfaction.
- H4: Personal selling positively influences purchase decisions.
- H5: Word of mouth positively influences purchase decisions.
- H6: Service quality positively influences purchase decisions.
- H7: Customer satisfaction positively influences purchase decisions.
- H8: Customer satisfaction mediates the effect of personal selling on purchase decisions.
- H9: Customer satisfaction mediates the effect of word of mouth on purchase decisions.
- H10: Customer satisfaction mediates the effect of service quality on purchase decisions.

Methods:-

This research adopts a quantitative approach, utilizing Structural Equation Modeling (SEM) through the SmartPLS 4 software. The study population comprises customers of PNM Mekaar in Bandung Region 2, from which a purposive sampling technique was applied to select 115 respondents. Data were obtained using structured questionnaires incorporating Likert-scale items. The variables examined include personal selling, word of mouth, service quality, customer satisfaction, and purchase decision. To ensure measurement accuracy, validity was assessed using the Average Variance Extracted (AVE), while reliability was evaluated through composite reliability and Cronbach's alpha. The structural model was analyzed by examining path coefficients, t-statistics, and R^2 values, which collectively determine the significance and strength of the hypothesized relationships among the variables.

Results and Discussion:-

The SEM-PLS analysis indicates that personal selling, word of mouth, and service quality exert a significant positive influence on customer satisfaction. Furthermore, these three factors, together with customer satisfaction, have a substantial impact on purchase decisions. The mediation analysis further demonstrates that customer satisfaction functions as an intervening variable in the relationships between personal selling, word of mouth, service quality, and purchase decisions. These results underscore the pivotal role of interpersonal communication and high-quality service delivery in shaping customer behavior, particularly within the context of microfinance institutions such as PNM Mekaar.

