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**RATIO ANALYSIS ON ENTREPRENEURIAL SERVICE QUALITY:
A CASE STUDY IN A MOTORCYCLE DEALERSHIP IN EAST JAVA**

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Abstract

In any business practices, quality is regarded as the important measure in sustaining the business operations. In goods productions, quality may be considered from several view points. For business organizations whose main activities are not dominated by goods production, however, given the nature the intangibilities, service operations may rely more on quality measurements.

Using CV Dealer Motor ("CVDM"), as a particular motorcycle dealership in East Java, this paper attempts to study how the entrepreneurial spirit develop and implementation of service quality especially in small/medium enterprises (SME). This study incorporates primary and secondary data; from questionnaires and financial statements of CVDM. It is expected that this study is able to bring up the tips and tricks on how entrepreneurs face and survive the competition via service quality, as part of the selling strategy in motorcycle market.

This research attempts to demonstrate the entrepreneurs' aspects and service quality variable that been exhaustedly used by the entrepreneurs in striving for goals. Other variable to consider is the fact that competitiveness in Indonesia's motorcycle industry continues to spike despite the country's economic downturns, and the soaring world's oil prices.

Key words: business agreements, entrepreneurship, service quality, customer satisfaction, ratio analysis, organizational performance, key success factors.

1. Introduction

It is undoubtedly true that entrepreneurial spirit has been a big theme in the business world for the past centuries (Hisrich, et al, 2005; Witt, 1998a; 1998b; 2000). This is evident by many inventions and

innovations following the big boom in the technology and internet era. Though many entrepreneurs started with small ventures, often times were sourced out from family funds, they are constantly hoping for the continuous growth over time (Witt, 1998a; 1998b; 2000). In the emerging economies like Indonesia, the

¹ development of a stronger economic base in the area of micro/small/medium enterprises (“SME”) has proven to become the backbone of the country’s economy. A German scholar had extensively studied Indonesian entrepreneurs and SME (Pratama, 2006). The ultimate finding was that Indonesian entrepreneurs and SME face double jeopardy; the economic slowdown, and increasingly tight competitions, particularly from larger counterparts (Pratama, 2006). It could be said as “blessing in disguise”, even with the unfavorable economic condition, the level of demand is not always low and/or diminishing. This is the difficult arena that entrepreneurs must play; running the business, progressing the business, and a precise calculation on risks (Hisrich et al, 2005; Witt, 1998a; 1998b; 2000). For entrepreneurs, it portrays a great opportunity to start something different or unique in the attempt to meet people’s demand. This may cover the usual marketing mix to lure people into the buying modes. Also, this may put-forth the importance of service quality that ultimately influences the more impulse buying decision.

A specific example of an SME is in the motorcycle dealerships. The reason is simple as this is mainly due to the fact that motorcycles play an important role in the country’s economic development by simply moving goods and/or people around to speed-up the transaction processes. Indonesia’s motorcycle industry is characterized by a tight competition, particularly among Japanese brands, such as; Honda, Yamaha, Suzuki, and Kawasaki. The competitions among these Japanese brands are visible in four stroke types of motorcycles, by showing-off their technology, model, price, promotion, including financing deals. Though there are other brands from China, Korea, Italy, Germany, USA, and India, for instance, but these other brands only occupy a small portion in the overall motorcycle market.

As stated earlier, in Indonesia, motorcycles play a dominant role as the mode

of transportation. This has been mainly true for the middle and lower income group of people. In recent years, however, as roads in major cities are continually packed with traffic jams, middle and upper income group of people have also sway into using motorcycles as their favorable modes of transportations. This is the reason for the increasing sales of motorcycle. With the growth of motorcycle demands, opening-up motorcycle dealerships become an attractive business opportunity for entrepreneurs. This study focuses on how the entrepreneurial service quality is developing in Indonesia. The reason is because becoming entrepreneurs in motorcycle business is can be a good way to reduce unemployment, due to high level of unemployment and the business is still booming.

