

Midocean University

Faculty of Management

Department/ specialization Project management



The Impact of Service Quality on Customer Satisfaction | on "STC", Saudi Arabia

"Case study"

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Introduction

"The last two decades have witnessed tumultuous changes in the business environment, with quality consistently being considered one of management's top competitive priorities and a prerequisite for sustenance and growth. The quest for quality improvement has become a highly desired objective in today's intensely competitive global marketplace. Service quality plays a crucial role in achieving customer satisfaction, especially in the highly competitive telecommunications sector. For Saudi Telecom Company (STC), one of the largest telecommunications companies in the region, service quality is a key element in its strategy to enhance customer satisfaction and retention.

Service quality encompasses various factors such as network reliability, response speed, level of technical support, coverage quality, as well as ease of use and innovation in service delivery. Improving these factors can lead to higher levels of customer satisfaction, thereby increasing loyalty and reducing complaint rates.

For instance, improving the speed of response to complaints and increasing network reliability can enhance the customer experience and boost their satisfaction. Additionally, providing modern technologies and innovative services aligns with the growing expectations of customers in the digital age, contributing to a higher overall satisfaction level. Therefore, understanding the relationship between service quality and customer satisfaction is crucial for telecom companies like STC. This knowledge can support the development of effective strategies to improve the quality of services offered and ensure the highest levels of satisfaction among customers.

Concept of Service Quality:

"Service" is defined as the application of specialized competencies through actions, processes, and performance for the benefit of another entity or the entity itself. However, the concept of service quality has not been precisely defined by researchers. A review of the existing literature shows that research has approached the concept either from a production-based perspective or a customer-oriented perspective. While the production or manufacturing approach focuses on the objective or technical quality of standardized products, the customer-oriented approach emphasizes customer perceptions or quality in the eyes of the customer. Given the complex nature of quality, the customer perspective has become the prevailing approach in defining service quality in research (Akter et al., 2019).

Therefore, enhancing service quality through effective functional design for customer communication not only enhances the perceived social impact on social motivations but is also crucial for the significant competitive advantage of "service quality" in the aviation industry. Both researchers and practitioners can benefit by understanding and enhancing how relational functions are designed to motivate employees to improve customer lives and purchasing experiences (Chien-Wei Ho and Chi-Chuan Wu, 2019).

A study by Parasurman et al. (1988) defined service quality from the customer's viewpoint as stemming from the comparison of what the customer feels service companies should provide (i.e., their expectations) with their perceptions of the company's service performance. Thus, perceived service quality is viewed as the degree and direction of the discrepancy between customer perceptions and expectations."

"Recent interpretations in the consumer domain now describe satisfaction as a fulfillment response. Fulfillment implies that a consumption goal is known, such as in the basic motives of hunger, thirst, and safety. However, observers of human behavior understand that these and other goals can be and frequently are modified and updated in various ways. Thus, consumer researchers have moved away from the literal meaning of satisfaction and now pursue this concept as the consumer experiences and describes it.

— (Oliver, 1997, p. 13)"

The Challenges

"The existing academic literature has cited several limitations regarding this topical area. Organizational research has primarily focused on the purchase decision process, with little emphasis on post-choice consumption and subsequent purchasing behavior (Qualls and Rosa, 1995). Additionally, more recent views of buyer-seller relationships as networks call for a relationship-oriented approach to measurement rather than one focused solely on transactions (Homburg and Rudolph, 2001; Tikkanen et al., 2000). Finally, many businesses have few industrial clients, raising questions about the validity of using statistical techniques that require significant sample sizes. Averages tend to stabilize over time, showing no significant change in customer feedback metrics (Tikkanen et al., 2000). Often, these 'objective' numerical results disguise the real underlying issues needed to improve customer satisfaction."

In a competitive and constantly changing business environment, quality of Service is a key element in achieving customer satisfaction, which directly affects customer loyalty and corporate success. Despite the widespread recognition of the importance of service quality, there is still a lack of comprehensive understanding of the factors that affect customer satisfaction and how service quality can be effectively improved.

Studying the quality of Service and its impact on customer satisfaction is extremely important in today's business context. This research contributes to a deep understanding of how service quality affects customer experience and satisfaction, enabling companies to improve their services and increase opportunities for growth and sustainability in a competitive market.

The research of service quality and customer satisfaction contributes to:

1. * Improve customer experience: * by understanding the dimensions of service quality that directly affect customer satisfaction, companies can improve customer experience and thereby increase their loyalty.
2. * Increase loyalty and customer retention:* if customers ' expectations in terms of service quality are met, they are more likely to remain customers and in the long run may increase their spending with the company.
3. * Improve competitive performance:* by improving service quality and customer satisfaction, companies can achieve a better competitive advantage in the market, where the difference is in customer experience and satisfaction.
4. * Operational sustainability: * by investing in improving the quality of service, companies can achieve sustainable growth and continuity in operational performance.

Research Problem

In a competitive and constantly changing business environment, quality of Service is a key element in achieving customer satisfaction, which directly affects customer loyalty and corporate success. Despite the widespread recognition of the importance of service quality, there is still a lack of comprehensive understanding of the factors that affect customer satisfaction and how service quality can be effectively improved

- **Theoretical gaps**

- ***Focus on Purchase Decision:*** Previous research in the field of service quality has often focused on the purchase decision-making process, neglecting post-choice consumption and subsequent buying behavior. There is a need to expand research to understand how service quality comprehensively affects customer experience after the purchase.

- **Empirical gaps**

Relationship Measurement over Transactions: Recent shifts in studying buyer-seller relationships as networks call for an approach that focuses on measuring relationships rather than merely individual transactions. Standardized measurement tools need to be developed to understand the enduring relationships and their impact on customer satisfaction..

- **Main research question**

How can the service quality impact on customer satisfaction?

Research significant

Studying the quality of Service and its impact on customer satisfaction is extremely important in today's business context. This research contributes to a deep understanding of how service quality affects customer experience and satisfaction, enabling companies to improve their services and increase opportunities for growth and sustainability in a competitive market.

- **Theoretical gaps**

The research contributes to deepening our understanding of the impact of service quality on customer satisfaction through analyzing and studying the relationship between these two key variables in a business context. This study facilitates the development of new theories that explain how service quality influences customer behavior and responses.

- **Empirical gaps**

- The research provides valuable practical guidance for companies to improve service quality and enhance customer satisfaction. By understanding the factors influencing customer satisfaction, companies can refine their strategies to better meet customer expectations and needs.

1- **Contribution to Practical Development:**

- The research contributes to improving companies' competitive performance by achieving higher customer satisfaction and retaining their customers. Through this research, companies can strengthen their market position by delivering excellent and effective customer experiences.

2- **Enhancement of Operational Sustainability:**

- By improving service quality, companies can achieve sustainable growth and operational continuity, enhancing their ability to address future challenges and adapt to market changes.

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