CHAPTER 1

INTRODUCTION

1.1 INTRODUCTION

The general summary for this whole research would be delivering in this chapter. The outline includes background of study, problem statement of the research, research objectives, research questions, scope of study, significant of study, and also the operational definition. This chapter is important as it will be opening synopsis or guide for any reader to understand the flow of research proposal.

1.2 BACKGROUND OF STUDY

Customer service is not something new to the organizations. Almost all the companies’ today have their own customer service. To make it clear, customer service can be understood as the medium between companies and customer to communicate as to make sure they meet the customer satisfaction. This process includes the service
before, during and after the product or service purchase. Excellent customer service in
the organization can lead to better performance and create advantages not only for the
company itself, but also include the customers and this create win-win situation for both
parties.

Problem that happens nowadays, we are lack of skills in managing customer
service. We can see in many firms or companies, there is no action taken regarding to
this problem. Customer service nowadays not concern about what customers complain
and request. They just serve without take serious what customers want. When this
situation occurs, it will tarnish the reputation of the companies. With that also,
customers also will stop making business with us. They thought we are not taking
serious with all the complaints. As the impact of this, the companies will not be
suggested by the customers. That is why customer service management is important.

According to Harris Interactive, in Customer Experience Impact Report, 86% of
consumers quit doing business with a company because of a bad customers experience,
up from 59% four years ago. What can be seen in here, the percentage increase
dramatically and it shows that most organizational look this thing like trivial things.
Stop thinking like that and the best action should be taken so that customer service can
become one of the important things that should need to be focused on to increase the
organizational performance.

1.3 PROBLEM STATEMENT

Customers nowadays, they are not only wanted to have good products, but they
also want to be served the best way possible. As what has been mentioned by Ijah
Amran (2008) in her webpage stated that customer service in Malaysia has declined to
the worst scenario. She is complaining the management of customer service in Malaysia
that include Nokia, Courts Mammoth and also EON Bank. With lack of information, the
workers are not friendly; raise their voice and many more, all these things cannot be
happening especially in customer service function. We can take another example that
occurs, in which customer service doing their job inefficiently. The way they handle and solve problems are too slow and at unsatisfactory to the customers.

Commonly, the customer service outside of Malaysia has been well conducted. We take an example from Trader Joe’s Store, which is located in Pennsylvanian United States. They helped the customers which is an old guy that stuck inside his home because of the snow. They delivered all the things without any fees. Beside, during a call, they also provide tips on food that can fit perfectly with his special low-sodium diet. This is one of good example that leads to excellent customer service. The reason this situation has been picked, not for Malaysian’s customer service to follow exactly what they have done, but to show how they treat their customers and hence to make them satisfied with the service.

The above two example showed the gap between the current situation in Malaysia and the ideal situation in US. This study intends to find and filled the gap of the problems. There are many questions that can be viewed on this, is that customer service can affect the organizational performance? Is there any negative impact to the organizational when the customer services are not being well conducted? What benefit can the organizational get if implementing good customer service? So, all of these questions need me to find the result and analyse of it as to make sure all the results can be identified that related to the topic, customer service towards organizational performance. As conclusion of this, research should be done effectively to solve all the questions and this also need me to study more regarding to this topic.

**1.4 RESEARCH OBJECTIVES**

The objectives of this research:

1. To identify the component in customer service.
2. To identify the relationship between customer service and organizational performance.