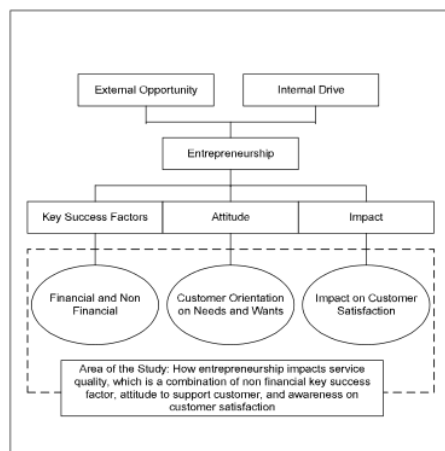
Following the prescribed steps by Hisrich, et al (2005), this paper incorporates several important issues in building up the arguments toward service quality, which covers the financial and non-financial measurements in justifying the entrepreneurial service quality (Witt, 1998b). Also, by considering the entrepreneurial theory of the firm (Witt, 2000), or otherwise known also as “entrepreneurial growth theory of the firm”, as the foundation to build up theoretical arguments toward entrepreneurial service quality in today’s business environment (Witt, 1998b). It is expected that theory of the entrepreneurial-growth-firm is able to provide the foundation closer to the reality of the firm’s operational and managerial activities, than the original theory of the firm, which accounted firms only as black boxes with many unknown substances (Anantadjaya, 2008; 2010).

In the dynamic environment, certain developmental processes are common in entrepreneurial firms (Anantadjaya, 2008; 2010; Witt, 1998b; 2000). Mobilizing resources are the key to form a resource base, which is capable of generating hefty returns. Entrepreneurs do not just perceived opportunities that have existed in the market as a result of various types of changes in prices or

preferences, but entrepreneurs do attempt to create many opportunities (Witt, 1998b; 2000). To realize opportunities, entrepreneurs must organize business activities. Firm's resource base needs to be present and mobilize before entrepreneurs can attempt to organize business activities. Thus, entrepreneurs need match up market opportunities to the available resources for firms to start growing (Anantadjaya 2008; 2010; Colombo and Grilli, 2005; Westaby, 2005; Whincop, 2000; Witt, 1998b; 2000).

The following illustration provides the framework of thinking in approaching this study. Although it begins with the opportunities for entrepreneurial choices, the focus on this paper is mainly concerned only with the financial and non-financial key success factors, and their impacts on the customer satisfaction given the service quality of entrepreneurs.

Figure 1. Framework of Thinking



2. Theoretical References

2.1. Theory of Entrepreneurship

Based on the definition suggested by Hisrich, et al (2005), entrepreneurship is referred to as the combination of processes between one's attempts to create something

new, risks assumptions, and potential rewards. This definition points out, at least, four basic aspects to become entrepreneurs; creating something new, setting aside time and effort, willingness to assume risks, and achieving potential rewards as bonuses. These basic ingredients provide a huge effect on entrepreneurial decision process.

Given that customers are now seeking for sophisticated and unique products, it is crucial that entrepreneurs should ensure that products can really satisfy customers' needs and wants. There are four major factors that can influence a consumer's buying behavior; cultural factors, social factors, personal factors, and psychological factors (Pratama, 2006; Witt 1998b; 2000). To win customers' choice, entrepreneurs must learn the affecting factors in buying process. This certainly influences the intention to buy for customers (Anantadjaya, et al, 2007b; Pratama, 2006).

Another important factor to improve the service quality, is known as Total Quality Service ("TQS"), which puts emphasize on employees and customers (Pratama, 2006). TQS approach holds on to the notion that employees are the vital part of the entrepreneurs' asset inside the business, and customers are the essential external element of the entrepreneurs' asset. Both of these types of assets have a strong link toward each other. This is how the word of mouth communication has provided the entrepreneurs the competitive edge in the marketplaces. Customers would expect at least the same/similar service quality in future acquaintances with the organizations (Anantadjaya, et al, 2007; Pratama, 2006), or otherwise known as Customer Value Packages ("CVP"), according to Pratama (2006).

