

## **Abstract**

The key objectives of the study are to examine service quality direct effect on customer loyalty and to examine the perceived value mediates the relationship between service quality and customer loyalty in the telecommunication industry in Sri Lanka.

Three hundred fifty-five questionnaires were received from the respondents, and the data of 339 questionnaires were used for the data analysis. Regression analysis was used to examine the direct effect of independent variable on dependent variable. The mediating effect of perceived value on the relationship between service quality and customer loyalty was analyzed using the process method. Data analysis was conducted using SPSS 23 software package.

The key findings of the study are the overall service quality positively influences customer loyalty. Moreover, each service quality dimension significantly impacts customer loyalty of the telecommunication industry customers in Sri Lanka. Perceived value shows a significant influence on customer loyalty, and service quality positively influences perceived value. Moreover, the results do not offer a full mediating effect of perceived value towards the relationship between service quality and customer loyalty in the telecommunication industry.

This study provides insights on the relative significance of perceived value and service quality for building customer loyalty. Telecommunication companies can enhance customer loyalty by providing excellent service quality that meets the expectations of telecommunication customers in Sri Lanka. Future researchers can examine the direct and indirect impact of the perceived value and other factors that may affect customer loyalty based on different variables and industries.

Keywords: Customer Loyalty, Telecommunication Industry, Service Quality, Perceived value, Sri Lanka.