

# **CHAPTER I**

## **INTRODUCTION**

### **1.1 BACKGROUND OF THE STUDY**

Currently, business environment in Medan becomes competitive and challenging than ever, especially in selling medical equipment. To compete with it, PT. Alat Kesehatan Medan has to maintain the role of service quality. PT. Alat Kesehatan Medan (Alkes Medan) was established in 2013 and is one of the largest medical equipment and hospital equipment suppliers in Medan, North Sumatera. As public demand continues to grow, there is a high demand for health care, and as needed Alkes Medan provides medical equipment that meets service standards, quality requirements, securities and security for the community.

Service quality is considered as an integral part of any facet of industry and it defines the future of the organizations. Organizations are increasingly focused on customers and driven by customer demands. It becomes equally challenging to satisfy and maintain customer satisfaction. Both service quality and customer satisfaction are two distinct but related constructions. This is especially true for business where increased customer satisfaction levels result in profit maximization. (Angelova, 2011)

Every business organization has its own reputation to get to the market and customers. Similarly, the seller is known as the service provider and the buyer is known as the recipient of the service, but both handle the service. Thus, the responsibility of the business organization offer the best service quality and makes the customer satisfied by fulfilling their requests because customer satisfaction is considered as an integral part of every aspect of the industry and

defines the future of any organization. (Oliver, 1980; Osman & Sentosa, 2013)

As the growing of business environment in Medan is very competitive, there is an idea to make service quality of customer satisfaction research based on the customer point of view. Business organizations have to make the customers happy and treat them well equivalent to their payment amounts. Recognizing the importance of service quality towards customer satisfaction, writer aims to do a research with the title “ **The Role of Service Quality towards Customer Satisfaction in PT. Alat Kesehatan Medan: A Case Study through SERVQUAL Dimension and GAP Model** “

## **1.2 PROBLEM LIMITATION**

Based on the research title and the identification above, there are many problems that occur in the research location. To focus on the discussion and solving problem, the problem to be studied in this research is limited to the aspect of SERVQUAL dimension which are tangible, reliability, responsiveness, assurance and empathy toward customer satisfaction. The reluctance of respondents in answering the questionnaires given has become the major limitation of this research. The sampling groups are 100 customers that involved in this research. The aim is to analyze the role of service quality and highlight the interest of studying the relationship between service quality and customer satisfaction in PT. Alat Kesehatan Medan. However, other aspect like product quality is not involved in this research.

## **1.3 PROBLEM FORMULATION**

Here are the problems of formulation :

1. How to measure service quality in PT. Alat Kesehatan Medan through SERVQUAL?

2. What expectation does customer have about service quality in PT. Alat Kesehatan Medan to become satisfied?
3. What perception does customer have about the service quality in PT. Alat Kesehatan Medan?
4. What is the relationship between service quality and customer satisfaction in PT. Alat Kesehatan Medan?

#### **1.4 OBJECTIVE OF THE RESEARCH**

This research is to analyze the relationship between service quality and customer satisfaction in PT. Alat Kesehatan Medan. It will focus on the relationship of the five independent variable models of SERVQUAL which are tangibles, reliability, responsiveness, assurance and empathy. (Parasuraman, Zeithaml and Berry, 1998; Lupiyoadi, 2014, p. 216). The case study will results in different dimensions show that there is a gap between expectation and perception which means that customers are fully or not fully satisfied about the service quality in PT. Alat Kesehatan Medan.

The SERVQUAL model is the five dimensions for customers in PT. Alat Kesehatan Medan. The discrepancy between expectations and perceptions formed the gap scores that are used to assess service quality and customer satisfaction. It also describes how customers perceive service quality and whether they are satisfied with services offered by PT. Alat Kesehatan Medan. It will be interesting to do research on this topic in the form of quantitative survey and with the target of the case study in PT. Alat Kesehatan Medan.

#### **1.5 BENEFIT OF THE RESEARCH**

Hopefully, this research can provide theoretical and practical benefits to the company, writer and readers.

### **1.5.1 THEORETICAL BENEFIT**

Here are the theoretical benefit :

1. Enhance the academic understanding of customer satisfaction that affects the development of the company by measuring the service quality.
2. To increase the academic understanding of the effect of service quality on customer's expectation and perception.

### **1.5.2 PRACTICAL BENEFIT**

Here are the practical benefit :

1. To the company  
Give valuable information and help companies to understand and determine SERVQUAL measurements related to the service quality that influences customer satisfaction. So, the company can provide the best services to customers. It also helps companies develop strategic plans to improve service quality to improve company's performance.
2. To the writer  
This research will be a perfect media to enhance knowledge, understanding, and information whether the service quality (SERVQUAL dimension) can influence customer satisfaction.
3. To the readers  
This research can be inputs, reference and material that will provide the useful information and comparison for the similar field researches in the future.

## 1.6 SYSTEMS OF WRITING

In order to understand more about this applied research project, the materials listed in this research project will be grouped into several sub-chapters with the following systematic sampling:

### Chapter I Introduction

This chapter contains of background of the study, problem limitation, problem formulation, objectives of the research, benefit of the research both theoretically and practically, and the systems review of writing.

### Chapter II Literature

This chapter explains about the theoretical background of service quality towards customer satisfaction in PT. Alat Kesehatan Medan, the previous research about customer satisfaction, and the hypothesis development, research model, and framework of thinking.

### Chapter III Research Methodology

This chapter indicates about the research design, population and sample, data collection method, operational variable definition and variable measurement, and data analysis method.

### Chapter IV Data Analysis and Discussion

This chapter contains of general view of “Research Object”, data analysis, descriptive statistic, result of data quality testing, result of hypothesis testing, and discussion.

### Chapter V Conclusion

This chapter will clarify the conclusion of this research project, the implication and the recommendation of this research project.