Pratama (2006) provide some notable examples in relations to CVP. Though it is non-operational anymore, Sempati airline was once attempted to recognize the importance of on-time departure and arrival. Bank Mandiri is yet another notable example, which attempted to increase CVP, by presenting stuffed-toy-

animals for customer referrals. Singapore's Changi airport provides candies for arriving passengers. Though such CVPs are very much intangible, customers are put at ease. This is supported by the entrepreneurial growth theory of the firm, whereby, the roles of entrepreneurs, or otherwise referred to as intrapreneurs, in today's understanding, are just vital for the expansion of organizations (Anantadjaya, 2008; 2010; Anantadjaya and Mulawarman, 2010; Charan, 2006; Forman, 2006a; Forman, 2006b; Stam, et al, 2006).

Pratama (2006) confirm various quality dimensions on service quality. They are; (1) tangibility, which is referred to appearance of physical facilities, equipment, personnel, printed and visual materials, (2) reliability, which is referred to performance of accurate and dependable promised service, (3) responsiveness, which is referred to staff willingness to assist customers, and providing prompt services, (4) competence, which is referred to the attainment of required skills and knowledge, (5) courtesy, which is referred to politeness, respect, consideration and friendliness of contact personnel, (6) credibility, which is referred to trustworthiness, believability, and honesty of the service provider, (7) security, which is referred to freedom from danger and risks, (8) access, which is referred to as approachability and ease of contact, (9) communication, which is referred to keeping in touch with customers by listening to them, and acknowledging comments, and (10) understanding the customer, which is referred to making efforts to learn customers needs and wants.

As an alternative measurement for customer satisfaction is the basic five dimensions of service quality (Anantadjaya, et al, 2007; Zeithmal, et al, 1990). Those dimensions are; (1) tangibility, which covers issues on appearance of physical facilities, equipment, personnel, and communication material; (2) reliability, which covers issues on the ability to perform the promised service dependably and accurately; (3) responsiveness,

which covers issues on the willingness to help customers and provide prompt service; (4) assurance, which covers issues on knowledge and courtesy of employees and their ability to inspire trust and confidence; and (5) empathy, which covers issues on caring, individualized attention the firm provides to its customer.

2.2. Entrepreneurial-Growth Theory of the Firm

Traditionally, the theory of the firm is targeted merely to provide responses on some basic questions - why were there firms, what would the boundaries of firms be in relation to the surrounding marketplaces, and what would the firm's internal organization be (Stam, et al, 2006). During these early studies, price mechanism was used to justify the production activities, formation of firms, and movements of resources (Anantadjaya, 2008; 2009; 2010). At the time, the existence of firms was particularly beneficial for individuals and business groups in terms of the power of negotiation and closing out contractual agreements for each exchange transactions in the market (Anantadjaya, 2008; 2009; 2010; Anantadjaya and Mulawarman, 2010).

The allocation of factors of productions was later labeled as the sources of sustainable competitive advantage in the management field. The prominent signals toward allocation of factors of productions in relation to firm's sustainability have been emerging in recent years through the rise of strategic management. Questions toward sources of firm's performance have certainly emerged from both the industrial effect, including from any other specific capabilities, as well as how firms can reach and potentially sustain their competitive advantage (Anantadjaya, 2008; 2009; Jensen, 2001; Sampurno, 2006; Sangkala, 2006).

Since firm's initial focus was relatively limited to only the installed and utilized resources, the scarce availability of firm's resources portrayed hurdles toward firm's

growth and expansion. In order to maintain, and/or otherwise improve the production activities, additional external resources needed to be considered. Firms are not necessarily confined to any given products, but the series of activities that those firms are moving into are somewhat related to their existing resources. This shows that there is a relatively close connection between various kinds of resources, and development of ideas and knowledge for managers. According to several previous studies; Anantadjaya (2008; 2009), Anantadjaya and Mulawarman (2010), Jensen, (2001), Sampurno (2006), and Sangkala (2006), management and entrepreneurs are constantly faced with demands for expansion, innovation, and making a good use of all sources of competitive advantage. Existing products provides factual grounding on numerous product developments to obtain all firms' potentials.

