

**FACTORS THAT INFLUENCE CUSTOMER
LOYALTY TOWARDS TELEKOM MALAYSIA
BERHAD BUSINESS SALES, NEGERI SEMBILAN**

SITI NOR AIN BINTI SHARIFFUDIN

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

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

2007

DECLARATION OF ORIGINAL WORK



**BACHELOR OF BUSINESS ADMINISTRATION
(HONS) MARKETING
FACULTY OF BUSINESS MANAGEMENT
UNIVERSITI TEKNOLOGI MARA
ALOR GAJAH MELAKA**

“DECLARATION OF ORIGINAL WORK”

I, Siti Nor Ain Binti Shariffudin, (I/C Number: 840917-05-5356)

Hereby, declare that:

- This work has not previously been accepted in substance for any degree, locally or overseas, and is not being concurrently submitted for his degree or any other degrees.
- This project paper is the result of my independent work investigation, except where otherwise stated.
- All verbatim extracts have been distinguished by quotation marks and sources of my information have been specifically acknowledged.

Signature: 

Date: 6/11/2007

LETTER OF SUBMISSION

6 November 2007

The Head of Program
Bachelor of Business Administration (Hons) Marketing
Faculty of Business Management
Universiti Teknologi MARA
City Campus, Jalan Hang Tuah
75300 Melaka

Dear Sir,

SUBMISSION OF PROJECT PAPER

Enclosed here with is the project paper titled **“FACTORS THAT INFLUENCE CUSTOMER LOYALTY TOWARDS TELEKOM MALAYSIA BERHAD BUSINESS SALES, NEGERI SEMBILAN”** to fulfill the requirements as needed by the Faculty of Business Management, Universiti Teknologi MARA.

Thank you.

Yours sincerely,



.....
(SITI NOR AIN BINTI SHARIFFUDIN)
2005367908

Bachelor of Business Administration (Hons) Marketing

TABLE OF CONTENTS

| CONTENTS | PAGE |
|--|------|
| ACKNOWLEDGEMENT | iv |
| LIST OF TABLES | vi |
| LIST OF FIGURES | vii |
| LIST OF ABBREVIATIONS | viii |
| | |
| CHAPTER 1: INTRODUCTION | |
| 1.1 Background of the Company | 1 |
| 1.2 Background of the Study | 4 |
| 1.3 Problem Statement | 12 |
| 1.4 Research Objectives | 16 |
| 1.5 Research Questions | 17 |
| 1.6 Hypotheses | 18 |
| 1.7 Significant of the Study | 19 |
| 1.8 Theoretical Framework | 20 |
| 1.9 Approaches to the Problem | 21 |
| 1.10 Scope of the Study | 21 |
| 1.11 Limitation of the Study | 22 |
| 1.12 Definition of Terms | 23 |
| | |
| CHAPTER 2: LITERATURE REVIEW | |
| 2.0 Introduction | 24 |
| 2.1 Customer Loyalty | 24 |
| 2.2 Service Quality | 28 |
| 2.3 Corporate Image | 32 |
| 2.4 Customer Trust | 34 |
| 2.5 Customer Switching Costs | 37 |
| | |
| CHAPTER 3: RESEARCH METHODOLOGY | |
| 3.1 Research Design | 40 |
| 3.2 Population | 41 |
| 3.3 Sampling | 41 |
| 3.3.1 Sampling Frame | 42 |
| 3.3.2 Sampling Technique | 42 |
| 3.3.3 Sampling Size | 43 |
| 3.4 Data Collection Method | 44 |
| 3.4.1 Primary Data | 44 |
| 3.4.2 Secondary Data | 44 |
| 3.5 Questionnaire Design | 46 |

Introduction

1.1 Background of company of TM Bhd

Telekom Malaysia (TM) Berhad is the largest telecommunication company a leading regional information and communication groups, offers a comprehensive range of communication and services and solution in fixed-line, mobile, data and broadband in Malaysia. It is a near monopoly on the fixed line network and has a considerable market share of the mobile communication market after its acquisition with Celcom and X-pack. It has an Internet service provider subsidiary (TM Net) offering narrowband and broadband connectivity. Broadband connectivity is through DSL under TM Net's Streamyx brand. Due to its near monopoly of the last mile connections, TM Net is now sole DSL broadband provider in the country.

TM Berhad founded 12 October 1984 and location at headquartered in Kuala Lumpur, Malaysia. It was formerly a government agency, Jabatan Telekom Malaysia. TM prior to its corporatization and privatization in 1987 and known as Syarikat Telekom Malaysia Berhad (STMB) but now is TM (Telekom Malaysia) Berhad. Telekom Malaysia has officially changed its global brand from Telekom Malaysia to TM in April 2005. TM is listed on the Kuala Lumpur Stock Exchange on 9 September 1990, now known as Bursa Malaysia Securities Berhad (Bursa Securities). TM Berhad has since maintained its position amongst the top three largest listed companies on Bursa Malaysia. Till 2006 this company has RM16, 399,000,000 in operating sales and TM always makes sure give good value to its stakeholders in a highly competitive environment. TM has more 34771 employees. TM places emphasis on continuing customer service quality enhancement and innovations. Currently with investments and operations in 13 countries around Asia