

CHAPTER I

INTRODUCTION

1.1 Background of the Study

Indonesia is an archipelago that has more than 17,000 islands with a total area of 735 355 square miles. It was recorded that Indonesia was ranked fourth of the 10 most populated nation in the world with about 220 million people living across Indonesia. The figure 1 shows the increasing number of population from each provision of Indonesia from the year 1970-2010 (<http://www.negeripesona.com>, retrieved on 20 January 2016).

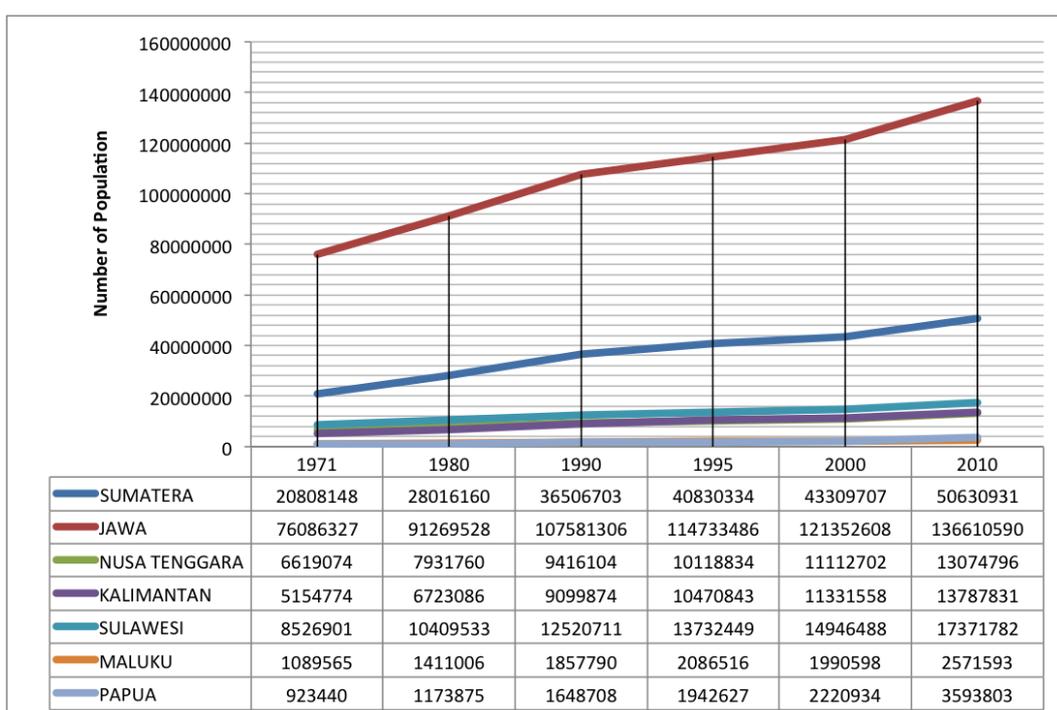


Figure 1
Population of Indonesia based on Island 1971-2010
 Note. <http://www.bps.go.id> retrieved on 21 January 2016

Based on the figure 1, it can be seen that Indonesia experience increasing number of population. Looking from good side, increasing number of population can give advantages such as greater workforce, economy growth, innovations and others. However, it also arise problems and one of that many problems is the need of transportation. Transportation has become a part of every human daily needs. With the increasing number of population, the higher is the need of transportation

to move people from one point to another, for the delivery of goods and for the efficiency of business. Transportation was invented in order to ease humans in carrying all of their daily activities. Consequently, Transportation plays a role in achieving the goal of economic development in a nation (<http://www.indonesia-investments.com>, retrieved on 21 January 2016).

The history of transportation is largely one of technological innovation. The first form of transport was the human foot. People then learned to use animals for transport in order to carry huge loads by linking the animals with the cart. It then further developed, where rowing boats were invented for the means to travel by the sea. As new inventions and discoveries were applied to transport problems, travel time decreased while the ability to move more and larger loads increased. Innovation continues today, and the evolution of transport from time to time allows allowed people to travel farther, explore more territory, and expand their influence over larger and larger areas (<http://www.localhistories.org>, retrieved on 21 January 2016).