Aside from the various product manufacturing of a given firms, managerial styles and entrepreneurial activities are often contradictory. Conservatism attitudes toward financial dealings, or general precautions toward various investment decisions, are often labeled as total failure to maximize profits. Thus, it is said to be a major failure toward supporting growth of the firm (Stam, et al, 2006). The fact of the matter today is that managerial styles and entrepreneurial efforts often create substantial growth of the firm (Anantadjaya, 2010; Anantadjaya and Nawangwulan, 2006; Cardy and Selvarajan, 2006; Carroll and Hunter, 2005; Noe, et al, 2006).

There are people, who believe that firms' existence and roles of entrepreneurs cannot be separated from each other. The existence of firms and firms' abilities to evolve in the marketplace are mainly due to the roles of entrepreneurs and management members (Anantadjaya, 2008; 2010; Anantadjaya and Mulawarman, 2010; Charan, 2006; Forman, 2006a; Forman, 2006b; Stam, et al, 2006). Likewise, entrepreneurs require firms to

provide their productive roles in creative thinking and managing the dynamic interaction among people of colors; not only inside the firms, but also with others outside the firms (Foss and Klein, 2004; Gamsey, et al, 2004).

The theory of the entrepreneurial-growth-firm represents the dynamic entity of a firm. It is closer to the reality of the firm's operational and managerial activities. In the dynamic environment, certain developmental processes are common in entrepreneurial firms. Mobilizing resources are the key to form a resource base, which is capable of generating hefty returns. This way of thinking is certainly supported by Penrosean theory of the growth of the firm (Anantadjaya 2008; 2009; 2010; Stam, et al, 2006); that was, growth is a cumulative process whereby members build knowledge and competence together. Growth for firms is perpetuated by "productive opportunity", which occurs in cumulative processes of interaction between the firm's productive base and market opportunities. This is the area where entrepreneurs seek to secure the productive opportunities, which may include of all the productive possibilities that entrepreneurs can take advantage of. Entrepreneurs do not just perceived opportunities that have existed in the market as a result of various types of changes in prices or preferences. Entrepreneurs do attempt to create many opportunities. To realize opportunities, entrepreneurs must organize business activities. Firm's resource base needs to be present and mobilize before entrepreneurs can attempt to organize business activities. Thus, entrepreneurs need match up market opportunities to the available resources for firms to start growing (Colombo and Grilli, 2005; Westaby, 2005; Whincop, 2000).

As firm grows, dynamic processes occur internally. The main ingredient for sustainable growth is the combination of ability to build solid resources base, and responding to new opportunities. Since market and opportunities vary over time, firms may mobilize resources to generate maximum returns from any

productive activities. As it becomes relatively logical for firms to continuously growing, failure to do so may put the firms into jeopardy as firms are challenged by demands for growth (Stam, et al, 2006; Yogaswara, et al, 2005).

As in the previous theories, the entrepreneurship-growth theory of the firm maintains solid grasp that entrepreneurs and managers are rational. Thus, as mentioned, this states that entrepreneurs and managers will act and/or otherwise response rationally to achieve the organization's maximum profits (Stam, et al, 2006). In addition, rational human resources will attempt to create high-performance work practices (Jensen, 2001; Kohlbeck and Mayhew, 2006). It means that they will look for innovative ways of achieving high-performance work practices (McKoy, 2006): feedback mechanism (Carson, 2006), quality control, balanced scorecard (Anantadjaya, 2007a), and measurements on corporate governance (Bauer, et al, 2004, Tabalujan, 2002). Also, as rational human resources, people tend to create and/or otherwise seek value-added approach in managing human resources. This becomes very important for firms as to establish the real source of organizational competitive advantage (Fulghieri and Suominen, 2005). Integrating various business operational activities from multi-departments is also critical as firms must adapt to changing environment (Colombo & Grilli, 2005; McKoy, 2006).

