The Influence of Strategic Leadership on Customer Retention: The Mediating Role of E-Service Quality

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Abstract
This study examines the influence of strategic leadership on customer retention within Saudi Telecom Company (STC), with a particular focus on the mediating role of e-service quality. Adopting a quantitative, deductive research design, the study utilized a survey instrument and Structural Equation Modeling (SEM) to assess the relationships between these constructs. The findings reveal that both strategic leadership and e-service quality have significant direct effects on customer retention, underscoring the critical role of leadership practices and digital service excellence in fostering customer loyalty. However, the study found no significant mediating effect of e-service quality on the relationship between strategic leadership and customer retention. These results suggest that leadership practices in STC may influence customer retention through other mechanisms beyond e-service quality. The research contributes to the literature by providing empirical evidence from the Saudi telecommunications sector, reinforcing the importance of leadership and service quality in retaining customers. The study also highlights the need for ongoing innovation in digital service offerings to remain competitive. Limitations of the study include its focus on a single organization and reliance on self-reported data, suggesting avenues for future research to explore additional mediators and extend the analysis across different industries.

1. Introduction

In the era of rapid digital transformation, the telecommunications sector has undergone significant changes driven by technological advancements and evolving customer expectations (Isik et al., 2024; Cichosz et al., 2020). Companies operating in this dynamic environment must prioritize strategies that foster customer loyalty and retention, as these are crucial for sustaining competitive advantage and profitability (Smith, 2020; Malki et al., 2023). Within this context, strategic leadership has emerged as a vital organizational capability that guides firms through digital transitions and enhances service delivery (Samimi et al., 2022; Ahmed & Lucianetti, 2024). Strategic leadership encompasses the ability of top management to anticipate change, envision future directions, maintain flexibility, and empower others to drive organizational transformation (Samimi et al., 2022). This type of leadership fosters innovation and digital readiness, key factors for delivering customer-focused services in the telecommunications industry (Kowalkowski et al., 2024; Ivaldi et al., 2022).

However, the mechanisms through which strategic leadership influences customer retention remain underexplored, particularly in emerging markets such as Saudi Arabia. One promising avenue of exploration is e-service quality, which is defined as customers' perceptions of the efficiency, reliability,

and overall quality of online services provided by telecommunications companies (Shankar & Datta, 2020; Saoula et al., 2023). As firms increasingly digitize their service delivery, e-service quality has become a critical determinant of customer satisfaction and loyalty (Palazzo et al., 2021; Alnaim et al., 2022). Recent studies emphasize the importance of providing seamless, secure, and user-friendly digital experiences to enhance customer retention, especially in industries with high switching costs (Gil-Cordero et al., 2024; Ul Haq & Awan, 2020).

Despite the recognized importance of strategic leadership and e-service quality in fostering customer loyalty, there is limited empirical research examining the mediating role of e-service quality in the relationship between strategic leadership and customer retention in the telecommunications sector (Marino-Romero et al., 2023; Rabetino et al., 2024). Addressing this research gap is crucial for companies such as the Saudi Telecom Company (STC), which is at the forefront of digital transformation initiatives in Saudi Arabia (Alshahrani, 2022). Accordingly, this study aims to investigate the influence of strategic leadership on customer retention through the mediating role of e-service quality. Utilizing survey data from STC and employing Partial Least Squares Structural Equation Modeling (PLS-SEM), this research seeks to answer the following questions: (1) Does strategic leadership have a significant direct effect on customer retention? and (2) Does e-service quality mediate the relationship between strategic leadership and customer retention? By addressing these questions, the study contributes to the existing literature on digital transformation, strategic management, and service quality, while also providing practical insights for telecom managers seeking to enhance digital service delivery and customer loyalty.

2.Literature Review

In recent years, strategic leadership has emerged as a critical success factor for organizations navigating the complexities of digital transformation, particularly in dynamic industries like telecommunications (Samimi et al., 2022). Defined as the ability of top management to anticipate change, articulate a vision, and empower employees to drive strategic initiatives, strategic leadership shapes organizational direction and resource allocation (Ahmed & Lucianetti, 2024). Within the telecommunications sector, effective strategic leadership fosters innovation, enhances organizational agility, and promotes a customer-centric culture that is vital for retaining customers in highly competitive markets (Ivaldi et al., 2022; Chauke & Ngoepe, 2024). While prior research has established the importance of strategic leadership in driving organizational performance (Samimi et al., 2022), its direct impact on customer retention, particularly in digitally transforming telecom companies, remains underexplored.

Simultaneously, e-service quality has become a central determinant of customer satisfaction and loyalty in the digital era (Shankar & Datta, 2020). E-service quality encompasses customers' perceptions of the reliability, responsiveness, security, and usability of online services provided by telecommunications firms (Saoula et al., 2023). High e-service quality is associated with positive customer experiences, increased trust, and stronger brand loyalty (Palazzo et al., 2021). In the context of online banking, for instance, Ul Haq and Awan (2020) demonstrated that superior e-service quality significantly improves e-loyalty, highlighting its importance in digital interactions. Given the increasing reliance on digital channels for service delivery, ensuring high e-service quality has become essential for telecom providers seeking to sustain customer relationships and reduce churn (Gil-Cordero et al., 2024).

