

Chapter 2: Literature Review – Assignment 3

Course: MGM 496 – PMG496

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2.1 Introduction

Customer satisfaction has been widely recognized as a key indicator of organizational success, particularly in service-based industries. In sectors such as oil and gas services, maintaining high levels of customer satisfaction is essential for sustaining long-term contracts and competitive advantage. This chapter reviews relevant literature related to service quality, customer satisfaction, and customer loyalty.

2.2 Service Quality (Independent Variable)

Service quality is one of the most important determinants of customer satisfaction. According to Parasuraman et al. (1988), the SERVQUAL model identifies five dimensions: reliability, responsiveness, assurance, empathy, and tangibles. In industrial environments, reliability and responsiveness are critical factors influencing customer perception.

2.3 Customer Satisfaction (Mediating Variable)

Customer satisfaction refers to the degree to which customer expectations are met or exceeded. According to Oliver (1997), satisfaction is formed through comparing expected performance with actual performance. In oil and gas services, satisfaction is directly linked to service consistency and operational performance.

2.4 Customer Loyalty (Dependent Variable)

Customer loyalty is the result of consistent customer satisfaction. Loyal customers are more likely to maintain long-term relationships and recommend the company. Reichheld (2003) suggests that small increases in retention can significantly improve profitability.

2.5 Relationship Between Variables

Previous studies confirm a strong relationship between service quality, customer satisfaction, and customer loyalty. Service quality positively affects satisfaction, which in turn influences loyalty. Response time and employee engagement also play key roles in enhancing service delivery.

2.6 Conclusion

The literature highlights the importance of integrating service quality, responsiveness, and employee engagement to improve customer satisfaction. However, limited studies focus on the Saudi oil and gas service sector, highlighting the importance of this research.

References

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