

# CHAPTER I

## INTRODUCTION

### 1.1 Background of The Study

On this current pandemic situation, many people choose to shop online and that causes several service companies on great demand, for example, service companies such as online couriers, and shipping expedition companies, but even on high demand, if the company is unable to provide satisfactory service to customers, the customer will switch to another company that offers better service. Customers are key factors in achieving success because customers are users of a product or service.

In this study, the writer will explain about how service quality can increase the customers satisfaction in an company. the researcher choose “Cv. Isma Karya Medan” as the research study object. Isma Karya is one of the shipping services companies (expedition) that serves the delivery of goods from Medan to other province especially Aceh that using truck as their transportation.

In the course of the company's business, there are various problems faced, including delays in delivery, damage in delivery, goods are exchanged when sent, and missing cargo. In this case, the company gets responses from consumers; many of the consumers respond that they don't feel satisfied with the service, and they give a complaint as the action to approve what they feel.

The following are data on the number of consumers who complain to the service company "Cv. Isma Karya Medan" in each month from 2019 to 2020 as follow:

**Table 1.1 Complain data in 2019**

MONTH (2019)	COMPLAINT			TOTAL
	Delayed Cargo	Damage Cargo	Missing Cargo	
January	4	11	-	15
February	2	10	-	12
March	3	9	1	13
April	2	10	1	13
May	4	9	-	13
June	3	8	2	13
July	5	8	-	13
August	3	10	-	13
September	5	13	1	19
October	7	12	1	20
December	6	13	1	20
<b>Total</b>	<b>44</b>	<b>113</b>	<b>7</b>	<b>164</b>

Source: Cv. Isma Karya Company (2021)

**Table 1.2 Complaint data in 2020**

MONTH (2020)	COMPLAINT			TOTAL
	Delayed Cargo	Damage Cargo	Missing Cargo	
January	5	12	-	17
February	3	11	1	15
March	4	10	-	14
April	4	9	2	15
May	3	10	-	13
June	3	8	1	12
July	3	9	-	12
August	4	10	2	16
September	6	12	1	19
October	6	14	-	20
December	7	13	2	22
<b>TOTAL</b>	<b>48</b>	<b>118</b>	<b>9</b>	<b>175</b>

Source: Cv. Isma Karya Company (2021)

The data listed in the table above shows that many customers are dissatisfied with the company's services, evidenced by the number of complaints each month. Many customers still feel less satisfied with what they expect of CV. Isma Karya Medan. There are still complaints from customers regarding service quality such as delays, loss of goods and damage to goods, which ultimately affects customer satisfaction with the company's services. More than that, table 1.1 and 1.2 shows that the most frequent complaints are problems of damage to goods, this must be a major factor for companies to pay more attention to the quality of service provided to consumers so the customer feel satisfied with the service quality that they expect.

Service quality are considered important factors in creating customer satisfaction. Its related to N Ramya, Kowsalya, & Dharanipriya (2019), Service quality refers to the ability of a service provided to satisfy customers in an effective way, thereby improving business performance. In the service field, "quality" is also an important factor for business success. This is because it achieves a positive connection with profits, increases market share, and improves customer satisfaction. Enhanced customer satisfaction can bring benefits such as customer loyalty to the company, extend the life cycle of customers, extend product life, and increase customer positive word-of-mouth communication. The better quality of service will give the better result of customer satisfaction which good for company growth.

Hence, based on the case study above several problems were found that makes the customer unsatisfied. Then, to increase customer satisfaction the

company needs to improve their service quality so the company can solving organizational problems. For that reason, through this research the writer wants to conduct this study entitled **“The Effect of Service Quality Towards Customer Satisfaction at CV. Isma Karya Medan”**

## **1.2 Problem Limitation**

Due to the limitation of time and lack of resources, this research study are limited only about the effect of “Service Quality” towards “Customer Satisfaction” at CV. ISMA KARYA Medan. This research study will only examine the impact of service quality on organizational productivity in improving customer satisfaction. The research on product quality shall be limited to only the indicator of service quality is SERVQUAL concept which consist of reliability, responsiveness, assurance, empathy, and tangibles. As the customer satisfaction are measuring into three areas which Perceived quality, Consumer expectations and Repurchase intention.

### **1.3 Problem Formulation**

In this research study, the problems that will be examined are:

- a) How is the service quality that implemented at CV. Isma Karya Medan?
- b) How is the customer satisfaction that implemented at CV. Isma Karya Medan?
- c) Does the service quality have effect towards the customer satisfaction of CV. Isma Karya Medan?

### **1.4 Objective of The Research**

The objectives of this research study that the writer expected to aim are :

- a) To identify the quality of service at CV. Isma Karya Medan
- b) To identify the customer satisfaction at CV. Isma Karya Medan
- c) To find out whether service quality have effect towards customer satisfaction of CV. Isma Karya Medan

## **1.5 Benefit of The Research**

This research is focused on the effect of service quality towards customer satisfaction at cv. Isma karya Medan. Based on the objectives of the study will give two types of benefit, the theoretical and practical benefits:

### **1.5.1 theoretical benefits**

The theoretical benefits of this research study are expected to contribute and develop more about the “Service Quality” and the “Customer Satisfaction” theory.

### **1.5.2 practical benefits**

Practically, the benefits that can be achieved as follows:

- For the Writers, this research gives useful information about the effect of service quality on customer satisfaction in a company.
- For the company, the results of this study are expected to be useful to contribute to companies related to information about the importance of service quality in improving customer satisfaction.
- For Future researchers, this case study is expected to contribute to the beneficial theory concerning the effect of service quality on customer satisfaction. Future researchers can utilize the findings of this research as information and provide more data, bringing a new idea, perspective, especially in terms of an educational institution.