Hence, these combinations of theories are used as the foundation to support the notion of entrepreneurial service quality as key success factors that brings about customer satisfaction.

2.3. Entrepreneurship in Motorcycle Dealerships/Showrooms

In Indonesia, motorcycle business is considered as a huge money-making opportunity. Perhaps, this is also true for most of Asian countries, whereby motorcycles and scooters are very popular means of

transportation. Due to the high level of demand, the Indonesian 1999's deregulation attempted to attract new investors in the motorcycle industry (Pratama, 2006). Such facts were supported by informal interview with a senior representative of a publicly-listed financing/leasing firm in Indonesia. Since there are lots of delinquent motorcycle credits, which are potentially bring-down the firm's bottom line, once firms have reposed those motorcycles, firms prefer to re-sell those motorcycles at about 30% discounted price from the prevailing market price. Looking at this particular condition, it creates a relatively easy entry to the motorcycle dealerships (Pratama, 2006).

Becoming motorcycle dealers is a huge opportunity for entrepreneurs. With a limited capital and constant support from financing firms, entrepreneurs can start opening up a motorcycle dealership/showroom (Pratama, 2006). Entrepreneurs in motorcycle business must monitor the level of demand and the trend. This is the key of the success (Pratama, 2006; Witt, 1998a; 1998b; 2000). The dynamic economic condition, which occurs not only in Indonesia, but also in other Asian countries, can actually boost the motorcycle industry, especially for small-engine motorcycle with a maximum of 150 cc (Pratama, 2006).

As the demand for motorcycles in Indonesia continues to increase, financing firms flourishes. According Pratama (2006), the role of motorcycles financing firms has increased in the past three years. Demand for the service of leasing and consumer finance companies grew by 20% annually. About 85% of motorcycle acquisitions were credit purchases (Pratama, 2006).

Studies by High Beam Research in 2005 (Pratama, 2006) indicated that in 1998, sales of motorcycles were amounted to around 430,000 units, with a total value of Rp 1.799 billion. The business in motorcycle finances declined substantially. In that year alone, only

60% of motorcycle buyers used the available credit facilities. Though such a condition held in the following year, financing business began to revive. This was marked with radical jump in sales of automobile and motorcycles. By the year 2000, around 90% of motorcycle purchases were credit sales. Overall, in 2003, these financing firms have extended around Rp. 21.182 billion in credit sales of motorcycles purchases, and the total value of motorcycles sales amounted to Rp. 35.304 billion (Pratama, 2006).

Table 2.1 Total Sales and Unit Price (1999-2003)

| Year | Total sales (thousands of units) | Price/unit (Rp thousands/unit) |
|------|-------------------------------------|-----------------------------------|
| 1999 | 537 | 8,025 |
| 2000 | 1,129 | 7,100 |
| 2001 | 1,850 | 9,595 |
| 2002 | 2,252 | 11,440 |
| 2003 | 2,810 | 12,564 |

Source: Pratama, 2006

Table 2.2 Total Sales Value and Required Funds (1999-2003)

| Year | Sales Value (Rp billion) | Required Funds (Rp. billion) |
|------|-----------------------------|---------------------------------|
| 1999 | 4,309 | 1,939 |
| 2000 | 8,016 | 4,810 |
| 2001 | 17,751 | 15,456 |
| 2002 | 25,761 | 15,456 |
| 2003 | 35,304 | 21,182 |

Source: Pratama, 2006

As shown in the above tables, as well as the following table, the demand for motorcycles remains high. Nonetheless, a closer look into the table indicates a raised-of-eye-brows-type situation. The total units of production were less than the total units of sales. The difference represents the market share of Chinese motorcycles, especially in countries like Indonesia, Vietnam and Thailand (Pratama, 2006).

