

Midocean University
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Bachelor of Management



The Impact of Perceived Service Quality on Customer Loyalty in the Saudi Telecom Sector

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Graduation Project -1

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1- Research Questions:

RQ1: Do the SERVQUAL dimensions (reliability, responsiveness, assurance, empathy, and tangibles) significantly influence customer loyalty in the Saudi telecom sector?

RQ2: Which SERVQUAL dimension has the strongest effect on customer loyalty among telecom customers in Saudi Arabia?

RQ3: To what extent does overall perceived service quality predict customer loyalty in the Saudi telecom sector?

RQ4: Are telecom customers' perceptions of service quality (across SERVQUAL dimensions) generally high or low in the Saudi telecom sector?

2- Research Objectives:

O1: To measure customers' perceptions of service quality in the Saudi telecom sector using the SERVQUAL dimensions.

O2: To examine the impact of overall perceived service quality on customer loyalty in the Saudi telecom sector.

O3: To test the effects of each SERVQUAL dimension (reliability, responsiveness, assurance, empathy, and tangibles) on customer loyalty.

O4: To identify the strongest SERVQUAL predictor(s) of customer loyalty and provide practical recommendations to improve retention.

3- Research Hypotheses:

H1: Overall perceived service quality has a significant positive impact on customer loyalty in the Saudi telecom sector.

H1a: Reliability has a significant positive impact on customer loyalty in the Saudi telecom sector.

H1b: Responsiveness has a significant positive impact on customer loyalty in the Saudi telecom sector.

H1c: Assurance has a significant positive impact on customer loyalty in the Saudi telecom sector.

H1d: Empathy has a significant positive impact on customer loyalty in the Saudi telecom sector.

H1e: Tangibles have a significant positive impact on customer loyalty in the Saudi telecom sector.

Optional (for deeper analysis in Project 2, if required by the instructor):

H2: Overall perceived service quality explains a significant proportion of variance in customer loyalty in the Saudi telecom sector.

4- Research Model:

Independent Variable (IV): Perceived Service Quality (SERVQUAL dimensions: Reliability, Responsiveness, Assurance, Empathy, Tangibles)

Dependent Variable (DV): Customer Loyalty

Conceptual Model (Direct Effects):

- Reliability → Customer Loyalty
- Responsiveness → Customer Loyalty
- Assurance → Customer Loyalty
- Empathy → Customer Loyalty
- Tangibles → Customer Loyalty

Overall Construct Option (also reported):

Perceived Service Quality (overall) → Customer Loyalty

In Project 2, the model will be tested using multiple regression to determine which SERVQUAL dimension(s) significantly predicts customer loyalty and which has the strongest standardized effect.

5- Suggested Industry/Organization for the Empirical Study:

This study will be conducted in the Saudi telecommunications sector, focusing on telecom customers in Saudi Arabia. The sector is appropriate for empirical investigation because telecom services are continuously used and repeatedly evaluated by customers through multiple touchpoints such as network coverage and stability, service responsiveness, billing clarity, and digital self-service channels. Moreover, the Saudi telecom market is highly competitive, with customers receiving frequent promotional offers and having relatively low switching barriers. Therefore, customer loyalty is a strategically important outcome for telecom firms, and examining service quality as a driver of loyalty has strong practical relevance.

The empirical context includes customers of major telecom providers operating in Saudi Arabia (e.g., STC, Mobily, and Zain). However, the study will treat the sector at an industry level rather than restricting analysis to one organization, allowing broader generalizability and easier data collection.

6- Research Methodology:

Research Design: This research adopts a quantitative, cross-sectional survey design. Data will be collected once from telecom customers to measure their perceptions of service quality and loyalty intentions at the time of the survey.

6.1- Data Collection Instrument:

A structured questionnaire will be used, based on SERVQUAL dimensions (reliability, responsiveness, assurance, empathy, tangibles) and standard customer loyalty measures (continuance intention, recommendation intention, and resistance to switching). All items will be measured using a five-point Likert scale (1 = Strongly Disagree to 5 = Strongly Agree).

6.2- Population and Sampling:

The population includes telecom customers in Saudi Arabia. A non-probability convenience sampling method will be applied (e.g., online distribution via social media and personal networks). For robust regression testing with five predictors, a practical target sample size is typically 150–300 responses (the final number will depend on feasibility and course guidance).

6.3 - Data Analysis Plan (Project 2):

Data analysis will be conducted using statistical software (e.g., SPSS) and will include:

- Descriptive statistics (respondent profile; means and standard deviations of items/constructs)
- Reliability testing (Cronbach's alpha for each SERVQUAL dimension and the loyalty scale)

- Correlation analysis (initial relationship check)
- Multiple regression analysis (testing H1a–H1e and identifying the strongest predictor)
- Optional: simple regression using the overall service quality score (testing H1 overall)

6.4- Ethical Considerations:

Participation will be voluntary, and responses will be anonymous. No personally identifiable information will be collected, and data will be used for academic purposes only.

7- The Suggested Project Structure:

Chapter 1: Introduction

- Research background, problem (theoretical and practical gaps), significance, questions, objectives, hypotheses, model, methodology, scope, and suggested structure.

Chapter 2: Literature Review

- Service quality and SERVQUAL dimensions (conceptual and empirical studies).
- Customer loyalty (definitions, measurement, and relevance).
- Service quality–loyalty relationship (theoretical explanations and evidence).

Chapter 3: Research Methodology (Detailed)

- Research approach, instrument development, sampling, measurement items, validity and reliability, and analysis procedures.

Chapter 4: Data Analysis and Results

- Data screening, descriptive statistics, reliability results, correlation results, regression results, and hypothesis decisions.

8- References:

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