Transportation makes time efficient and is cost-savings. People can move from one point to another within period of time and goods can be delivered throughout the world through the sea or air. Both factors of speed and safety are achievable with the use of transportation. Transportation gives a lot of benefits to human life, socially and individually. Transportation is very helpful in providing a wide range of facilities and services such as giving others ride service, personal trips, public transport, development of economy, development of roads and business purposes (<http://www.pengertianku.net>, retrieved on 21 January 2016).

With the significant increase of transportation every year, it eventually leads to traffic jam around the cities of Indonesia. This can be seen from the figure 2 which shows the number of increasing transportation from year to year. With the increasing number of vehicles every year, traffic jam occurs almost every day and all the time especially during the peak hours where the streets are no longer able to sustain the excessive loads of transportation. Transportation in Indonesia

no longer becomes efficient and lead to the disturbance of economy growth (<http://www.liputan6.com>, retrieved on 21 January 2016).

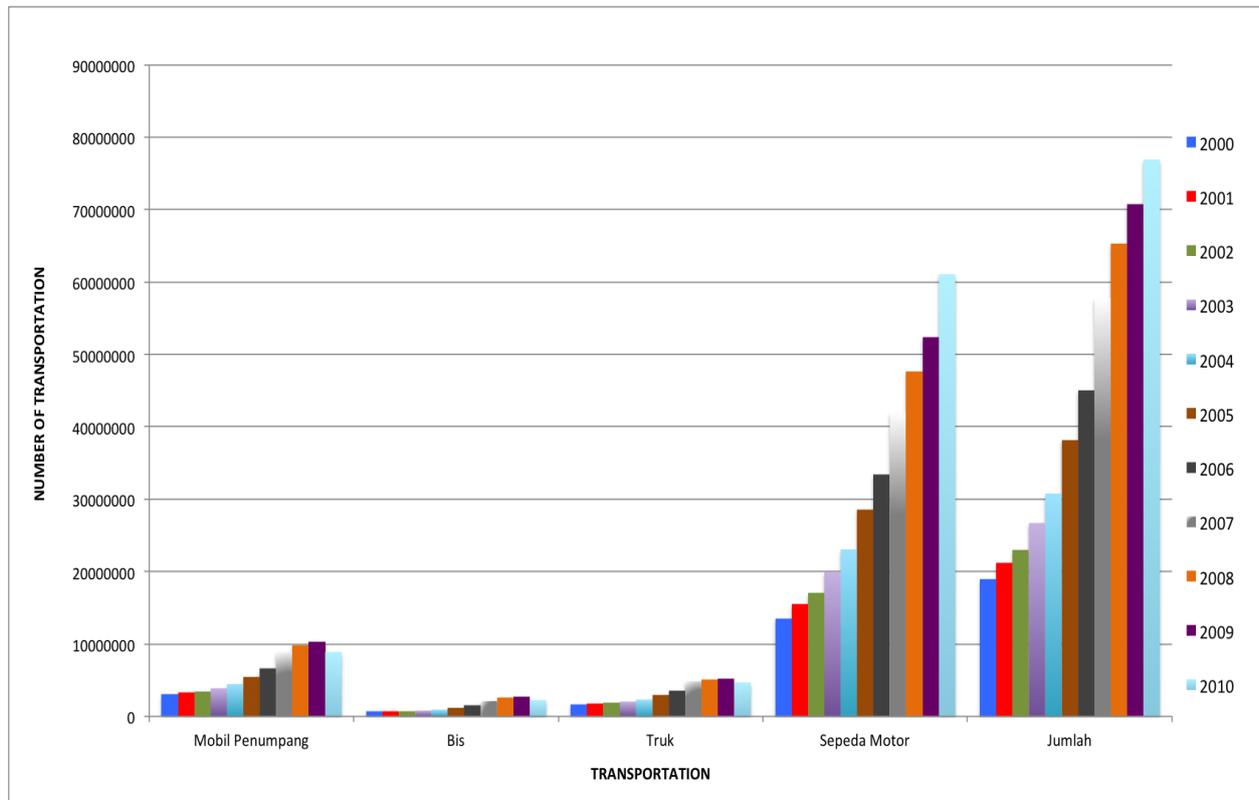


Figure 2
Growing Number of Transportation by types 2000-2010
 Note: <http://www.bps.go.id> retrieved on 21 January 2016