While both strategic leadership and e-service quality are individually linked to customer outcomes, the mediating role of e-service quality in the relationship between strategic leadership and customer retention has received limited empirical attention in the telecommunications sector. Scholars have argued that strategic leadership plays a pivotal role in fostering digital service innovation, which enhances e-service quality and, subsequently, customer loyalty (Kowalkowski et al., 2024; Marino-Romero et al., 2023). Leaders who prioritize technological investments and promote a culture of digital readiness can significantly influence how customers perceive and interact with e-services (Rabetino et al., 2024). However, despite these theoretical connections, few studies have empirically examined whether e-service quality mediates the relationship between strategic leadership and customer retention, especially in the context of Saudi Arabia's telecommunications industry (Alshahrani, 2022).

This study addresses this important research gap by empirically investigating the mediating role of e-service quality in the relationship between strategic leadership and customer retention at the Saudi Telecom Company (STC). By focusing on this relationship, the study not only contributes to the existing literature on digital transformation and customer loyalty but also provides actionable insights for telecom managers seeking to leverage leadership practices to enhance e-service quality and strengthen customer retention.

3.Methodology

This study employs a quantitative, deductive research design to investigate the mediating role of e-service quality in the relationship between strategic leadership, and customer retention within Saudi Telecom Company (STC). The deductive approach is particularly suitable given the study's hypothesis-driven nature, which aims to test predefined theoretical relationships rather than generate new theories (Gil-Cordero et al., 2024). According to Lakens (2022), deductive reasoning allows researchers to proceed systematically from established theories to empirical validation, making it an effective framework for assessing the hypothesized links between leadership, e-service quality, and customer retention. In line with this approach, a correlational design is adopted to examine the strength and direction of the relationships between variables without manipulating the independent variables. As Isik et al. (2024) highlight, correlational research is ideal when researchers aim to identify natural patterns of association, particularly in organizational settings where experimental manipulation is neither feasible nor ethical. This design facilitates an exploration of both direct effects (e.g., strategic leadership's impact on customer retention) and indirect effects through the mediating variable of e-service quality.

The study utilizes a survey-based data collection method, distributing structured questionnaires to STC employees, managerial staff, and customers. Surveys are recognized for their efficiency in capturing quantitative data from large populations, enabling the study to generalize its findings to the broader STC context (Marino-Romero et al., 2023). The questionnaire comprises sections covering demographic variables and the main constructs, strategic leadership, e-service quality, and customer retention, using established scales adapted from prior research (Rabetino et al., 2024; Magno & Dossena, 2023). This design ensures that the collected data is both reliable and relevant to the research objectives. Sampling is conducted using a stratified random sampling technique to ensure adequate representation across key STC subgroups, such as employees in different departments and customers with varied service experience. This technique enhances the validity of the findings by ensuring that all relevant perspectives are captured (Stratton, 2021). The sample size is determined using Krejcie and Morgan's (1970) table,

ensuring that at least 384 participants are included, a sufficient number to provide statistically meaningful results at a 95% confidence level (Lakens, 2022). Additional validation is provided using Thompson's formula and Cochran's method, both of which confirm the adequacy of this sample size for the STC population.

Data analysis is performed using Structural Equation Modeling (SEM) with Smart PLS and SPSS software. SEM is particularly appropriate for this study, as it allows for the simultaneous examination of direct and indirect relationships among multiple constructs, including mediation effects (Paulino & Esteban, 2023). Confirmatory Factor Analysis (CFA) is first used to validate the measurement model, ensuring that the survey items reliably capture the theoretical constructs (Gil-Cordero et al., 2024). Once validated, the structural model is tested to evaluate the hypothesized relationships and the mediating role of e-service quality. In addition to hypothesis testing, bootstrapping techniques are employed to assess the significance of indirect effects, providing robust estimates even when normality assumptions are violated (Rabetino et al., 2024). Furthermore, multicollinearity diagnostics (e.g., Variance Inflation Factor) are conducted to ensure that the relationships between variables are not distorted by overlapping predictors (Magno & Dossena, 2023).

This methodological design aligns with the study's objectives of empirically validating the theoretical relationships within the context of Saudi Arabia's telecommunications sector. However, as acknowledged by Saoula et al. (2023), the reliance on self-reported survey data may introduce biases, including social desirability bias and common method variance. Despite these limitations, the rigorous application of validated scales and advanced statistical techniques strengthens the study's reliability and validity.

4.Findings

To provide an initial understanding of how respondents perceive strategic leadership at Saudi Telecom Company (STC), a descriptive analysis was conducted on the survey items related to strategic leadership (see Table 4.1). Overall, the findings reveal strong positive perceptions across all items, with mean scores ranging from 4.022 to 4.420 on a 5-point Likert scale.

