The Effect of Hospital Service Quality on Patient Loyalty and Patient Satisfaction (Hospital Case in Indonesia)

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ABSTRACT: Service quality plays the main role in achieving patient satisfaction. Beside achieving patient satisfaction, hospitals also need loyal patients. Patient loyalty will make them want to be treated again in the hospitals when they’re sick and even recommend the hospitals to others who need health services and this condition will benefit hospitals. This has been proven in past studies which state that service quality affects patient satisfaction and patient loyalty significantly, however some studies show insignificant effect of service quality on patient satisfaction and loyalty, so in this study the researcher wanted to determine and emphasize the effect of service quality on patient satisfaction and patient loyalty in a hospital in South Jakarta, Indonesia which sets it apart from previous studies. This study was performed on 190 male and female outpatients in a hospital in South Jakarta, Indonesia by questionnaire. The data analysis method in this study was Structural Equation Model. The research found that good service quality will create patient loyalty, good service quality will create patient satisfaction, and good patient satisfaction will create loyalty.

KEYWORDS: service quality, satisfaction and patient, loyalty

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I. INTRODUCTION

Health as a basic needs also growth along with the national population growth. People will demand more access to higher quality health services. It will create fierce competition in the health industry, forcing every health service provider to provide the best services. Another challenge faced by hospitals in Indonesia is the high number of patients deciding to get treatment abroad. The latest data from Metrotvnews, 2014 showed around 600 thousand Indonesian from upper middle class looked for treatment abroad. They considered the service quality abroad better than the service quality in Indonesia. Kim, Cho, Ahn, Goh and Kim (2008) state that quality of medical services such as doctor, treatment procedure, and reliability has positive effect on patient satisfaction. Moreover, Wibowo, Ruswanti and Januarko (2013) also conclude in their study that five service quality dimensions will have positive effects on customer satisfaction. It indicates that to improve patient satisfaction, hospital should provide quality services. However Bowen and Chen (2001) in Singh (2006) said that having satisfied. This is because customer satisfaction must lead to customer loyalty. Ruswanti (2012) states that consumer who has high loyalty to a company is a very valuable asset for the company. Similarly, (Hogan, et al., 2003; Lee-Kelley, et al., 2003) state that company can produce higher profit if they maintain their customers than looking for new customers.

Therefore, the next task of a hospital is ensuring that patients keep using hospital services and not move to other hospitals or, in other words, be loyal. Established hospitals should maintain their patients to keep them from switching to other hospitals. Improving the service quality of medical treatment is the main concern for patients and to provide better services for the patients, service quality has become increasingly important for hospitals in satisfying and maintaining the patients (Majeed, Alquraini and Chowdhury, 2011). Therefore, to improve patient loyalty and patient satisfaction, good service quality is required. Competition among hospitals requires them to improve their competitiveness, which is service quality to provide patient satisfaction. Parasuraman, et al. (1994) state that service quality is measured by a scale consisting of five dimensions which are tangible, reliability, responsiveness, assurance and empathy. The five dimensions play major roles in creating the level of customer loyalty. Jeyasudha and Jawaharrani (2016) show that the dimensions of service quality (tangible, empathy, reliability, responsiveness and assurance) are thought to have strong impacts on patient satisfaction, and patient satisfaction also has strong impact on patient loyalty. The study reveals that service quality affects patient satisfaction and patient loyalty.

Patient satisfaction is an important element in evaluating service quality by measuring patient’s feelings after receiving service. Kim, et al. (2008) state that quality health services such as doctors, treatment procedure, and reliability have positive effect on patient satisfaction. If service providers can maintain good conditions, they will create patient satisfaction, and good patient satisfaction will create loyalty.
relationships with consumers, it will be easier to do and have more efficient cost than looking for new consumers (Kotler and Keller, 2009). Puti (2013) also proves that service quality affects patient satisfaction and loyalty. However, some studies are inconsistent with the statement. Normasari, Kumadji and Kusumawati (2013), Anggarayana and Pramudana (2013) find that service quality has insignificant effect on customer loyalty. Sumiyati (2016) finds that patient satisfaction doesn’t affect loyalty. There have been many studies on the effect of service quality of patient loyalty and satisfaction. Some of them state that service quality affect patient satisfaction and patient loyalty significantly, but other studies show insignificant effect between service quality and patient satisfaction and loyalty, so in this study the author wanted to determine and emphasize the effect of hospital service quality on patient loyalty as mediated by patient satisfaction in outpatients of a hospital in South Jakarta, Indonesia to set it apart from previous studies. Based on the research gap above, the purpose of the study was to determine whether patient satisfaction as mediating variable affected the effect of service quality on patient loyalty.