Surabaya is Indonesia's second-largest city with a population of over 2.7 million, and the capital of the province of East Java. The city is one of the busiest ports in the country, since Surabaya is the main trading port in East Java. Enriched by its facilities, and geography advantages, Surabaya has great economic potential. As the provincial capital, Surabaya is also home to many offices and business centres. Surabaya's economy is also influenced by the recent growth in foreign industries and the completion of the Suramadu Bridge. Surabaya is currently in the process of building high-rise skyscrapers such as apartments, condominiums, and hotels as a way of attracting foreign people to the city. Transportation in Surabaya is supported by the infrastructure of land transport, sea and air that could serve the local trip, regional, and international. The city is served by Juanda International Airport. Tanjung Perak is the main port of the city

and is one of the busiest ports in the country. For trains, the city has several stations. For trains, the city has several stations. The transport of the city is supported by public transport of the city transport, taxis, and the city bus (<http://www.skyscrapercity.com>, retrieved on 21 January 2016).

As one of the largest city of Indonesia, transportation becomes an important issue in Surabaya. Not to mention that Surabaya was ranked fourth after Mexico to have the worst traffic out of all other cities in the world. Based on a survey done by oil producer, Castrol, using magnetic stop start system, Surabaya was accounted as the most jammed city with a total of 29,880 stop-starts (<http://www.merdeka.com>, retrieved on 21 January 2016). Department of Transportation of Surabaya is making every effort to reduce congestion in Surabaya. According to their record, there is a high vehicle growth every year, with an estimation of 15% growth for new motorcycles and 6% growth for cars every year. Additionally, the main causes of congestion in Surabaya are the growth in vehicles that is not accompanied and balanced by an increase in the volume of road (<http://surabaya.tribunnews.com>, retrieved on 22 January 2016). Furthermore, the increasing levels of congestion in Surabaya potentially cause materials lost. According to the calculation of statisticians, due to the density of traffic, around one trillion rupiah can evaporate everyday (<http://nasional.news.viva.co.id>, retrieved on 22 January 2016).

In order to cut down the number of transportation on the street, the government provides the people with public transport such as bus and taxi. Public transport becomes a favourite alternative for those who are in need of travel. They do not have to drive and deal with the traffic. However, bus is not flexible as its route is limited even though it is cheap. On the other hand, taxi is much more flexible but is costly (<http://www.kompasiana.com>, retrieved on 21 January 2016). Today, advancement of technology and online world has brought transportation into whole new level. The invention of smart phone and its application make this possible. One of the local companies that use the advancement of technology is GOJEK (<https://www.techinasia.com>, retrieved on 21 January 2016).

GOJEK started its operation in Indonesia in 2010 in the cities of Jakarta, Bandung, Bali and Surabaya. The idea of GOJEK began when more than 70% of ojek drivers' work is wasted on finding passengers because they have difficulty in finding customers. GOJEK then take the initiative to launch an online application which not only helps drivers to passengers easily but also to create a transport service that will contribute greatly to the citizens. GOJEK become the number one solution to deal with traffic. Within a few years, GOJEK has become popular and its users are on high demand. Given their relatively low price and ease of access for GOJEK, many choose GOJEK instead of using the public transport. One no longer needs to go around the street and look for public transport anymore (<http://garagara.id>, retrieved on 21 January 2016). GOJEK started operating in Surabaya since 5 June 2015 (<http://aluvimoto.com>, retrieved on 21 January 2016).