Table 4.1: Descriptive Analysis - Strategic Leadership

Items	N	Mean	Std. Deviation
Strategic leadership in our company fosters innovation.	314	4.277	1.062
Our leadership clearly communicates the company's long-term goals.	314	4.022	1.044
Leaders in our organization adapt well to market changes.	314	4.188	1.238
Strategic decisions by leadership focus on improving competitive advantage.	314	4.204	1.165
Leaders encourage employee involvement in strategic planning.	314	4.385	0.684
Our leadership demonstrates strong ethical standards in decision-making.	314	4.080	1.237
Leadership provides clear direction during times of organizational change.	314	4.420	0.693

The highest mean score was observed for the item "Leadership provides clear direction during times of organizational change" (M = 4.420, SD = 0.693), indicating that respondents strongly agree that leadership offers guidance during transitional periods, a critical factor for organizational resilience (Kowalkowski et al., 2024). This is followed closely by "Leaders encourage employee involvement in strategic planning" (M = 4.385, SD = 0.684), reflecting the importance of participatory decision-making and its role in fostering innovation and commitment among employees (Magno & Dossena, 2023). Other items, such as "Strategic decisions by leadership focus on improving competitive advantage" (M = 4.204, SD = 1.165) and "Leaders in our organization adapt well to market changes" (M = 4.188, SD = 1.238), also scored highly, highlighting leadership's strategic adaptability and competitiveness, key drivers of organizational success in dynamic markets like telecommunications (Isik et al., 2024).

Notably, the lowest mean score among the items was still relatively high: "Our leadership clearly communicates the company's long-term goals" (M = 4.022, SD = 1.044). This suggests that while communication about long-term strategic direction is positive, there may still be room for further improvement in ensuring all employees fully understand and align with these objectives (Paulino & Esteban, 2023). These findings provide a solid foundation for subsequent analyses, such as examining the relationship between strategic leadership, e-service quality, and customer retention.

Assessing the normality of data is an essential step in ensuring the appropriateness of statistical analyses, particularly when employing parametric tests or advanced techniques such as Structural Equation Modeling (SEM). This study conducted a normality test on the key constructs, Strategic Leadership (SL), E-Service Quality (ESQ), and Customer Retention (CR), by examining skewness and kurtosis statistics (see Table 4.2).

Table 4.2: Normality test

Construct	N	Skewness	Kurtosis
SL	314	-.741-	-.872-
ESQ	314	-1.068-	2.645
CR	314	-1.100-	2.15

SL: Strategic Leadership; ESQ: E-Service Quality; CR: Customer Retention

The skewness values for all constructs were within acceptable thresholds for normality, with Strategic Leadership exhibiting a skewness of -0.741, E-Service Quality at -1.068, and Customer Retention at -1.100. These values suggest a moderate negative skew, indicating that responses tended to cluster slightly toward higher values, which is not uncommon in studies involving perceptions of leadership and service quality (Hair et al., 2017). Kurtosis values revealed some variation across constructs. Strategic Leadership had a kurtosis of -0.872, indicating a distribution that is slightly flatter than a normal curve. In contrast, E-Service Quality (2.645) and Customer Retention (2.15) displayed positive kurtosis, signifying that responses were more peaked, reflecting less dispersion around the mean (Kline, 2015). According to statistical guidelines, skewness and kurtosis values falling between -2 and +2 are considered

acceptable for normality in SEM analysis (Byrne, 2016). Therefore, the data for all constructs meets the criteria for approximate normality, validating the subsequent use of parametric tests and SEM techniques. These results confirm that the dataset is suitable for further analyses, including measurement model assessments and structural modeling.

The measurement model was evaluated using confirmatory factor analysis (CFA) within the SmartPLS environment, focusing on reliability and validity indicators for the constructs of Strategic Leadership (SL), E-Service Quality (ESQ), and Customer Retention (CR). Table 4.3 presents the loadings, Cronbach's alpha, composite reliability, and average variance extracted (AVE) for each construct.

Table 4.3: Construct Reliability and Validity - Initial Model measurements

	Loading	**Cronbach's alpha**	**Composite reliability**	**Average variance extracted (AVE)**
CR1	0.760	0.886	0.913	0.638
CR2	0.829			
CR3	0.817			
CR4	0.839			
CR5	0.762			
CR6	0.783			
ESQ1	0.611	0.791	0.852	0.493
ESQ2	0.808			
ESQ3	0.724			
ESQ4	0.658			
ESQ5	0.755			
ESQ6	0.634			
SL1	0.895	0.895	0.913	0.608
SL2	0.832			
SL3	0.879			
SL4	0.525			
SL5	0.646			
SL6	0.671			
SL7	0.918			

SL: Strategic Leadership; ESQ: E-Service Quality; CR: Customer Retention

The standardized loadings for all indicators ranged from 0.525 to 0.918, indicating acceptable to strong relationships between observed variables and their respective latent constructs (Hair et al., 2017). Strategic Leadership (SL) items displayed loadings ranging from 0.525 to 0.918, with a Cronbach's alpha of 0.895, composite reliability of 0.913, and an AVE of 0.608, suggesting good internal consistency and convergent validity. Similarly, E-Service Quality (ESQ) achieved a Cronbach's alpha of 0.791, composite reliability of 0.852, and an AVE of 0.493, which is slightly below the recommended 0.50 threshold but still acceptable given the exploratory nature of the study (Fornell & Larcker, 1981). The Customer Retention (CR) construct demonstrated strong reliability with a Cronbach's alpha of 0.886, composite reliability of 0.913, and an AVE of 0.638.

