

## THE IMPACT OF SERVICE QUALITY TOWARDS CUSTOMER SATISFACTION (A STUDY ON INDIHOME BANDUNG 2015)

Dicky Muhammad Arifin<sup>1</sup>,  
Indira Rachamawati.,ST.MSM<sup>2</sup>

S1 ICT International Business, Faculty of Economic and Business, Telkom University  
[1arifindickym@gmail.com](mailto:arifindickym@gmail.com), [2indira.rach@gmail.com](mailto:indira.rach@gmail.com)

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### ABSTRACT

Service has become the most important factor in service companies. One of important part of service is service quality. Service quality is measure of how well the service level delivered matches customer expectations. IndiHome is telecommunication product of PT. Telekomunikasi Indonesia. Tbk (Telkom Indonesia). Telkom Indonesia is telecommunication company and network service provider in Indonesia. IndiHome's customer in Bandung increasing every month with 10,007 in first 9 months. The aim of this research is to examine the impact of service quality towards customer satisfaction. An online survey has been published and 400 valid at of questionnaires has been analyzed. Quantitative-Descriptive analysis, causal study, and multiple regression analysis have been used during the study. This research found that service quality has significant positive impact to customer satisfaction partially, and Tangibility, Reliability, Responsiveness, Assurance, and Empathy has significant positive impact to customer satisfaction simultaneously. The study also found that the value of Adjusted R square is 0.615. It means that 61.5% customer satisfaction is explained by the independent variable.

**Key words: Service Quality, Customer Satisfaction.**

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### 1. Introduction

Internet users in Indonesia has increasing every year in 2014 the number of internet users is 88,100,000 with penetration rate 34.9% from total population. West Java has the most number of internet users in Indonesia with 16,400,000 users. As the capital city of West Java, Bandung is third metropolitan city in Indonesia and Bandung has the largest number of population in West Java. Bandung has population and economic increase very fast and good, in line with economic increase the needs of internet access is increasing. IndiHome is internet provider product from PT. Telkom Indonesia. Tbk.

IndiHome customers in Bandung increasing every month since IndiHome is launched in Bandung. The increase of IndiHome customers in the first month total number of IndiHome customers is 1,013 and in the next 9 months the number of IndiHome customers increasing rapidly to 10,007 customers. In the other hand the complaint of IndiHome reach 3% total customers of IndiHome. The standar of IndiHome service is the number of complaint less than 2% of total customers, it is mean IndiHome service need improvement and the level of customer satisfaction of Indihome customers 95%. IndiHome customers is satisfied with IndiHome service but telkom evaluate IndiHome' service quality need improvement because the number of complaint still high. Based on [3] To provide improved quality service, telecommunication companies need to investigate degree of customers' sensitivity and expectations toward service quality. "There are ten dimensions of service quality tangibles, reliability, responsiveness, communication, security, credibility, courtesy, access, competence and understanding the customers". In 1988 Parasuraman reduce ten dimensions of service quality into five dimensions consists of tangibility, reliability, responsiveness, assurance, and empathy [7].

The phenomenon in IndiHome is contradictive with "Higher levels of quality result in higher levels of customer satisfaction" [2], When service quality is high, then it will lead to increase in customer satisfaction [7]. The theories explained when service quality low the customer satisfaction is low, when the service quality high customer satisfaction will high.

Based on description above, then the author interest to do a research of this problem with five dimensions of service quality tangibility, reliability, responsiveness, assurance, and empathy with the title "THE IMPACT OF SERVICE QUALITY TOWARDS CUSTOMER SATISFACTION: A STUDY ON INDIHOME BANDUNG 2015."

## 2. Literature Review

### 2.1 Definition of Marketing

Marketing is about identifying and meeting human and social needs. One of the shortest good definitions of marketing is “meeting needs profitably”[3]. Marketing as the process by which companies create value for consumers and build strong consumer relationship in order to capture value from customers in return [1].

The American Marketing Association in [3]: Marketing is the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for consumers, clients, partners, and society at large. Marketing is a social process involving the activities necessary to enable individuals and organizations to obtain what they need and want through exchanges with others and to develop ongoing exchange relationships [6].

### 2.2 Service Quality

Service quality is a casual antecedent of customer satisfaction, because service quality is viewed at transactional level and satisfaction is viewed to be an attitude. service quality is an abstract and elusive construct because of three features unique to services: intangibility, heterogeneity, and inseparability of production and consumption [7].