GOJEK application can be downloaded in smart phone both Android & iPhone through play store and apps store respectively. GOJEK offers four types of services to their customers. They are instant courier, transport, shopping and corporate. The GPS capabilities of smart phones allow both passengers and drivers know each other's location; hence reduce waiting time to arrive. By using the GOJEK apps, users can experience and access to all of the services they offered. One can book a GOJEK easily and will arrive in no time. Simply enter the address of destination to know the cost of using the service, once order is confirmed, location-based technology will help users find a driver whose position is closest to them. After driver is assigned, users can see photo and identity details of the driver to assure users safety (<http://www.go-jek.com>, retrieved on 21 January 2016).

New Technologies impact greatly to the way people live. Some can accept the new way things are being done and some still stick to the traditional ways. Numbers of researches has been done to analyse the factors of why people want to use technology. Davis et al. (1998) introduced a theory that analyse on the readiness of an individual to use technology. This theory is called Technology Acceptance Model (TAM). TAM is derived from Theory of Reasoned Action

(TRA) and predicts users acceptance based on the influence of two factors. According to the study of Morris and Dillon (1997) there are two factors that can cause someone wanting to use technology, which are *Ease of Usefulness* and *Perceived Usefulness*.

Perceived Usefulness is defined as the degree to which a user believes that using the system will enhance his/her performance. *Ease of Usefulness* is defines as the degree to which the user believes that using the system will be free from effort (Davis et al., 1989). In the study done by Morris and Dillon (1997) both *Ease of Usefulness* and *Perceived Usefulness* have significant impact on *Attitude Toward Using The System*. *Attitude Toward Using* is defines as the feelings of favourableness or unfavourableness toward using the technology (Morris & Dillon, 1997). When users of GOJEK experience satisfaction when using the application, users will tend to have favourable attitude toward using that technology. On the other hand, when users are not satisfied with the experience they get when using the application, users will tend to have unfavourable attitude toward using the technology.

The theory of TAM is suitable for studying the relationship between customer's attitude and behavioural intention. Attitude will affect behavioural intention; if a customer's attitude toward accepting application is higher, they will use application more frequently; therefore, customer attitude is also one of the factors that affect using application. A customer's "attitude toward using" and "willingness of using" application should have a significantly positive relationship. Attitude has a significant positive effect on the willingness of using application. When customers sense positive evaluations, they will believe that using application is a good experience and increase their willingness of using them. Thus, it can be concluded that attitude has a positive effect relationship with behavioural intention to use (Tsai, 2012).

Despite the fact that GOJEK is a technology-based company, GOJEK is one of transport services and therefore *Service Quality* is one of the most essential

factors that cannot be forgotten. Kotler and Keller (2009) defined *Service Quality* as whole of the features and characteristics of a product or service that has the ability to satisfy the needs. *Service Quality* consists of five dimensions. These five dimensions are *Tangible*, *Responsiveness*, *Empathy*, *Assurance* and *Reliability* (Parasuraman et al., 1988).

Tangible is the physical evidence and representations of the service, other customers in service facility (Parasuraman et al., 1988). GOJEK provides new clean masker and helmet for their customers. GOJEK drivers are also equipped with clean and nice looking green uniform so that they are easily recognized around the street and look neat. When it starts raining, GOJEK drivers will lend raincoat to the customers. (<http://www.nusareborn.in>, retrieved on 22 January 2016).



Figure 3

Tangible of Gojek

Note. <http://www.nusareborn.in> retrieved on 22 January 2016

Responsiveness is awareness and a desire to help customers and deliver services quickly (Parasuraman et al., 1988). GOJEK equipped their drivers with smart phone application, so when customers placed orders, the nearest drivers can handle the request directly. (<https://obendon.com>, retrieved on 22 January 2016)