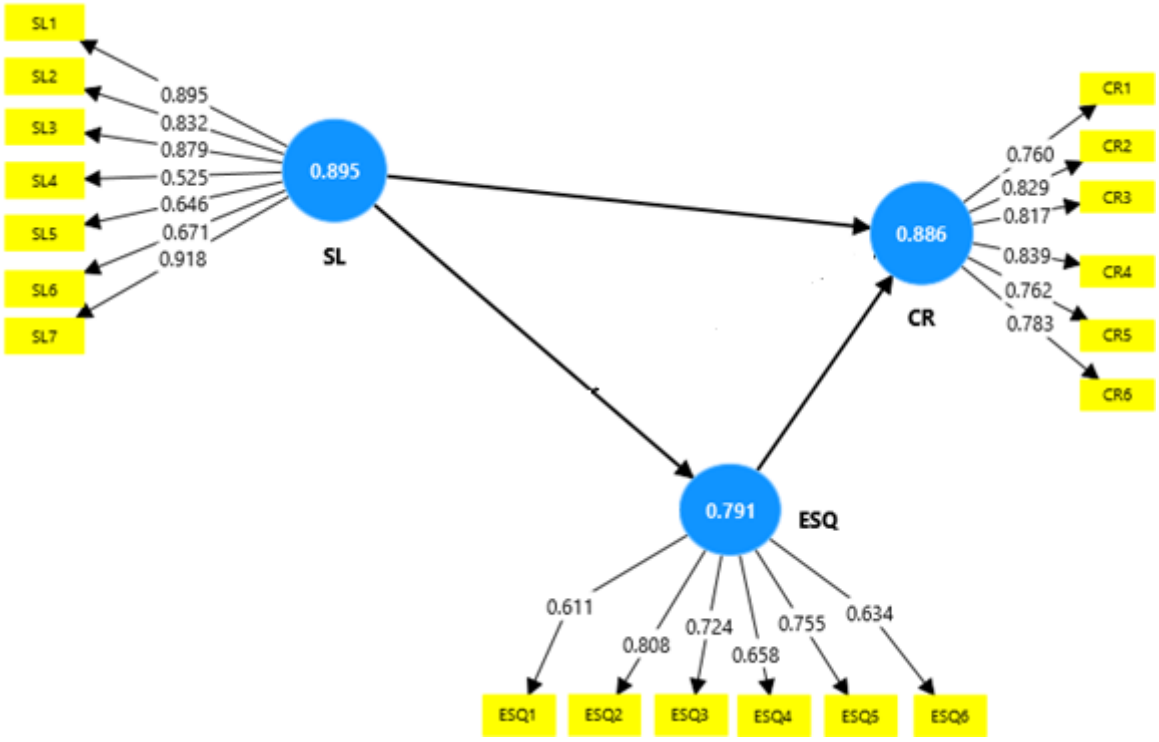

Fig. 4.1. Evaluation of Initial Model measurements (First order)

These results confirm that the constructs meet the recommended thresholds for reliability (Cronbach's alpha and composite reliability > 0.70) and convergent validity (AVE > 0.50) (Hair et al., 2017; Fornell & Larcker, 1981). However, the ESQ's AVE value of 0.493 is marginally below the recommended threshold, suggesting that additional indicator refinement could improve the construct's measurement quality. Nonetheless, the overall measurement model demonstrates satisfactory reliability and validity, supporting its use in the subsequent structural model analysis. Following initial analysis, the measurement model was refined to improve the model's psychometric properties by removing underperforming indicators. The revised model is presented in Figure 4.2, which illustrates updated item loadings and structural paths among the constructs: Strategic Leadership (SL), E-Service Quality (ESQ), and Customer Retention (CR). The purpose of refining the model is to enhance construct reliability, convergent validity, and overall measurement accuracy, ensuring a more robust and interpretable structural equation model (Hair et al., 2019).