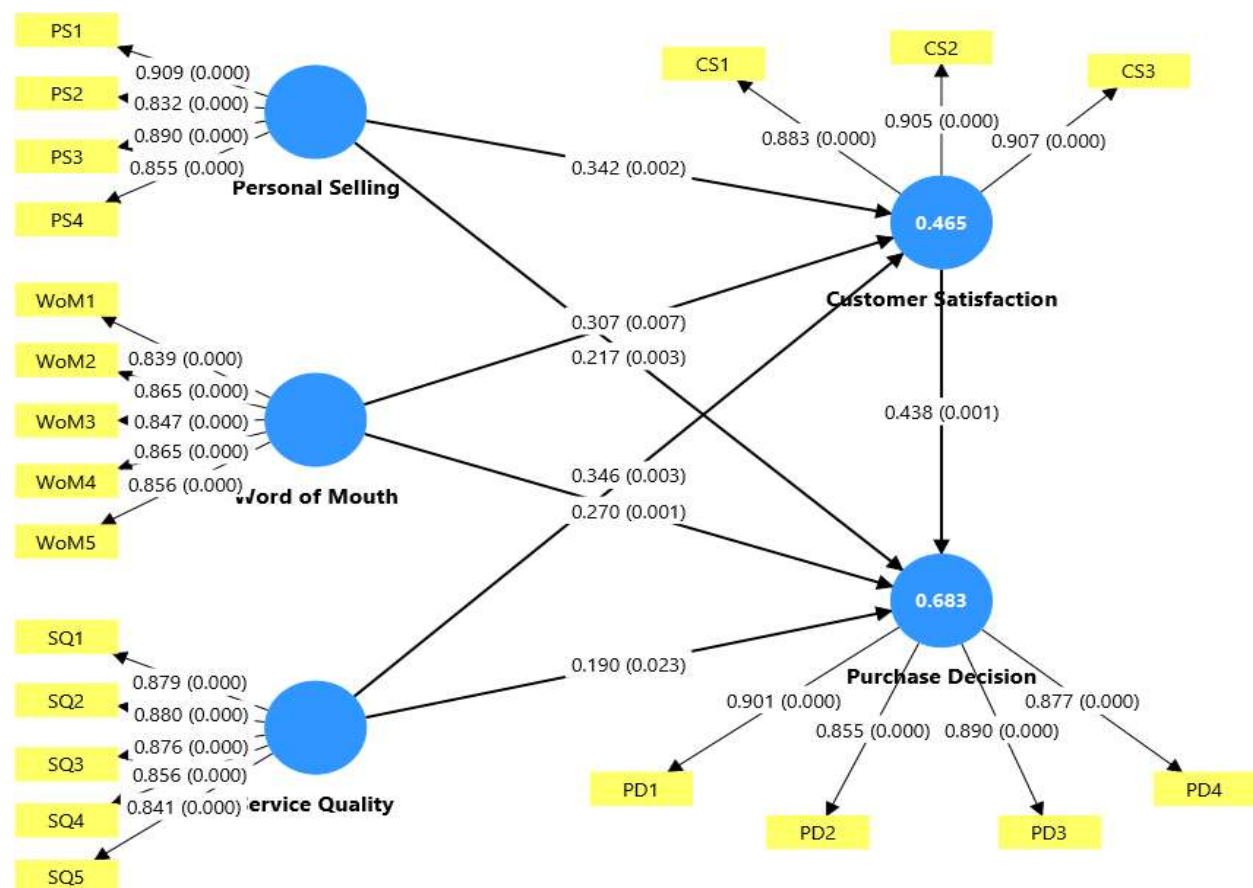


Figure Inner Model
Source: SmartPLS 4 (2025)

Table Direct Path Test

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (O/STDEV)	P values
Customer Satisfaction -> Purchase Decision	0,438	0,421	0,131	3,333	0,001
Personal Selling -> Customer Satisfaction	0,342	0,336	0,110	3,095	0,002
Personal Selling -> Purchase Decision	0,217	0,217	0,073	2,992	0,003
Service Quality -> Customer Satisfaction	0,346	0,347	0,117	2,952	0,003
Service Quality -> Purchase Decision	0,190	0,192	0,083	2,273	0,023
Word of Mouth -> Customer Satisfaction	0,307	0,297	0,113	2,717	0,007
Word of Mouth -> Purchase Decision	0,270	0,272	0,083	3,263	0,001

Table Indirect Path Test

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (O/STDEV)	P values
Personal Selling -> Purchase Decision	0,150	0,143	0,067	2,233	0,026
Service Quality -> Purchase Decision	0,152	0,148	0,070	2,172	0,030
Word of Mouth -> Purchase Decision	0,135	0,129	0,067	2,016	0,044

Source: SmartPLS 4 (2025)

The results indicate that all examined relationships yield t-statistic values exceeding the critical threshold of 1.96 and p-values below the 0.05 significance level. These findings demonstrate that Personal Selling, Service Quality, and Word of Mouth exert a statistically significant and positive influence on Customer Satisfaction and Purchase Decision, both through direct and indirect pathways (Latan & Ghazali, 2015).

Conclusions and Suggestions:-

Summary

The findings of this study demonstrate that personal selling, word of mouth, and service quality influence purchase decisions both directly and indirectly through customer satisfaction. These factors are pivotal in determining customers continued use of PNM Mekaar's services. Customer satisfaction emerges as a strong mediating variable, underscoring the significance of delivering high-quality interactions and services to encourage purchase decisions.

Suggestions

For practitioners, it is recommended that PNM Mekaar implement continuous training programs for field officers to enhance their communication abilities and persuasive competencies in personal selling. Additionally, the institution should proactively manage and monitor customer experiences to stimulate positive word-of-mouth communication. Improving service quality particularly in terms of responsiveness and empathy can substantially boost customer satisfaction and retention rates. Future research is encouraged to expand the sample size, include a broader range of regional offices, and incorporate additional behavioral constructs such as trust, perceived value, or brand image to strengthen and extend the research model.

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