Table 2.3 Production and Sales Figure of AISI members (January – December 2001)

| Brand | Production | Sales |
|--------------|------------------|------------------|
| Honda | 939,069 | 942,003 |
| Kawasaki | 65,685 | 66,709 |
| Piaggio | 6,764 | 6,690 |
| Suzuki | 300,103 | 299,643 |
| Yamaha | 332,512 | 335,725 |
| Total | 1,644,133 | 1,650,770 |

Source: Pratama, 2006

3. Research Method

This research is solely based on a case study from a particular motorcycle dealership in East Java, CVDM. A case study is used in this study to evaluate the real business scenarios. This study incorporates qualitative data, which consists of information on the operational arrangement of CVDM. The quantitative data was gathered from two-year financial reports in 2004 and 2005. Questions on service qualities were developed based on Parasuraman's 10-dimensions (Pratama, 2006), and Zeithmal's 5-dimensions of ServQual (Anantadjaya, et al, 2007; Zeithmal, et al, 1990).

Following the non-probability convenience sampling method, questionnaires were distributed to customers, who visited CVDM during weekdays and weekends. Those questionnaires were distributed to customers of CVDM to learn about their satisfaction level on the actual performance of CVDM.

3.1. Research Model

The research model in this study is as illustrated in the diagram. The diagram shows the possible ingredients on boosting the level of customer satisfaction. In turn, the higher level of customer satisfaction is expected to influence the overall organizational key success factors ("KSF"). These KSFs are analyzed using financial ratios from CVDM's

financial statements. It is expected that both measures are able to note the level of customer satisfaction, and reveal its significance to the organizational KSF.

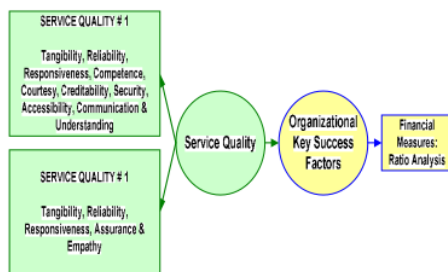


Figure 2. Research Model

3.2. Research Variables

Variables chosen to note the organizational KSFs are derived from financial measures. The financial measures are solely based on several ratio analyses from CVDM's unaudited financial statements. In this case study, it is expected that CVDM is able to show how its business can create a positive image in the community. In the beginning years, it opened-up a convenient counter for customers to pay their installments. This resulted in many more customers, who decided to make purchase from this dealership.

Variable chosen to note the level of customer satisfaction follows the Parasuraman's 10-dimensions of service quality (Pratama, 2006), and Zeithmal's 5-dimensions of service quality (Anantadjaya, et al, 2007; Zeithmal, et al, 1990). It is expected that as the level of customer satisfaction rises, the organizational KSFs show the necessary evidence of improvement.

3.3. Research Object

The motorcycle dealership, CVDM, is a one of many Yamaha motor dealerships in Gresik, the province of East Java. CVDM began opening its doors in 2003, and had

already expanded the business by opening up two more branch locations within the same province. CVDM was originally established by two individuals, who initially put up a total capital of around Rp. 1 billion. To-date, CVDM constantly competes with three other Yamaha dealerships in the city of Gresik. Aside from Yamaha dealerships, the motorcycle market in Gresik is also packed with pressures from other brands, particularly, Suzuki, Honda, Kawasaki, and dealerships that sell Chinese brands of motorcycle. The structures in CVDM consists of only 8 people; 1 Head of Sales, 3 salespersons, 2 drivers, 1 Pre Delivery Inspector, and 1 Accountant.

4. Result and Discussion

4.1. Overview of the Study

The original sample consisted only 50 respondents, who visited CVDM during weekdays. Those respondents were chosen conveniently during weekdays. Aside from simply increasing the number of respondents, additional 75 respondents was conveniently chosen during weekends to test whether there were significant differences between weekdays' customers and weekends' customers. Based on the preliminary analysis, since there were no significant differences in responses regardless of the time of visit (weekdays or weekends), their responses were combined.

4.2. Design and Procedures of the Study

All participants were distributed a set of questions concerning the dimensions used to measure service quality. Both perspectives of service quality measurements, the Parasuraman's 10-dimensions and the Zeithmal's 5-dimensions, were distributed in weekdays and weekends to customers of CVDM. Few preliminary statistical analyses are processed using SPSS student version, to note the reliability of questionnaires and the expected responses.