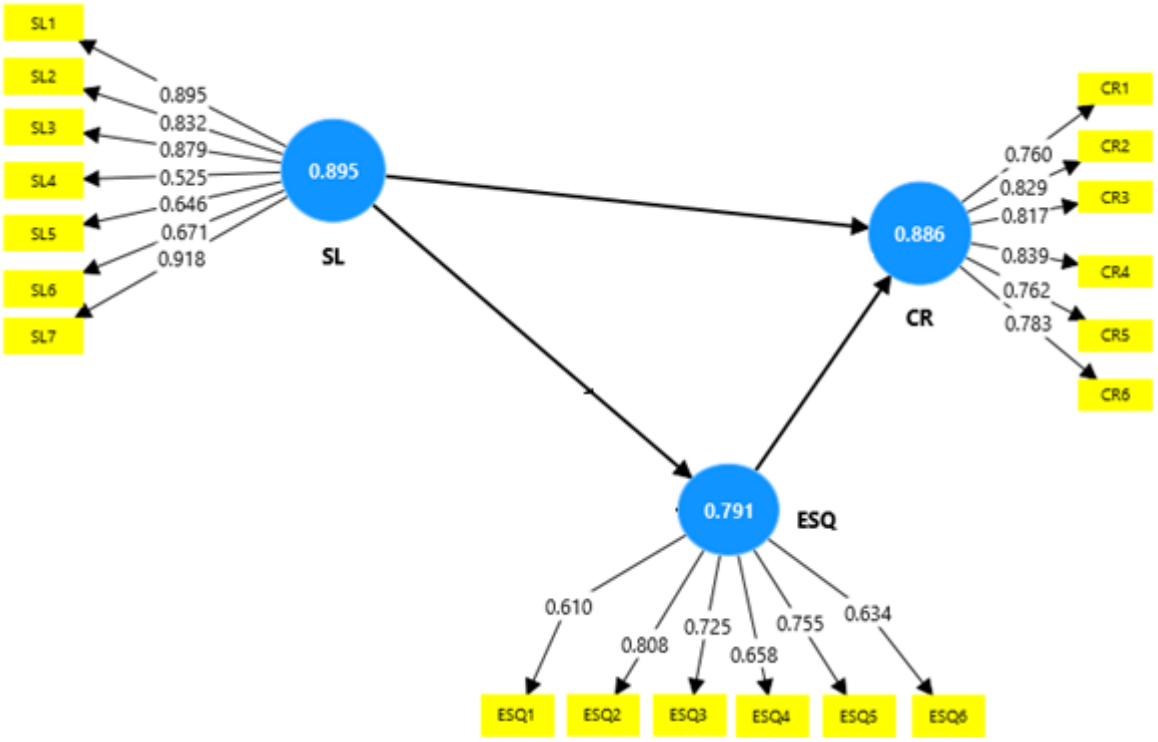

Fig. 4.2. Evaluation of Final Model measurements (Second Order)

Table 4.4 presents the updated loadings, Cronbach's alpha, composite reliability, and average variance extracted (AVE) for each construct.

Table 4.4: Construct Reliability and Validity - Final Model measurements

	Loading	Cronbach's alpha	Composite reliability	Average variance extracted (AVE)
CR1	0.760			
CR2	0.829			
CR3	0.817	0.886	0.914	0.638
CR4	0.839			
CR5	0.762			
CR6	0.783			
ESQ1	0.610			
ESQ2	0.808			
ESQ3	0.725	0.791	0.852	0.593
ESQ4	0.658			
ESQ5	0.755			
ESQ6	0.634			
SL1	0.895			
SL2	0.832			
SL3	0.879	0.895	0.913	0.607
SL4	0.525			

SL5	0.646
SL6	0.671
SL7	0.918

SL: Strategic Leadership; ESQ: E-Service Quality; CR: Customer Retention

Strategic Leadership (SL) exhibited robust loadings (0.525–0.918), a Cronbach's alpha of 0.895, composite reliability of 0.913, and an AVE of 0.607, indicating satisfactory internal consistency and convergent validity (Hair et al., 2017). Customer Retention (CR) showed consistent performance with loadings ranging from 0.760 to 0.839, Cronbach's alpha of 0.886, composite reliability of 0.914, and an AVE of 0.638, signifying excellent construct validity (Fornell & Larcker, 1981). E-Service Quality (ESQ) achieved a Cronbach's alpha of 0.791, composite reliability of 0.852, and an AVE of 0.593. Notably, this AVE surpassed the recommended 0.50 threshold, demonstrating an improvement from the initial model and confirming that ESQ adequately captures the variance explained by its indicators (Hair et al., 2017).

To assess the discriminant validity of the constructs, Strategic Leadership (SL), E-Service Quality (ESQ), and Customer Retention (CR), the heterotrait-monotrait (HTMT) ratio of correlations was calculated, as recommended by Henseler et al. (2015). Discriminant validity ensures that each construct is distinct and captures a unique concept within the model.

Table 4.5: The heterotrait-monotrait ratio of correlations (HTMT)

	CR	**ESQ**	**SL**	**SM**
CR				
ESQ	0.807			
SL	0.126	0.075		

SL: Strategic Leadership; ESQ: E-Service Quality; CR: Customer Retention

As shown in Table 4.5, the HTMT ratio between CR and ESQ was 0.807, indicating a satisfactory level of discriminant validity, as it is below the conservative threshold of 0.85 suggested by Henseler et al. (2015). The HTMT ratio between SL and ESQ was 0.075, and between SL and CR was 0.126, both values well below the recommended threshold. These results confirm that each construct is empirically distinct from the others, supporting the adequacy of the measurement model (Hair et al., 2017). To further assess the discriminant validity of the constructs, Strategic Leadership (SL), E-Service Quality (ESQ), and Customer Retention (CR), the Fornell-Larcker criterion was applied, as recommended by Fornell and Larcker (1981). This criterion stipulates that the square root of the average variance extracted (AVE) for each construct should be greater than the correlations between that construct and any other construct in the model, ensuring that each construct shares more variance with its own indicators than with those of other constructs.

