

## **Chapter 1 Introduction**

### **1.1 Background of Study**

In developing and sustaining a business, the service sector is included in one of the most essential and influential factors. This is caused by the result of customer satisfaction which is affected by it. Service quality and customer satisfaction are inarguably the two core concepts that are at the crux of the marketing theory and practice (Gokilavani and Durgarani, 2016). For an educational institution, features such as course administration, student welfare, facility, consultation, etc., typically the non-academic aspects of the student's experience are counted as the service quality. The prevailing educational field is dynamic and it keeps escalating into a more competitive environment, where institutions need to amplify their attempts to continuously improve their services.

Service quality could be seen as a part of management marketing as one of the crucial aspects seeing that it will influence how the customer will perceive the business. The task of marketing is to influence the level, time, and composition of demand to help the company satisfy customer needs and achieve its goals. In the book of Marketing an Introduction (Armstrong, *et al.*, 2017 pg. 6), it stated that "Marketing is the process by which companies create value for customers and build strong customer relationships in order to capture value from customers in return". The act of capturing customer value is included in the

principle of marketing as the marketing-based-approach since companies uncover customer unsatisfied needs and try to fulfil them.

Companies with a good reputation ought to have the trust of customers. The fundamental aspect of success is the respect and recognition the customers give. Fulfilling customer needs and demands, handling them with thoughtfulness, will certainly increase customer satisfaction as it will be taken as an action that in this case, the school, care about what they want which can lead to loyalty and recommendation to others. The marketing-based approach regard client as adults and presumes that the greater part thinks independently and sensibly while take into accounts their feelings at the same time. Customers create expectancies about the value and satisfaction that business offerings will deliver. It is the company's job to set the right level of expectation, not too low that customers may not be interested and not too high so they won't be dissatisfied.

Service quality is integrated here because it is the basic standard to achieve customer satisfaction since they are referred to as the difference amid customer expectation and reality. Service quality, as a complex and comprehensive issue, is the result of theoretical reviews of production quality adapted to the service specification (Gulc, A. 2017). The most prominent study of this theory is the SERVEQUAL model of Parasuraman et al. (1988) to find out the customer satisfaction of the services. There were five dimensions of service quality based on this model, which is tangible, reliability, responsiveness, assurance, and empathy.

The object of this research is Sekolah Alam Semangat Bangsa that is located in Jl. Karya Jaya No.75, Pangkalan Masyhur, Kec. Medan Johor, in Medan Indonesia. The school was first built seven years ago, with the basic belief of meeting the needs of parents and community of early childhood, since they provide kindergarten to grade school education, that is based on their love for nature. This type of nature-loving school is still uncommon in Medan. Their school curriculum emphasized in mastering academic knowledge and teaching methods performed via both indoors and outdoors. The methods are carried out in accordance with the way children learn comprehensively and according to the child's developmental level.

The competitive advantage of Sekolah Alam Semangat Bangsa is that all the teacher are undergraduates even when they didn't come from the background of education, have a high level of competitiveness because the nature of the school suitable for a hyperactive kid, and the curriculum followed more into developing the children creativity, for example the class used a system of a moving class.

Class	Intake		
	2018/2019	2019/2020	2020/2021
<b>1</b>	18	24	31
<b>2</b>	12	20	26
<b>3</b>	14	13	22
<b>4</b>	12	15	16
<b>5</b>	10	14	17
<b>6</b>	-	12	18
<b>Total</b>	66	98	130

Table 1. 1 Total Students

Source: Prepared by: Author (2021).

The problem in Sekolah Alam Semangat Bangsa occurs when the parents of the student started to complaint about some of the teachers don't have the official teaching certifications, school facility, and services are minimum compared to other established schools. The parents complaints through the teacher and administrative staffs when they visit the school whilst picking up their child or taking their report card. Even when the total of students keep increasing each year, the complaint from parents also keep increasing. Sekolah Alam Semangat Bangsa will lose its competence and fighting power with the competitors if they don't improve their service quality in the aspect mentioned above.

Increasing the service quality would also boost customer satisfaction given that it affected the business performance as a whole, since it would mean that consumers are pleased with the outcome the firm gives as it matches their expectations. This could help the organization longevity to stay relevant in the business. For that reason, the writer intends to find **“The Influence of Service Quality to Improve Customer Satisfaction at Sekolah Alam Semangat Bangsa in Medan”**.

## **1.2 Problem Limitation**

It is crucial to acknowledge some limitations of this study. The findings of this research should still be viewed in the light of several limitations that also provide opportunities for further research. The research of this study is only limited to the 'service quality' and 'customer satisfaction' at Sekolah Alam Semangat Bangsa located in Medan. Service quality has been widely accepted as a precursor to satisfaction and neglecting it may jeopardize the competitiveness of organizations since satisfaction and competitiveness of a service related to the firm are inter-related. The writer uses the model of SERVEQUAL Parasuraman et al. (1988) to measure the service quality by the five dimensions mentioned above; tangible, reliability, responsiveness, assurance, and empathy. The problem that occurs in Sekolah Alam Semangat Bangsa is happening around the school facility, services, and the teacher's credibility. Out of the SERVEQUAL model of Parasuraman et al. (1988), Sekolah Alam Semangat Bangsa will only touches three dimensions out of five which is the tangible, responsiveness, and assurance. As for customer satisfaction, it uses the customer disconfirmation paradigm that consists of four constructs which are the expectation, performance, disconfirmation, and satisfaction. This research will use the parents of the student who attend Sekolah Alam Semangat Bangsa as the respondent.

### **1.3 Problem Formulation**

In this research, the problem that we will observe and study are:

- i. Which type of service quality in Sekolah Alam Semangat Bangsa in Medan that needed improvement?
- ii. How Sekolah Alam Semangat Bangsa in Medan can increase their customer satisfaction in the aspect of services?
- iii. Does service quality have influence towards customer satisfaction at Sekolah Alam Semangat Bangsa in Medan?

### **1.4 Objective of Research**

The research objectives in this study are:

- i. To determine what influence service quality at Sekolah Alam Semangat Bangsa, Medan.
- ii. To investigate what can influence the customer satisfaction in the aspect of services in Sekolah Alam Semangat Bangsa, Medan.
- iii. To analyze the influence of service quality to increase customer satisfaction in Sekolah Alam Semangat Bangsa, Medan.

## **1.5 Benefit of Research**

### **1.5.1 Theoretical Research**

The result of this research is expected to help develop and broaden the knowledge of 'service quality' and 'customer satisfaction' theory in the academic aspect. For readers and other parties, hopefully the outcome of this research could help them in improving their knowledge and how service quality could influence customer satisfaction.

### **1.5.2 Practical Research**

#### **1.5.2.1 For Research**

The writer expected that the study for Sekolah Alam Semangat Bangsa located in Medan can help them to improve the service quality and gives them encouraging insight on the business to enhance and develop them for the better in order to survive in this competitive business industry. By learning how to improve their service quality, the writer wishes that Sekolah Alam Semangat Bangsa could also achieve higher customer satisfaction and keep on improving.

#### **1.5.2.2 For Researcher / Other Parties**

The writer hopes that the outcome of this study could help broaden the knowledge in terms of 'service quality' and 'customer satisfaction' and able to use this as reference to provide more data,



bringing new idea, perspective, especially in the educational institution.

#### 1.5.2.3 For Writer

The findings of this research is aimed to broaden the knowledge and nexus between ‘service quality’ and ‘customer satisfaction, how they influence each other and how interconnected they really is. Through this research, the writer aspired to understand the theory of the study and how to implement it in the real world and what outcome it could achieve.