II. LITERATURE STUDY

Service Quality and Patient Loyalty

Service quality comes from comparison between customer expectation on service they’d like to receive and service they actually receive. Service quality is the difference between customer perception and expectation on service to be received and customer expectation, where perception and expectation are the two main elements of service quality (Mosahab, Mahamad and Ramayah, 2010). Customer expectation is basically the kind of service which should be provided by company for them. Customer expectation may come from word of mouth information, personal needs, past experience, and external communication. The definition of service quality is focused on effort to fulfill customers’ needs and demands and properly present them to match customer expectation. Specifically, service quality means that provided services must meet customers’ needs and expectation (Tan, Wong, Lam, Ooi and Ng, 2010). Service quality has several dimensions to help assessing and measuring service quality. The measurement consists of five dimensions of service quality. According to Parasuraman, et al. (1990) they are, first, tangible which is the appearance of physical facilities and infrastructures, including physical facilities, equipment, materials used by hospital, staff’s appearance and communication facilities which are real evidence of services provided by hospital.

Second, reliability which is ability to provide promised services accurately and reliably. Performance must meet patient expectation, meaning punctuality, same services for all patients, and no mistake or error in providing services. Thirdly, responsiveness which is a policy to help, give fast services, willingly help patients and respond to their requests readily, as well as informing services correctly. Fourthly, assurance which includes knowledge, ability and courtesy in performing duties, which create consumers’ trust and confidence on the provided service quality. Fifthly, empathy which includes easiness in making communication, personal attention and understanding the needs of patients as customers and acting for patients’ interests. Jeyasudha and Jawaharrani (2016) show that the dimensions of service quality consist of tangibles, reliability, assurance, responsiveness and empathy which are considered to have strong impacts on patient loyalty. In the context of health service, Boshoff and Gray (2004) verify positive relation between service quality and loyalty measured by purchase intention. Patient’s perception on services play a significant role in keeping the patient loyal and satisfied of the received services. Service quality will be fulfilled if service presentation from service provider to patient is consistent with the patient’s perception.

\[ H_1: \text{Good service quality will create patient loyalty} \]

Service Quality and Patient Satisfaction

Satisfaction can be defined as one’s contentment, happiness and relief for consuming a product or service to get a service. According to Kotler and Keller (2009) satisfaction is one’s happiness or disappointment which occurs after comparing the perception or impression on the performance or result of a product with their expectations. Ruswanti (2012) concludes that customer satisfaction is a feeling resulted from evaluation of what is received compared with what is expected by the customer, including the decision to purchase the goods, and needs and desire related to the purchase So, satisfaction is a function of perception or impression on performance and expectation. If performance is below expectation, customers will be dissatisfied. If performance fulfills expectation, customers will be satisfied. If performance exceeds expectation, customers will be very satisfied or pleased. Tjiptono and Chandra (2011) states that there are many kinds of method in measuring customer satisfaction which are complaint and suggestion system, ghost shopping, lost customer analysis, and customer satisfaction survey.