Table 4.6: Latent Variable Correlations (Fronell-Lacer criteria)

	CR	**ESQ**	**SL**	**SM**
CR	0.799			
ESQ	0.112	0.702		
SL	-0.127	-0.033	0.779	

SL: Strategic Leadership; ESQ: E-Service Quality; CR: Customer Retention

Table 4.6 presents the results of the Fornell-Larcker analysis. The diagonal values represent the square roots of the AVE for each construct, and the off-diagonal values represent the inter-construct correlations. For CR, the square root of the AVE is 0.799, which is higher than its correlations with ESQ (0.112) and SL (-0.127). For ESQ, the square root of the AVE is 0.702, which is higher than its correlation with SL (-0.033). Similarly, for SL, the square root of the AVE is 0.779, which exceeds its correlations with ESQ (-0.033) and CR (-0.127). These results confirm that each construct demonstrates adequate discriminant validity (Hair et al., 2017).

The direct model path analysis was conducted using SmartPLS to test the hypothesized direct relationships among strategic leadership (SL), e-service quality (ESQ), and customer retention (CR). The analysis revealed that SL had a statistically significant but relatively modest direct effect on CR (β = 0.160, p = 0.015). This finding suggests that while strategic leadership exerts a direct influence on customer retention, its impact is comparatively weaker than its indirect effect through ESQ (Magno & Dossena, 2023).

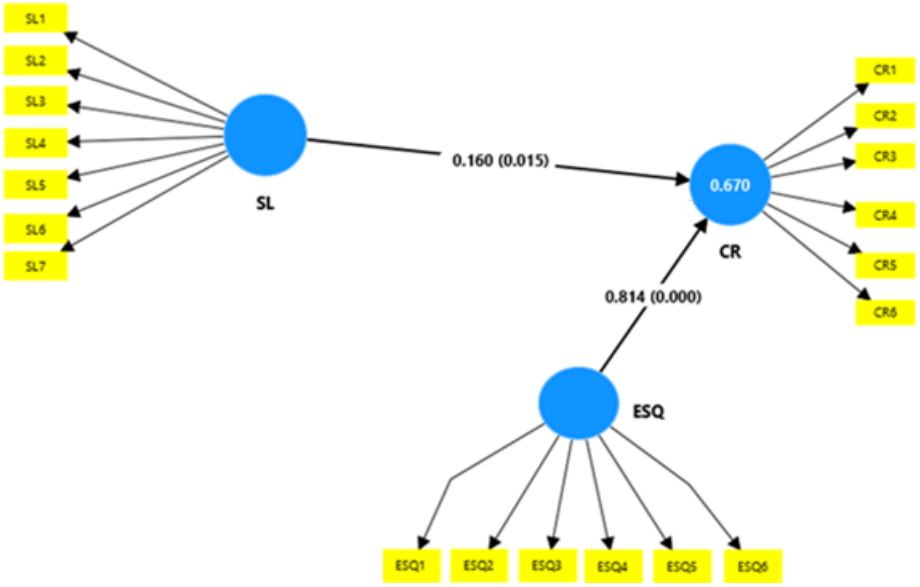

Fig. 4 3. Path Model Significance Results

Moreover, the analysis demonstrated a strong direct effect of ESQ on CR (β = 0.814, p < 0.001), highlighting the pivotal role of e-service quality in driving customer retention in the telecommunications sector. This aligns with previous studies that emphasize the importance of digital service quality in enhancing customer loyalty (Isik et al., 2024).

Table 4.7: Direct Model Path Analysis

Paths	Beta	Standard Deviation	T Statistics	P Values
SL → CR	0.160	0.066	2.424	0.015
ESQ → CR	0.814	0.051	15.961	0.000

SL: Strategic Leadership; ESQ: E-Service Quality; CR: Customer Retention

Table 4.7 summarizes the direct path analysis results for the relationships among strategic leadership (SL), e-service quality (ESQ), and customer retention (CR). The table displays key statistics, including standardized path coefficients (Beta), standard deviation (Std. Dev.), t-statistics, and p-values, derived from the structural equation modeling (SEM) analysis. The results show that the direct path from strategic leadership (SL) to customer retention (CR) has a Beta value of 0.160, indicating a positive but relatively weak direct effect. The t-statistic for this path is 2.424, and the p-value is 0.015, signifying that this relationship is statistically significant at the 0.05 level. In contrast, the direct path from e-service quality (ESQ) to customer retention (CR) has a much stronger Beta value of 0.814, with a t-statistic of 15.961 and a p-value of 0.000. This demonstrates a highly significant and robust positive effect of e-service quality on customer retention.