2
Table 1. Case Processing Summary
 Source: SPSS (student version)

| Case Processing Summary | | |
|-------------------------|-----|-------|
| | N | % |
| Cases Valid | 125 | 100.0 |
| Excluded ^(a) | 0 | .0 |
| Total | 125 | 100.0 |

(a) Listwise deletion based on all variables in the procedure.

1
 The reliability analysis on the data indicates that out of 125 respondents in the studies, about 100% (one hundred percent) of the data are considered valid. The reliability statistics indicate that the data are considered 75% reliable. Since the descriptive statistics indicate that there are large variations in terms of the scaling on the original data, a standardization process on scaling is deemed necessary. Standardized Z-scores are used in further analysis. The sampling adequacy measure indicates that the samples used in this study are marginally sufficient.

1
Table 2. Reliability Statistics
 Source: SPSS (student version)

| Reliability Statistics | | |
|------------------------|--|------------|
| Cronbach's Alpha | Cronbach's Alpha Based on Standardized Items | N of Items |
| .722 | .745 | 10 |

1
 Incorporating the 5-scale Likert of 5 ("strongly satisfied"), 4 ("satisfied"), 3 ("neutral"), 2 ("dissatisfied"), and 1 ("strongly dissatisfied"), the positive responses on questionnaires indicate that CVDM has already implemented the total service quality. The following summarizes such responses;

- Tangibility - there were about 68% of respondents, who indicated that they were strongly satisfied with CVDM's neatness. Also, there were about 56% of respondents, who indicated that they were strongly satisfied with CVDM's available facilities.

- Reliability - CVDM has numerous experiences in conforming to various managerial commitments, from on-time delivery, speedy service on motorcycle titles and registrations, to the actual customers' call-backs on particular back-orders. There were about 52% of respondents, who indicated that they were strongly satisfied with CVDM's promised service. In terms of back-orders, there were about 72% of respondents, who indicated that they were strongly satisfied with the process on product back-orders.

2
Table 3. KMO and Bartlett's Test
 Source: SPSS (student version)

| | | |
|--|--------------------|---------|
| Kaiser-Meyer-Olkin Measure of Sampling Adequacy. | | .631 |
| Bartlett's Test of Sphericity | Approx. Chi-Square | 897.376 |
| | Df | 300 |
| | Sig. | .000 |

- 1
 • Responsiveness - CVDM has certainly attempted to push the responsiveness in its customer service programs. There were about 52% of respondents, who indicated that they were strongly satisfied with responses/reactions of CVDM's staffs. There were about 75% of respondents, who indicated that they were strongly satisfied with the immediate solutions offered by CVDM's staff.
- Competence - there were about 56% of respondents, who indicated that they were strongly satisfied with CVDM's staff in performing their jobs. In addition, there were about 80% of respondent, who indicated that they were strongly satisfied with CVDM's staff ability in performing required tasks.
- Courtesy - there were about 76% of respondent, who indicated that they were strongly satisfied with CVDM's friendliness during the actual service transactions.

- 1 Credibility - There were about 77% of respondents, who indicated that they were strongly satisfied with CVDM's service quality. With regard to the issue on CVDM's service guarantee and service responses, there were about 65% of respondents, who indicated that they were strongly satisfied.
- 1 Security - there were about 67% of respondents, who indicated that they were strongly satisfied with CVDM's security level.
- Access - there were about 80% of respondents, who indicated that they were strongly satisfied with CVDM's accessibility.
- Communication - there were about 65% of respondents, who indicated that they were strongly satisfied with CVDM's communication and complaint management. On the issue of staff explanation about products, and product guarantee, there were 70% of respondents, who indicated that they were strongly satisfied.
- 1 Understanding Customers - at a brief glance, it appears similar to the communication dimension above. Nevertheless, the basic difference is in CVDM's reactions to customers. If there were mistakes, the person in-charge must be held responsible. There were about 70% of respondents, who indicated that they were strongly satisfied that CVDM's has strived for maximum level of customer understanding.