There are five dimensions of service quality that identified by [5]:

1. Tangibility  
The appearance of elements - physical elements of service companies, such as appearance physical facilities, physical equipment, personnel and equipment - communications equipment.
2. Empathy  
It easy for customers to access / contact companies. Good communication is create between the company and customers, where customers feel heard by the company. The existence of a real effort carried out by the company to understand the customer and his needs customer.
3. Reliability  
The company's ability to provide services in accordance with the promised to accurately and reliably.
4. Responsiveness  
A policy to assist and provide fast service or responsive and the right to the customer.
5. Assurance  
Credibility, competence and politeness of the company. Where the company can be trusted to be honest, coined the ability and knowledge required to provide services and serve with respect and mannered.

### 2.3 Customer Satisfaction

Satisfaction is a person's feelings of pleasure or disappointment that result from comparing a product's perceived performance to expectations. If the performance falls short of expectations, the customer is dissatisfied. If it matches expectations, the customer is satisfied. If it exceeds expectations, the customer is highly satisfied or delighted [3].

Customer satisfaction is a personal feeling of either pleasure or disappointment resulting from the evaluation of services provided by an organization to an individual in relation to expectations. Service providers frequently place a higher priority on customer satisfaction, because it has been seen as a prerequisite to customer retention. As a positive outcome of marketing activities, high customer satisfaction leads to repeat visitation to stores, repeat product purchases, and word-of-mouth promotion to friends, while low customer satisfaction has been associated with complaining behavior. A satisfied customer often stays loyal longer, and is likely to patronize the firm in future [3].

Customer satisfaction is rated on a scale from one to five. At a very low level of satisfaction (level one), customers are likely to abandon the company and even bad-mouth it. At levels two to four, customers are fairly satisfied but still find it easy to switch when a better offer comes along. At level five, the customer is very likely to repurchase and even spread good word of mouth about the company [3].

## 2.4 Research Framework

The conceptual framework of this research was developed based on constructs derived from the extant literature. The variables to be studied, namely Tangibility (X1), Reliability (X2), Responsiveness (X3), Assurance (X4), Empathy (X5), and Customer Satisfaction (Y). Figure 2.1 illustrates the proposed conceptual framework which is developed for this research.

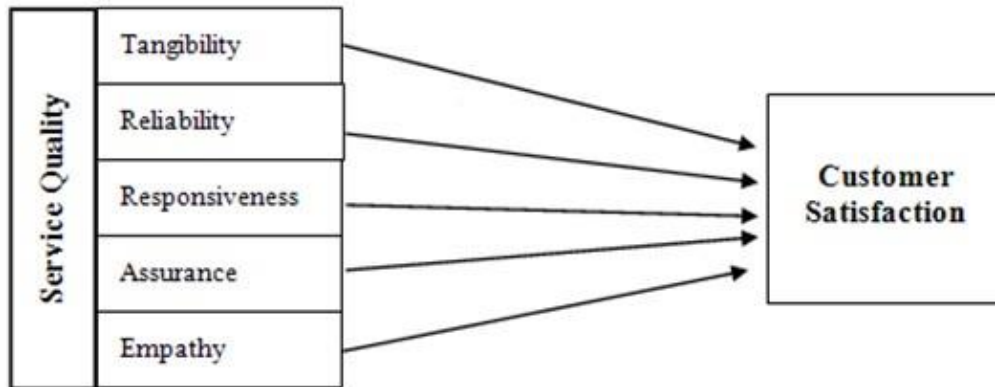


Figure 2.1 Research Framework

In line with schematic relationship among variable as shown in figure 2.1, the hypothesis of this present study are as follows:

- H1: Service quality has significant positive to customer satisfaction
- H2: Tangibility effect significant positive on customer satisfaction of IndiHome
- H3: Reliability effect significant positive on customer satisfaction of IndiHome
- H4: Responsiveness effect significant positive on customer satisfaction of IndiHome
- H5: Assurance effect significant positive on customer satisfaction of IndiHome
- H6: Empathy effect significant positive on customer satisfaction of IndiHome

## 3. Methodology

The methodology that use in this research is quantitative research with descriptive and causal method, descriptive method is used to know the perception of IndiHome customers about service quality and customer satisfaction of IndiHome. Analysis technique in this research is multiple regression. This multiple regression is use to know research question, to know the impact of service quality towards customer satisfaction.

## 4. Result

### 4.1 Respondent's Demographic Profile

A total of 400 of respondents were analyzed in this research. Based on the finding, 51.3% of respondents are male and the rest is female with percentage 48.8%. From the age, 40.5% of respondents are in the range of 17-22 years old, 19% of respondents are in the range of 29-34 years old, 14.8% are in above 40 years old, 13.5% are in 23-28 years old, and the rest 12.3% are in 35-40 years old. Based on education background 43.7% of respondents are having bachelor degree, 28% are having senior high school degree, 24.5% are having diploma degree, 1.5% are having junior high school and elementary school degree, and the rest 0.8% are having others degree. Based on occupation, 42.2% of respondents are employees, 32.2% are students, 18% are entrepreneurs, 5.8% are unemployments, and the rest 1.8% are others. Based on Income per month 28.5% of respondents are having income above IDR 7,500,000, 19.8% are having income in the range of IDR 1,000,001 – IDR 2,500,000, 18% are having income below IDR 1,000,000, 17.5% are having income in the range of IDR 5,000,001 – IDR 7,500,000, and the rest 16.2% are having income in the range of IDR 2,500,001 – IDR 5,000,000.