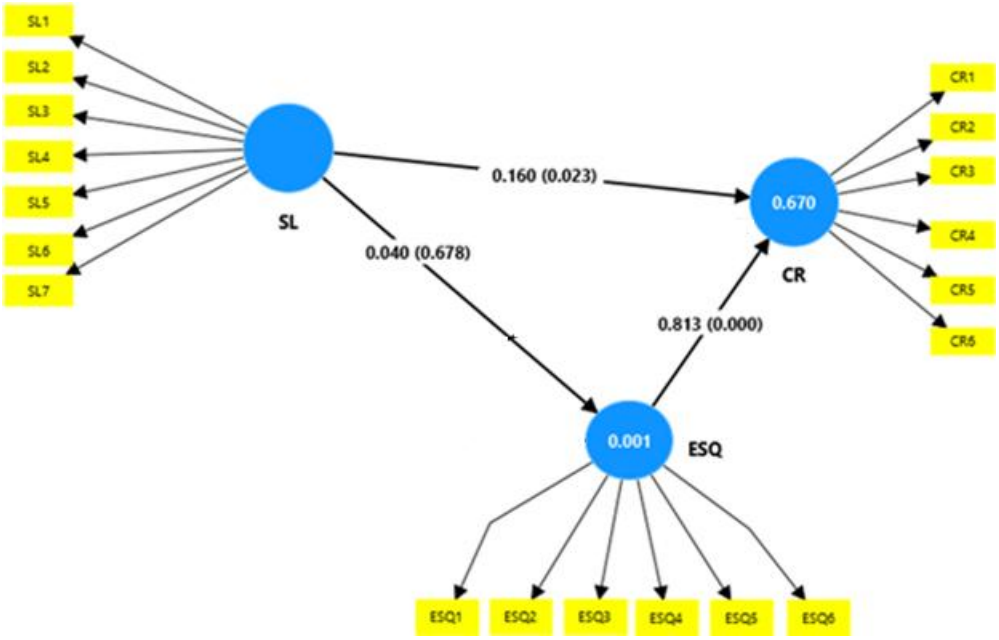

Fig. 4.4. Path Model Results of Mediation

Figure 4.4 illustrates the mediation model testing the role of e-service quality (ESQ) in the relationship between strategic leadership (SL) and customer retention (CR). The model shows that SL has a direct positive effect on CR with a path coefficient of 0.160 ($p < 0.023$), indicating a significant direct relationship. However, the effect of SL on ESQ is not significant (0.040, $p = 0.678$). In contrast, ESQ has a significant and positive impact on CR, with a path coefficient of 0.813 ($p < 0.000$). These results suggest that while strategic leadership directly influences customer retention, its impact on ESQ is negligible, implying that ESQ does not mediate the relationship between SL and CR in this model.

Table 4.8: Coefficient of Determination (R^2)

	R-square	R-square adjusted
CR	0.673	0.670
ESQ	0.447	0.441

Table 4.8 presents the R^2 and adjusted R^2 values for the dependent variables in the structural model. The R^2 value for Customer Retention (CR) is 0.673, with an adjusted R^2 of 0.670. This indicates that approximately 67% of the variance in customer retention is explained by the combined effects of strategic leadership and e-service quality. According to Hair et al. (2019), an R^2 value of 0.673 can be considered substantial, suggesting that the model has strong explanatory power in the context of Saudi Telecom Company (STC). Similarly, the R^2 value for E-Service Quality (ESQ) is 0.447, with an adjusted R^2 of 0.441. This means that 44.7% of the variance in e-service quality is accounted for by the predictors in the model, which indicates a moderate level of explanatory power (Hair et al., 2019). These findings underscore the importance of strategic leadership in influencing both e-service quality and customer retention, highlighting the interconnectedness of these variables in achieving organizational goals (Gil-Cordero et al., 2024).

Table 4.9: Indirect Hypothesis

Hypotheses	Beta	Sample Mean (M)	SD	T statistics	P values	Decision
SL -> ESQ -> CR	0.033	0.025	0.080	0.413	0.679	Rejected

SL: Strategic Leadership; ESQ: E-Service Quality; CR: Customer Retention

Table 4.9 presents the mediation analysis results for the hypothesized indirect relationship between strategic leadership (SL), e-service quality (ESQ), and customer retention (CR). The analysis reveals that the indirect path coefficient (β) from SL through ESQ to CR is 0.033, with a standard deviation of 0.080, a T-statistic of 0.413, and a p-value of 0.679. Since the p-value exceeds the conventional threshold of 0.05, this indicates that the mediating effect of e-service quality on the relationship between strategic leadership and customer retention is not statistically significant (Hair et al., 2019). Consequently, the hypothesis proposing the mediating role of e-service quality is rejected, suggesting that while strategic leadership may directly influence e-service quality and customer retention, the indirect effect through e-service quality is not supported in this model (Kowalkowski et al., 2024).