1 From the summary of analysis above, which was based on Parasuraman's 10-dimensions (Pratama, 2006), it is evident that CVDM has implemented the necessary service quality. Similar results were obtained from the 5-dimensions of Ziethmal's service quality measurements (Anantadjaya, et al, 2007;

1 ethmal, et al, 1990). The respondents' results on Ziethmal's 5-dimensions range from 70%-90% satisfied with the tangibility, reliability, responsiveness, assurance, and empathy. The analysis show that what the basic requirements on customer needs toward service quality and the actual delivery of services was strongly matched to the customer 1 pectation. Such measurements on service quality should be regarded important for entrepreneurs of all sizes. In CVDM, it is evident that the implementation of service quality has satisfactory fulfilled the Parasuraman's 10-dimensions and Ziethmal's 5-dimensions service quality frameworks.

Concerning the available financial ratios of CVDM, the following table provides the summary on some selected ratios.

Table 4. Organizational Performance
Source: CVDM, 2006, processed

| | 2004 | 2005 |
|-------------------------|--------|---------|
| Current Ratio | 1.29% | 1.16% |
| Receivable Ratio | 22.47% | 69.26% |
| Inventory Turnover | 21.87x | 13.49x |
| Fixed Asset Turnover | 99.86x | 146.74x |
| Total Asset Turnover | 5.24x | 7.71x |
| 1 Debt to Asset Ratio | 0.73% | 0.82% |
| Debt to Equity Ratio | 2.77% | 4.44% |
| Equity Multiplier Ratio | 3.77% | 5.44% |
| Total Asset Growth Rate | - | 14.07% |
| Equity Growth | - | -20.89% |
| Net Margin Ratio | 0.02% | 0.01% |
| Return on Asset | 0.13% | 0.08% |
| Return on Equity | 0.50% | 0.44% |
| Net Sales Growth | - | 67.88% |
| Expenses Growth | - | 88.80% |
| Net Profit Growth | - | -29.87% |

From the finding and analysis, it is 1 pparent that CVDM portrays a progressive business development, not only from the perspective of service quality (based on questionnaires), but also evident in the selected ratios. Though the financial statements used in this study were limited to only 2 years, it is able to show a promising upward trend. It may

1 show the entrepreneurial service quality in managing the relatively new business establishment. On the contrary, since this study can only obtain limited financial information, the direct relationships among all dimensions used in this study were not possible to be elaborated further. Nevertheless, the findings are able to show preliminary foundation on the entrepreneurial service quality in this context.

In order to further improve the financial conditions of CVDM, the owner has set strategies to increase sales via additional flexibilities in monthly installments and total down payment. This brings down the overall purchase price. Undoubtedly, it is expected that people would be flocking in more to purchase Yamaha motorcycle.

From these preliminary findings, it appears safe to conclude that the relationship between service quality and financial conditions of organizations are relatively tight. This is to say that, on one side, it has become a common knowledge that entrepreneurs play an important role in organization. On the other side, however, focusing on dimensions of service quality has proven beneficial. This may be where the attention has been lacking for SME.

5. Conclusion and Recommendation

5.1. Conclusion

At the ground level, this study is able to show some relationships between variables in signifying the service quality that entrepreneurs have done. Nevertheless, though substantial statistical evidence is minimal to show the intended relationships between of service quality and organizational performance, this research provides the preliminary rationales toward further studies, particularly on the organizational performance and the use of financial ratios. Perhaps, by adding additional years of financial records, future studies can closely monitor the relationships over the years.

Another important point to conclude is that this study has successfully provided the necessary foundation on the relationships between objective measurements (financial records) and subjective measurements (service quality).

5.2. Recommendation

Although this study is limited to a particular organization, this study appears to have provided the preliminary foundation on the relationships between entrepreneurial service quality, and organizational performance. Further studies can certainly include more variables and measurements to attempt a better formation of such relationships. Also, future studies can include a much greater sample outside the motorcycle dealerships, and may incorporate bigger firms.

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