

CHAPTER I

INTRODUCTION

1.1 BACKGROUND OF THE STUDY

The significance of service quality in many sectors has become a matter of great concern over the previous few years: hospitality, banking, sales and marketing sectors, the building and healthcare sectors. Excellent quality of service was acknowledged as a means of competitiveness and service supremacy.

Service quality is a significant idea for the business because it is essential if clients are to achieve superior value. Service quality is strongly linked to customer satisfaction, loyalty and even profitability in many literatures. The aim of offering service quality is to meet the clients. Measuring the service quality is a better way of finding out if a service is good or bad or if the customer is satisfied. (Sreedhar, 2016)

Many advantages can be accomplished through service quality: client satisfaction, company images, customer loyalty and a competitive advantage to a company. Service quality efficiency can differ for distinct individuals, for instance, staff can demonstrate greater service quality perceptions than perceived clients and therefore executives and staff can never find service quality deficiencies. (Al-Ababneh, 2017)

One of the most well-known and widely used service quality models in multiple sectors is SERVQUAL, which examines the difference between user perception and service expectation. The technique allows the business to understand how far the customer has noticed and expected a service. The original assumption that customers compare the optimal performance characteristics for each attribute was this SERVQUAL. If the attribute of performance exceeds the required level, the service quality perception will be entirely enhanced. In summary, this model analyzes the gaps between two key factors: the anticipated service and the real customer experience.

The quality of service of the company for all participants in the five dimensions SERVQUAL may be calculated by calculating its average SERVQUAL score from the declarations showing the dimension of all service quality. By analyzing the gap, the service manager not only can measure all of the service quality that the customer sees, but also can determine the key dimensions and aspects that need improved quality in all dimensions.

For both organizations and scientists, customer satisfaction is a matter of excellent concern. Organizations' main goal is to maximize earnings and minimize costs. The rise in sales at lower expenses can maximize the profit. Customer satisfaction is one of the variables which can assist to boost revenues, as satisfaction leads to client loyalty, recommend and purchase again.

Freight companies are firms that specialize in the transport or transportation from one place to another of cargo or freight. These companies are divided into several variant sections. International freight shippers, for instance, ship goods from nation to nation globally as well as national freight shippers in a single nation. Different shipping techniques exist; by air, road, sea or rail. In many instances, air, sea, and in other instances, air, maritime, and highway solutions offer multi-modal alternatives. Some businesses offer several services. The most popular multimodal way of transportation is known as intermodal transport, which means that trucks are taken from rail to rail.

In many years to come, however, freight and logistics businesses will have to tackle many problems. The traditional negotiating power of the industry with the quantity of its shippers is questioned, for instance, as trade routes become more competitive and the freight prices decrease. The use of balance sheet strength to obtain niche players in major trade paths and geographies, particularly in emerging markets, are significant strategies to address this challenge.

The capacity to analyze customer requirements and then react rapidly with differing and sophisticated logistics alternatives will be another key to development and profitability. This requires better IT tools to enhance the effectiveness of inner procedures and analyzes that provide a deeper knowledge of the sectors and procedures of clients.

PT. Sumatra Sarana Sekar Sakti Medan which located on Jl.Veteran No.01 C, Komp. Centre Point Medan is a national company engaged in the transportation service business, established since 1990 until now. PT. Sumatra Sarana Sekar Sakti or also known as PT.SSSS (S4) has a system that refers to the ISO Standard, supported by management and human resources who are quite professional and reliable in their respective fields. The company is a trusted and recognized freight forwarding company in Indonesia, headquartered in Medan and has corporate units or branches spread across several Indonesian islands, especially on the islands of Sumatera, Java and Kalimantan. The company itself together with its subsidiaries until now has a transport fleet of 985 Fleet units, of which 128 units are the rest of the Fuel Tank Cars (BBM) type: Tank CPO (Crude Palm Oil), Truck Open Tub, Dump Truck and Trado.

Based on the primary data which are taken from the company inside, the number of complaints from the customers of PT. Sumatra Sarana Sekar Sakti Medan has increased in this few years which can be seen in the table below:

Tabel 1.1 The Data of Complaints at PT. Sumatra Sarana Sekar Sakti Medan

Year	Month	Number of Customers	Number of Complaints
2017	January - April	93	15
	May - Agustus	98	16
	September - December	44	15
2018	January - April	73	18
	May - Agustus	81	20
	September - December	48	22
Jumlah		437	106

Source: PT. Sumatra Sarana Sekar Sakti Medan, 2019

From the results of random interviews with several consumers, complaints that were found include:

1. Lack of responsiveness online complaints directed at the company's official website.
2. The existence of shipments without a tracking number from abroad which is often lost and takes a very long time to process.
3. Slow delivery of services provided by the company.
4. Loss of parcel packages.

Responses from companies are considered disappointing, that customers must make complaints repeatedly without any clear answers related to the problem at hand.

