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**SERVICE QUALITY AND CUSTOMER LOYALTY  
(A CASE ON MOBILE TELECOMMUNICATION  
SECTOR IN COLOMBO DISTRICT)**

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## **ABSTRACT**

### **Service Quality and Customer Loyalty**

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In today's dynamic business environment, obtaining the customer loyalty has become a business asset and a competitive edge for various companies. It is believed that service quality as a key lever to create customer loyalty (Oliveira, 2003). In order to get that one of the major tool they use is Service Quality. This has become a common practice in Mobile Telecommunication Sector as well.

In the light of considering the literature, it was identified that the significance of the relationship between Service Quality and Customer Loyalty differ industry to industry and also the best predictor of Customer Loyalty differ contextually even in the same industry. In addition to that, it was revealed that that there were no previous studies that have done regarding Mobile Telecommunication Sector on Service Quality and Customer Loyalty. The objectives of this study were to identify the existing situation of Service Quality and Customer Loyalty, to identify the relationship between Service Quality and Customer Loyalty and to identify the dimension of Service Quality that is the best predictor of Customer Loyalty in Mobile Telecommunication Sector in Colombo District.

After reviewing the literature, a conceptual model was developed and tested. The population selected was all the subscribers of all five mobile networks in Colombo District which was ultimately narrowed down to 200 of sample respondents. It was employed both Stratified and Systematic Sampling Techniques. Data were collected using a self-administered questionnaire. In analyzing data, both qualitative and quantitative methods were used. The data were analyzed by using the Pearson correlation analysis and Regression analysis. Apart from that descriptive method were used.

According to the descriptive analysis, almost all input, variables averages are fall under range of  $3.5 < X \leq 5$ , this illustrates that all participants almost agree with the current practices of responsiveness, reliability, empathy, assurance, tangibility and value addition. Service Quality (0.815) has strong positive correlation on Customer Loyalty. In addition to that, the  $R^2$  between Service Quality and Customer Loyalty was 66.4%. Moreover, the multiple regression analysis applied and it indicated that responsiveness, reliability, empathy, assurance, tangibility and value addition are positively related to Customer Loyalty. The amount of variance explained for the six dimensions were approximately 66.8%. These findings emphasized that Service Quality dimensions are important predictor of Customer Loyalty. The best predictor of Service Quality to Customer Loyalty is the tangibility.

***Key Words: Service Quality, Customer Loyalty, Mobile Telecommunication Sector***