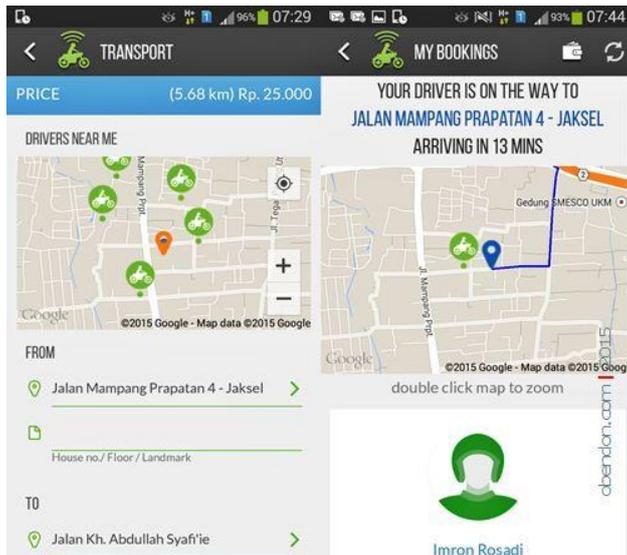


Figure 4
Responsiveness of Gojek

Note. <https://obendon.com>, retrieved on 22 January 2016

Empathy is giving customers individual attention and employees who understand the needs of their customers (Parasuraman et al., 1988). GOJEK operates 24 hours a day. So this means that whenever customers need them, they will be ready. (<http://www.banguninspirasi.com>, retrieved on 22 January 2016)



Figure 5
Empathy of Gojek

Note. <http://www.banguninspirasi.com> retrieved on 22 January 2016

Assurance is knowledge and courtesy of employees and their ability to inspire trust and confidence (Parasuraman et al., 1988). GOJEK standard operating procedures only allow their drivers to drive safely for making sure customers safety (<http://www.beritasatu.com>, retrived on 22 January 2016).

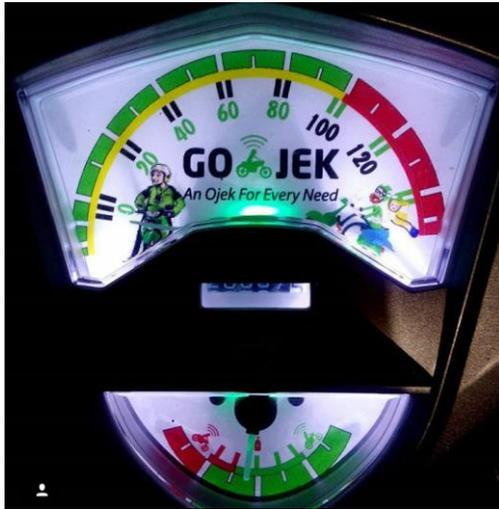


Figure 6

Assurance of Gojek

Note. <http://www.beritasatu.com> retrived on 22 January 2016

Reliability is consistency of performance and dependability, accuracy in billing, keeping records correctly, performing the service right at the designated time (Parasuraman et al., 1988). GOJEK application will tell the customers how much they will charge, no hidden cost (<http://www.gojakgojek.com>, retrived on 22 January 2016)

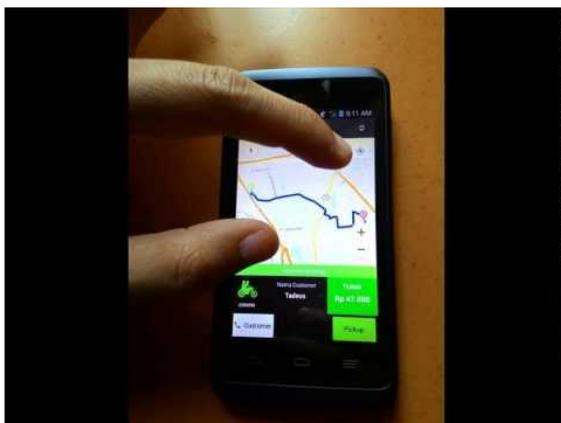


Figure 7

Reliability of Gojek

Note. <http://www.gojakgojek.com> retrived on 22 January 2016

According to Kotler et al. (2002), quality has a direct impact on product performance, and thus on customer satisfaction. As Service Quality increases, the customer satisfaction also increases (Asubonteg et al., 1996; Gilmore, 1997; Kandampully, 1997; Colgate and Stewart, 1998; Durvasula et al., 1999) and this would affect their attitude about the service.

