

ABSTRACT

Telecommunications, also known as telecom, is the exchange of information over significant distances by electronic means and refers to all types of voice, data and video transmission. Nowadays, peoples are getting more concern about their needed. The firm has to know what customer want, what the customer needed. In telecommunication sector, people prefer the well-known brand so it is necessary for companies to know the how significantly the service quality influence the satisfaction of the customer. Indonesian people are tend to change their card to get the cheapest price of the internet data that the provider gave. It causing a Churn Rate of 20% each month because of it.

The purpose of this study is to investigate the effect of Service Quality towards Customer Satisfaction on mobile telecommunication in Indonesia. The independent variable in this research is Service Quality, which involves Tangibles, Reliability, Responsiveness, Assurance, Empathy, Complaint Handling, Convenience, and Network Quality, and for the dependent variable is Customer Satisfaction. The total questionnaire items used in this research are 43 items with the sample taken as many as 400 respondents who live in Indonesia and using the service of mobile telecommunication. Structural Equation Modeling (SEM) is used as analyzing tool to test the hypotheses and using SmartPLS 3.0 as the statistic software to conduct the calculations.

The result of this research is shown that not all of the hypotheses of is supported. There are 4 factors that influence customer satisfaction which are Reliability, Empathy, Convenience, and Network Quality. The result also shows that this model can be used to predict Customer Satisfaction towards service providers moderately where the R^2 is 42.2%.

This research has found that the most significant factor from this model that influences the customer satisfaction towards service providers is Empathy. This means that service providers have to keep the empathy of the customer to increase and maintain their satisfaction. Further research is expected to study the association between customer satisfaction and retention of corporate customer, because the result coming from the mobile phone service industry might not be applicable to other service business.

Keywords: *Customer Satisfaction, Service Quality, Telecommunication*