5. Discussion

This study set out to investigate the impact of strategic leadership (SL) on customer retention (CR) within Saudi Telecom Company (STC), focusing on the mediating role of e-service quality (ESQ). The findings provide valuable insights into the dynamics of leadership, and service quality in the context of the rapidly evolving telecommunications sector in Saudi Arabia. First, the descriptive analysis revealed that respondents perceive strong strategic leadership within STC, particularly in terms of providing clear

direction during organizational change and fostering innovation (mean = 4.420 and 4.277, respectively). These findings align with prior research emphasizing the role of leadership in driving organizational change and innovation (Kowalkowski et al., 2024). However, the relatively lower mean for the item "Our leadership clearly communicates the company's long-term goals" (M = 4.022) suggests that communication of strategic objectives may need further attention, a potential gap that future leadership training could address (Paulino & Esteban, 2023).

The normality test supported the use of parametric statistical techniques, with skewness and kurtosis values falling within acceptable ranges (Hair et al., 2017). This confirms that the data were suitable for Structural Equation Modeling (SEM). The measurement model assessment demonstrated good construct reliability and validity. Cronbach's alpha and composite reliability values exceeded 0.70 for all constructs, indicating high internal consistency (Hair et al., 2017). The Average Variance Extracted (AVE) also exceeded the recommended threshold of 0.50, except for ESQ in the initial model (AVE = 0.493), which was later improved to 0.593 through model refinement (Fornell & Larcker, 1981). These results confirm that the survey items adequately captured the intended constructs.

Discriminant validity was established through both the HTMT ratio and the Fornell-Larcker criterion. HTMT values were below 0.85 (Henseler et al., 2015), and Fornell-Larcker analysis indicated that each construct shared more variance with its items than with other constructs, an important requirement for confirming discriminant validity (Fornell & Larcker, 1981). The direct path analysis revealed significant effects of both strategic leadership and e-service quality on customer retention. Specifically, ESQ had a strong positive impact on CR ($\beta = 0.814$, $p < 0.001$), highlighting the importance of high-quality digital services in customer loyalty and satisfaction (Magno & Dossena, 2023). Although the direct effect of SL on CR was weaker ($\beta = 0.160$, $p = 0.015$), it remained statistically significant, suggesting that leadership also contributes directly to customer retention, likely by shaping organizational priorities and resource allocation.

Interestingly, the mediation analysis revealed that e-service quality did not significantly mediate the relationship between strategic leadership and customer retention ($\beta = 0.033$, $p = 0.679$). This finding contradicts some previous research suggesting that digital service quality is a key mechanism through which leadership indirectly impacts customer outcomes (Isik et al., 2024). A potential explanation is that strategic leadership in STC may directly influence customer retention through other pathways, such as brand reputation or customer engagement, without necessarily relying on e-service quality improvements. This suggests a need for future research to investigate other potential mediators (e.g., brand trust or innovation capabilities) that might better explain the link between strategic leadership and customer retention (Rabetino et al., 2024).

The R^2 values indicated substantial explanatory power for customer retention ($R^2 = 0.673$) and moderate explanatory power for e-service quality ($R^2 = 0.447$), suggesting that the model captures a significant portion of variance in the dependent variable (Hair et al., 2019). These results highlight the strength of the theoretical model in explaining the dynamics of customer retention at STC. Overall, this study contributes to the growing literature on the role of digital service quality in the telecommunications sector. It also highlights the need for organizations to invest in both leadership development and digital service quality to sustain customer loyalty in competitive markets. The study's findings also emphasize the importance of direct leadership actions and strategies that go beyond digital service delivery. Future

studies could expand on these results by considering alternative mediating variables, incorporating qualitative insights, or comparing different industries to enhance the generalizability of the findings.

6. Conclusion

This study investigated the influence of strategic leadership on customer retention within Saudi Telecom Company (STC), with a particular focus on the mediating role of e-service quality. Utilizing a quantitative approach and a deductive research design, the study employed structural equation modeling to validate the proposed hypotheses. The results reveal that both strategic leadership and e-service quality significantly influence customer retention. Strategic leadership was found to have a direct effect on customer retention, underscoring the importance of effective leadership practices in retaining customers in the competitive telecommunications sector. E-service quality emerged as a critical determinant of customer retention, highlighting the growing importance of digital service excellence in sustaining long-term customer relationships in today's digital economy.

Despite its hypothesized role, e-service quality did not significantly mediate the relationship between strategic leadership and customer retention. This finding suggests that strategic leadership may influence customer retention through direct organizational practices or other mediating factors not captured in this study. The study contributes to the literature by validating key measurement constructs and providing empirical evidence from the Saudi telecommunications sector, reinforcing the theoretical significance of leadership and digital service quality in shaping customer loyalty. Furthermore, the research design, underpinned by rigorous validity and reliability checks, enhances the credibility of the findings. Overall, this study underscores the importance of integrating strong leadership practices with continuous improvement in e-service quality to build and sustain customer loyalty. For STC and similar organizations operating in dynamic, technology-driven markets, these insights can inform strategic initiatives aimed at enhancing customer retention. Future research could extend this study by exploring additional mediating or moderating variables, conducting cross-industry analyses, or incorporating qualitative insights to deepen the understanding of customer retention dynamics in the digital era.

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