## 4.2 Descriptive Analysis

This analysis was performed in to obtain a descriptive overview of the respondents in this research, especially research variables are used. In this research, questionnaire was distributed using a Likert scale. In this questionnaire, the number of respondents is started from number 1 to 5. The mean of the total items in Tangibility(X1) is 73.01%. Based on the measurement level is categorized as "Good" in continuum line. The mean of the total items in Reliability(X2) is 68.4%. Based on the measurement level is categorized as "Good" in continuum line. The mean of the total items in Responsiveness(X3) is 69.65%. Based on the measurement level is categorized as "Good" in continuum line. The mean of the total items in Assurance(X4) is 72.18%. Based on the measurement level is categorized as "Good" in continuum line. The mean of the total items in Empathy(X5) is 72.74%. Based on the measurement level is categorized as "Good" in continuum line. The mean of the total items in Customer Satisfaction(Y) is 69.5%. Based on the measurement level is categorized as "Good" in continuum line.

## 4.3 Multiple Regression Analysis

Table 1 Multiple Regression

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-.314	.171		-1.832	.068
	TANGIBILITY	.070	.050	-.058	-1.386	.167
	RELIABILITY	.238	.058	.220	4.111	.000
	RESPONSIVENESS	.366	.060	.299	6.068	.000
	ASSURANCE	.233	.060	.176	3.872	.000
	EMPATHY	.317	.058	.257	5.459	.000

A. Dependent Variable: Customer Satisfaction

Regression model that can be explained from Table 1 in form of regression equation as follows:  $Y = (-0.314) + 0.070X1 + 0.238X2 + 0.366X3 + 0.233X4 + 0.317X5$ . From statistical result F-Value is 128.328. While F-Table ( $\alpha = 0.05$ ;  $df1 = 6-1 = 5$ ;  $df2 = 400-5-1 = 394$ ) is equal to 2.237. Because F Value > F Table that is  $128.328 > 2.237$ , the regression analysis model is significant. This means that  $H_0$  is rejected and  $H_1$  is accepted so that it can be concluded that the dependent variable (customer satisfaction) may be affected simultaneously by the independent variable (tangibility, reliability, responsiveness, assurance, and empathy). To test the value of regression model for each variable in partial, the t test can be used to get the results. Partial effect on 4 variables of service quality (reliability, responsiveness, assurance, and empathy) showed significant positive to customer satisfaction. It showed by t value from each variables are greater than t table and significant value from each variables are positive and smaller than 0.05. While one variable of service quality (tangibility) showed no significant positive to customer satisfaction. It showed by t value smaller from t table and significant value from each variables are negative and greater than 0.05. The Coefficient of Determination ( $R^2$ ) essentially measures how far the ability of the model to explain variations in the dependent variable. The study found that the value of adjusted ( $R^2$ ) is 0.615. It means that 61.5% customer satisfaction will be explained by the independent variable (tangibility, reliability, responsiveness, assurance, and empathy). While remaining 38.5%, customer satisfaction will be influenced by other variables that are not included in this research. The variables

## 5. Conclusion and Suggestion

### 5.1 Conclusion and Suggestion

The finding of the study shows that all of the hypothesis in this research were supported by the fifth variable of service quality simultaneously impact customer satisfaction. While only four variables of service quality (reliability, responsiveness, assurance, and empathy) partially impact customer satisfaction. Responsiveness becomes the most influential variable of service quality dimension. Based on descriptive analysis result of this research, the tangibility dimension had the highest score between others dimensions of service quality but tangibility has no positive significant to customer satisfaction. IndiHome need to provide faster service for the customers, customers feel the service that provided by IndiHome is not fast enough. For further research, because the analysis result showed adjusted R square is 0.615. It means that 61.5% customer satisfaction will be explained by service quality while remaining 38.5% customer satisfaction will be influenced by other variables

that are not included in this research there are 5 others variables that can explained customer satisfaction relational quality, competitiveness, reputation, support features, and transmission quality [2].

### **5.2 Limitation of Study**

Although the research finding provide some new insight to researcher, these research use convenience sampling from IndiHome customer in Bandung may not generalized the whole population of IndiHome customers. Tangibility variable may not accurately have explained by the 400 samples of IndiHome customers.

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