Despite the fact that customer satisfaction – which would affect their attitude about the service – is essential, focusing only on customer satisfaction has its drawbacks in the marketplace. Based on the study of Rosenberg et al., 1984, he stated that it can cost as much as six times more to win a new customer than it does to keep an existing one. Depending on the particular industry, it is possible to increase profit by up to 60% after reducing potential migration by five percent (Reichheld, 1993). The retention of loyal customers has become a key factor for long-term success of the companies. Consequently, this shows that behavioural intention of customer to reuse is critical for a company to maintain.

1.2 Research Problems

1. Does Perceived Ease of Use have significant effect on Perceived Usefulness of GOJEK application?
2. Does Perceived Usefulness have significant effect on GOJEK user's Attitude toward Using?
3. Does Perceived Ease of Use have significant effect on GOJEK user's Attitude toward Using?
4. Does Service Quality have significant effect on GOJEK user's Attitude toward Using?
5. Does Perceived Usefulness have significant effect on GOJEK user's Behavioural Intention to Reuse?
6. Does Perceived Ease of Use have significant effect on GOJEK user's Behavioural Intention to Reuse?
7. Does Service Quality have significant effect on GOJEK user's Behavioural Intention to Reuse?

8. Does Attitude toward Using have significant effect on GOJEK user's Behavioural Intention to Reuse?

1.3 Research Objectives

1. To examine the effect of Perceived Ease of Use on Perceived Usefulness of GOJEK application.
2. To examine the effect of Perceived Usefulness on GOJEK user's Attitude toward Using.
3. To examine the effect of Perceived Ease of Use on GOJEK user's Attitude toward Using.
4. To examine the effect of Service Quality on GOJEK user's Attitude toward Using.
5. To examine the effect of Perceived Usefulness on GOJEK user's Behavioural Intention to Reuse.
6. To examine the effect of Perceived Ease of Use on GOJEK user's Behavioural Intention to Reuse.
7. To examine the effect of Service Quality on GOJEK user's Behavioural Intention to Reuse.
8. To examine the effect of Attitude toward Using on GOJEK user's Behavioural Intention to Reuse.

1.4 Research Contributions

The result of this research is expected to provide more information to the existing theory about perceived ease of use, perceived usefulness, and attitude toward using, and behavioural intention to reuse. Specifically, the research will be beneficial to the following:

1. Current and future researchers

This research may help current and future researchers to have more understanding on the relation of perceived ease of use, perceived usefulness, and service quality on attitude toward using; perceived ease of use, perceived usefulness, service quality, and attitude toward using on behavioural intention to reuse.

2. The author

This study gave the author the opportunity to enhance the theoretical knowledge gained from lectures, textbooks, and other literature, as well as practice the analytical skills in solving managerial problems.

3. GOJEK

This research can be used as reference to improve GOJEK perceived ease of use, perceived usefulness, and service quality to ensure GOJEK user's attitude toward using toward behavioural intention.

1.5 Research Limitations

This research uses few variables. They are perceived ease of use, perceived usefulness, and service quality toward attitude toward using, and behavioural intention to reuse. The research was being done during May – June 2016, in Surabaya, and targeting GOJEK users.

1.6 Research Outlines

Research outline explains the systematic writing of this study. The outline is divided into three chapters as follows:

Chapter I

This chapter sets up the research problem for the reader. It also provides the background information defining the issue and important terms. It specifies the research objectives explored in greater detail to contribute to understanding the research problems.

Chapter II

This chapter summarizes the major studies and findings that have been published on the research topic and how this study contributes or adds to what has already been studied. This chapter also states a clear description of theories that apply to the research problem, an explanation of why it is relevant, and how the modelling efforts address the hypothesis to be tested.

Chapter III

This chapter explains the detailed technical and scientific activities which include the research design, sampling plan, instrumentation, statistical tools, and treatment of data.

Chapter IV

This chapter organizes the logical presentation of all findings in the research questions, and focus on how these key findings relate back to the theory and prior researches presented in the beginning of the study.

Chapter V

This chapter outlines the implications, conclusions, and recommendation supposed to advance the study of the research topics by its theoretical, methodological, or substantive contributions that may be necessary to overcome the limitations of existing empirical facts.