

CHAPTER I

INTRODUCTION

1.1 Background of Study

The business-centered hospitality industry has been gradually advancing even in the current Covid-19 outbreak experienced by the whole world. Technology is available to support human activities yet in this particular business, human touch or human service is not different from the culture of long ago. Basic principles are the fundamental knowledge for the current 21st century.

Restaurants, one form of the F&B industry, is closely related to having depended on service quality during the dine-in experience for customers. A good and bad service causes a huge shift since customers are the main focus to have the business maintain its operation. This subject has been researched a lot before by various researchers and scholars. However, unsuccessful practices of executing service quality are still occurring in restaurants that make the topic still being discussed.

Service quality is a part of an operation in restaurant businesses that cannot be separated, and waiters whose job is engaging with customers plays a crucial role. The customer perception of service determines their satisfaction, gives better reviews and intention to revisit and referrals. Managing service quality in the restaurant sector is one essential factor of evaluation by visitors to perceive the

restaurant quality. From the business perspective, it will gain a good reputation and more revenue by the increased of customers.

The contrast is the inverse effect. It is because service quality and customer satisfaction are inter-correlated in any business to sustain competitiveness in the developing market in a specified region. The dimensions of service quality, which are tangible, reliability, responsiveness, assurance, and empathy, have a significant simultaneous effect on customer satisfaction (Krisdianti and Sunarti 2019). Also, supported by the research of Aftab et al. (2016) found that there is a positive relationship between service quality and customer satisfaction.

Ta Shanghai Medan is a casual dining restaurant that sells various Chinese dishes. The restaurant has a classic design that gives a cozy atmosphere for any individuals, families, or groups to enjoy their dine-in at the place. The restaurant's signature dish is the Chinese specialties menu that the restaurant recommended. Whenever new customers or regulars come, these signature dishes are usually included in customer orders. However, due to the complexity of preparation, it takes longer waiting time than the others such as the soup menu, the vegetables menus, and the cold meal. The following table shows the total number of customers orders the signature dish in one year and the preparation time done by the restaurant.

Table 1.1 Number of Orders and Preparation Time for Signature Dishes

Number of Orders from dine- in (in one year)	Signature Menu	Restaurant Preparation Time (minutes)	Normal Preparation Time (minutes)
1,820	Braised pork's leg in brown sauce	25	10-15
1,812	Deep fried pork's leg	20	10-15
1,809	Stewed pork in vegetable	20	10-15
1,805	Fried pork ribs with honey sauce	25	10-15
1,709	Braised duck with sea cucumber	25	10-15
1,697	Others	10-15	5-15

Source: Ta Shanghai Medan (2021)

The signature menu has complex preparation, thus requires a longer waiting time to prepare. However, as seen in Table 1.1 shows the preparation done by the restaurant exceeds the normal preparation time that should have finished. Related to these problems, there are customers who view the restaurant work process as slow. For customers with low patience do not have the leisure to only wait when they have finished eaten other dishes.

The restaurant's operational performance is evaluated by customers that they mostly complain about the service performance. The problem of service quality is that the waiting time for the signature menu to arrive is perceived too long in which can get worse when the dish is not in a warm condition and the taste is not good due to the hastiness to prepare the order faster, the waiters lack menu knowledge, the waiter's attitude in dealing with problems related to complaints that communication skills also play a part to comfort customers, and the service cannot deliver optimally during busy hours. To add, the inattentiveness of waiter and also the inconvenience to park due to the limited parking area are another issue that customers have ever complained about. If not handled immediately, the consequences will negatively impact the business.

The effect on customer satisfaction is also for sure. In Ta Shanghai Medan, which applies a ten percent service charged, it is expected to have the best service offered to customers. Dissatisfaction may happen when customers perceive the service provided is not appropriate to the charge incur to them to pay. Negative evaluation can impact consumers' intention to revisit and referral, especially on social media and word-of-mouth.

Currently, the number of customers who visit Ta Shanghai Medan is hard to be measured because of the uncertainty people have to eat outside due to the Covid-19 pandemic. Few customers in groups still come sometimes. Lately, more and more people gradually have been going out to eat.

With the present issue faced by Ta Shanghai Restaurant, this research will analyze the relationship of service quality and customer satisfaction in which is entitled **“The Effect of Service Quality towards Customer Satisfaction at Ta Shanghai Medan”**.

1.2 Problem Limitation

The research will only discuss about the quality of service provided by Ta Shanghai that is being an issue at present from the complaints about the waiting time for specific dishes passed the necessary patience level of customers as seen affected on the satisfaction towards the restaurant. The service quality, as the independent variable, will be analyzed by its five dimensions of service as the indicators (tangible, reliability, responsiveness, assurance, and empathy) (Krisdianti and Sunarti 2019). The customer satisfaction is the dependent variable that will be analyzed based on the product quality, service quality, price with situational and personal factors as the indicators (Budhathoki 2018).

1.3 Problem Formulation

From the present issues observed by the writer at Ta Shanghai Restaurant, the problems being faced are as following.

1. How does service quality at Ta Shanghai Medan?
2. How does customer satisfaction at Ta Shanghai Medan?
3. Does service quality have an effect on customer satisfaction at Ta Shanghai Medan?

1.4 Objective of the Research

The following are the objective of the research

1. To identify the service quality at Ta Shanghai Medan.
2. To identify the level of customer satisfaction at Ta Shanghai Medan.
3. To find out the effect of service quality on customer satisfaction at Ta Shanghai Medan.

1.5 Benefits of the Research

Through this research, Ta Shanghai Restaurant will know the present evaluation from customers based on their service quality.

1.5.1 Theoretical Benefits

1. To provide a better understanding of service quality importance in restaurant businesses on customer satisfaction.
2. To help the writer in understanding the practices of service quality in restaurant businesses with the knowledge found in university.
3. To be used as a reference for future research with a similar topic.

1.5.2 Practical Benefit

The result of the research can help Ta Shanghai Medan to improve its service to have better customer satisfaction, thus benefits the restaurant in generating more profits and gain a better reputation.

