

**A STUDY ON RELATIONSHIP BETWEEN
CUSTOMER SATISFACTION, SERVICE QUALITY
AND CUSTOMER LOYALTY AT TELEKOM
MALAYSIA BERHAD**

NURMALIS BINTI MD IBRAHIM

**Submitted in Partial Fulfillment
Of the Requirement for the
Bachelor of Business Administration
(Hons) Marketing**

**FACULTY OF BUSINESS MANAGEMENT
UNIVERSITI TEKNOLOGI MARA
MELAKA**

2006

LETTER OF SUBMISSION

29 October 2006

The Head of Program
Bachelor of Business Administration (Hons) Marketing
Faculty of Business Management
Universiti Teknologi MARA
78000 Alor Gajah
Melaka

Dear Madam,

SUBMISSION OF PROJECT PAPER

Enclosed herewith is the project paper titled **“A STUDY ON RELATIONSHIP BETWEEN CUSTOMER SATISFACTION, SERVICE QUALITY AND CUSTOMER LOYALTY AT TELEKOM MALAYSIA BERHAD”** to fulfill the requirements as needed by the Faculty of Business Management, Universiti Teknologi MARA.

Thank you.

Yours sincerely,

.....
(**NURMALIS BINTI MD IBRAHIM**)

2004118529

Bachelor of Business Administration (Hons) Marketing

ACKNOWLEDGEMENT

Assalamualaikum w.b.r

Thank God for giving me a great happiness, healthy, patience and motivations along the journey to complete my final year project paper (MKT 660). First and foremost to my beloved parents for their support and encouragement from now and ever.

First of all I would like to express my deepest gratitude to my advisor madam Nik Nor Hasimah Nik Ismail for her full support, guidance, cooperation and of course patience in helping me to complete my project paper. I also want to thank my second advisor Tuan Hj. Mohd Zahari Yusoff for his support and comments in order to make my thesis more valuable.

Special thanks to my supervisor Pn. Sakinah Saleh and all staffs at Telekom Malaysia Bhd. Their cooperation and information given along my practicum are most appreciated. I have learned and obtain valuable information and real work life that others would not.

I am also grateful to extend my special acknowledgement to my beloved respondents who are willing to answer my questionnaires. Finally, thank you for all my friends for their support and encouragement to complete this thesis.

Thank you.

ABSTRACT

This research is about a study on relationship between customer satisfaction, service quality and customer loyalty at Telekom Malaysia Berhad, Kota Bharu, Kelantan. Factors such as service quality and customer loyalty have been identified in order to investigate whether or not these factors have a relationship with customer satisfaction.

The survey is conducted at Telekom Malaysia Berhad Kota Bharu, Kelantan. The sample size for this study is 100 customers from Telekom Malaysia Berhad. There were 120 questionnaires were distributed but only 100 were returned. Data obtained using two methods that are primary and secondary data. Respondents are required to answer the questionnaires that contain element that potentially have relationship with customer satisfaction, service quality and customer loyalty. Data are analyzed using Reliability Test, Pearson Correlation Analysis, Multiple regression analysis, Descriptive statistics as well as Gap analysis through SPSS Program.

The result shows that in service quality, tangible and reliability are two dimensions that most influence customer satisfaction towards Telekom Malaysia. The other three dimensions which are responsiveness, empathy and assurance do not have significant relationship on customer satisfaction. Customer loyalty was found to have significant relationship with customer satisfaction.

TABLE OF CONTENTS

PAGES

ACKNOWLEDGEMENT	iv
LIST OF TABLES	v
LIST OF FIGURES	vi
ABSTRACT	vii

CHAPTER 1

1 INTRODUCTION

1.1	Introduction	1
1.2	Background of Company	2
1.3	TM New Logo	5
1.4	TM Kelantan Branch	6
1.5	Problem Statement	8
1.6	Research Objective	10
1.7	Research Question	11
1.8	Scope of Study	11
1.9	Significance of Study	12
1.10	Limitation of Study	13

CHAPTER 2

2 LITERATURE REVIEW

2.1	Introduction	15
2.2	Customer Satisfaction	15
	2.2.1 Relationship between Customer Satisfaction and Service Quality	16
	2.2.2 Customer Satisfaction and Expenditure	19
2.3	Service Quality	20
	2.3.1 Dimension of Service Quality	21
	2.3.2 Impact of Service Quality on Organization	22
	2.3.3 Different Customer Service Perception and Expectation	23
2.4	Customer Loyalty	24
	2.4.1 Customer Loyalty and Profitability	25
2.5	Research Hypotheses	26
2.6	Theoretical Framework	27

CHAPTER 3

3 RESEARCH METHODOLOGY

3.1	Introduction	29
3.2	Population of Study	29
3.3	Sampling	29
	3.3.1 Sampling Frame	30
	3.3.2 Sampling Size	30
3.4	Sampling technique	31
3.5	Data Collection Method	31
	3.5.1 Primary Data	32