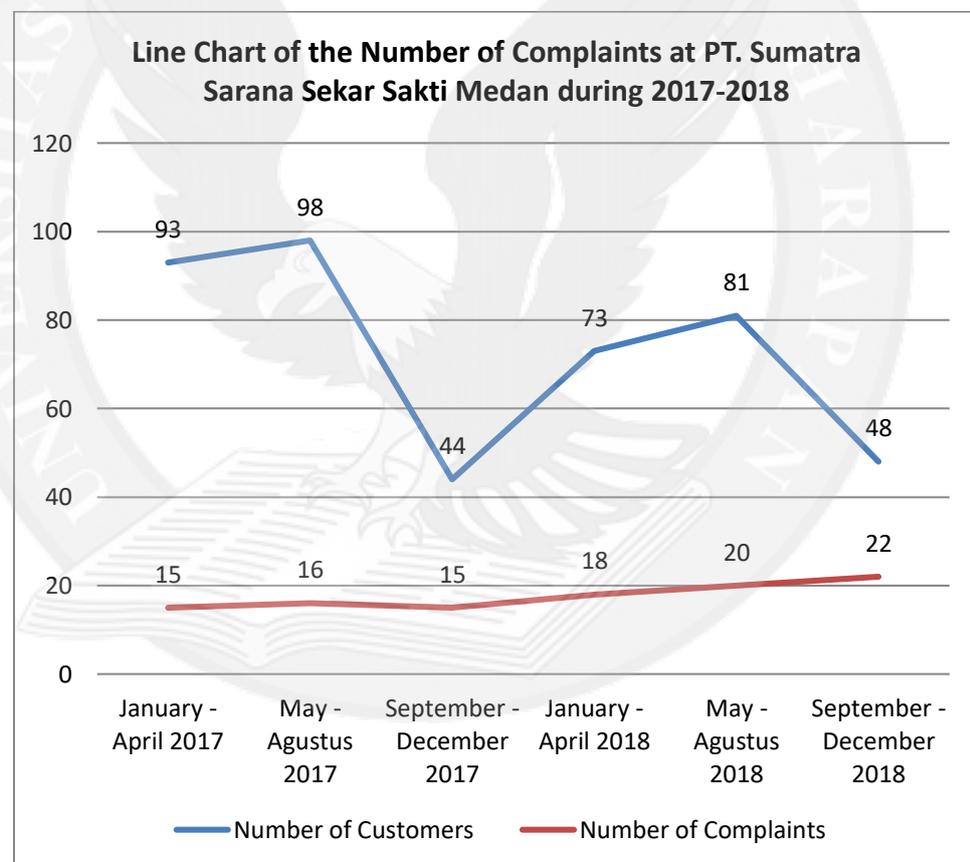


Figure 1.1 Number of Complaint During 2017-2018

Source: Prepared by the Writer (PT. Sumatra Sarana Sekar Sakti Medan, 2019)

From table 1.1 and Figure 1.1 above, it can be seen that there are a lot of complaints from the customers in 2018 and there is an increasing in

number of complaints during 2017 - 2018. This data indicates that there is a problem with the service quality provided by the company. This is not good for the survival of the company, according to the tight competition in freight - company industry causes consumers to have many alternatives to determine their decisions.

In this study, the researcher wants to analyze the quality of services at PT. Sumatra Sarana Sekar Sakti Medanto find out what is actually expected by the customer and what has been perceived by the customer for the quality of services it receives and write it in this thesis entitled “**The Influence of Service Quality Towards Customer Satisfaction at PT. Sumatra Sarana Sekar Sakti Medan**”.

1.2 PROBLEM LIMITATION

The scope of studies is restricted in the following way to make the study more concentrated and easier for information collection and handling. The service quality variable used in this research is limited to 5 indicators, they are: reliability, responsiveness, assurance, empathy, and tangibles. The customer satisfaction variable used in this research is limited to 3 aspects, they are: suitability of expectation, the interest of repurchase, and the willingness to recommend. The research object is the customers who use the service provided by the company during the course of this study.

1.3 PROBLEM FORMULATION

Based on the description on the background of the study above, the research questions in this study are as follows:

1. How is the service quality at PT. Sumatra Sarana Sekar Sakti Medan?
2. How is the customer satisfaction at PT. Sumatra Sarana Sekar Sakti Medan?
3. Does service quality have influence towards customer satisfaction at PT. Sumatra Sarana Sekar Sakti Medan?

1.4 RESEARCH OBJECTIVE

The research objective are as follows:

1. To describe the service quality at PT. Sumatra Sarana Sekar Sakti Medan.
2. To evaluate the customer satisfaction at PT. Sumatra Sarana Sekar Sakti Medan.
3. To discover whether service quality have influence towards customer satisfaction at PT. Sumatra Sarana Sekar Sakti Medan.

1.5 BENEFIT OF THE RESEARCH

1.5.1 Theoretical Benefit

The findings of this research are anticipated to serve as a basis for strengthening the theory in the field of leadership and marketing, particularly regarding the impact of the quality of service on a company's level of consumer satisfaction.

1.5.2 Practical Benefit

The practical advantages of this study are:

1. For the writer

This study can provide an overview and understanding of management and marketing, particularly of the effect of service quality on the satisfaction level of a company's customers.

2. For the company

This study should be used as a recommendation to give greater attention to reliability, reactivity, certainty, empathy and concrete aspects to satisfy the client.

3. For the other researchers

The findings of this studies should be used as a reference source in future for associated studies.

1.6 SYSTEMS OF WRITING

The researchers compiled the writing with the following details:

CHAPTER I : INTRODUCTION

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

CHAPTER II : LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

This chapter contains theoretical background, previous research, hypothesis development, research model, and framework of thinking.

CHAPTER III : RESEARCH METHODOLOGY

This chapter will describe the research design used, the object of research, the method of data collection performed and the method of data analysis.

CHAPTER IV : DATA ANALYSIS AND DISCUSSION

This chapter describes the overview of the research objects discussed in this study and describes the data analysis and the detailed discussion.

CHAPTER V : CONCLUSION

This chapter contains the conclusions of what has been described in the previous chapters, and also contains suggestions for improvement for research development related to this research topic.