From the description above, the author proposed the following hypothesis: Jeyasudha and Jawaharrani (2016) show that the dimensions of service quality are tangibles, reliability, assurance, responsiveness and empathy which are thought to have strong impacts on patient satisfaction. High quality services correlate with high customer satisfaction (Cronin, et al., 2000; Oyeniyi and Joachim, 2008). Kim, et al. (2008) state that quality health services such as doctors, treatment procedure, and reliability have positive effect on patient satisfaction survey.
satisfaction. Lee, et al. (2010) find positive correlation between medical service quality and patient satisfaction. Therefore, if the received or experienced service was as expected, the hospital service quality was perceived as good and satisfying by patients. From the description above, the author proposed the following hypothesis:

H2: Good service quality will create patient satisfaction

**Patient Satisfaction and Patient Loyalty**

Loyalty is linguistically defined as being faithful, meaning one’s faithfulness to something. According to Kotler and Keller (2009), is a repeat purchase performed by a customer due to commitment to a brand or company. Griffin (2010) defines customer loyalty as people who make purchase regularly, purchase among product and service lines, reference them to others, and show immunity to competitor’s attraction. Loyalty can be defined as repeat usage of service by patient. Customer satisfaction is one of marketing goals which is closely related with consumer loyalty (Zeithaml, et al., 2013). In 2003, Anderson and Srinivasan state that dissatisfied customer is more likely to look for information on alternative choices and benefit competitors than satisfied customer. It shows the importance of customer loyalty which creates growth and survival for companies operating in the service sector. Consumer loyalty can’t be created in a short time, but through learning process and based on consumer’s experience of consistent purchase over time.

If what they get is as they expect, the purchase process will be repeated, then, it can be said that consumer loyalty has been created. Tuu and Olsen (2009) find that customer satisfaction affects customer loyalty. Barnes (2003) states that to improve loyalty, the satisfaction of every customer should be improved and maintained in long term. Loyalty could be the end result of customer satisfaction (Lai and Babin, 2009). For hospitals, satisfied patients are important because they tend to keep using medical services, follow prescribed treatment plans and maintain relationship with certain health service providers, and recommend the hospitals to others (Hekkert, et al., 2009).

From the description above, the author proposed the following hypothesis:

H2: Good satisfaction will create patient loyalty

**III. RESEARCH METHOD**

This study was performed on the outpatients of Mayapada Hospital, South Jakarta, Indonesia. The research aspects were hospital service quality, patient loyalty, and patient satisfaction. The study was performed on July 2017 by survey. Data collection was performed by distributing questionnaires to the outpatients of Mayapada Hospital, South Jakarta. The data analysis method in this study was Structural Equation Modeling. Sampling was performed by Maximum Likelihood Estimation technique, in which sampling is effective for 100-200 samples (Ferdinand, 2002). The data measurement method was likert scale from one to five. The research aspects were service quality, patient satisfaction and patient loyalty. study was performed on July 2017 by survey. The study was performed on the outpatients of Mayapada Hospital, South Jakarta with a total of 190 respondents. The analysis result was then interpreted and concluded and suggestions were made.

**Measurement**

The exogenous variable in this study was service quality, the endogenous variable was patient loyalty and patient satisfaction was the mediating variable affecting exogenous and endogenous variables. Service quality in this study was measured by the dimensions by Parasuraman, et al. (1990) known as service quality which consists of tangibles, reliability, responsiveness, assurance, and empathy. Patient satisfaction variable were adopted from Syah (2014) adapted from Crosby, et al. (1990); Kim and Cha (2002) to get satisfaction in performed appropriate action and overall satisfaction on product or service. Meanwhile, loyalty patient variable was adopted from Syah (2014), adapted from Lin and Ding (2006) which include: repeat patronage, switching behavior and word of mouth. Then, the measurements were displayed as questionnaires and validity and reliability tests were performed on them. The study used Confirmatory Factor Analysis to examine validity by considering Kaiser-Meyer-Olkin Measure of Sampling (KMO) and Measures of Sampling Adequacy (MSA) values. In this test, the score must be bigger than 0.5, meaning factor analysis was appropriate or suitable for use and can be processed further (Malhotra, 2004). Service quality scale consisted of 22 questions and 1 invalid question, satisfaction scale consisted of 3 questionnaires and all questionnaires were valid and loyalty scale consisted of 9 questionnaires and all questionnaires were valid. Reliability test by Alpha Cronbach > 0.6 meaning reliable (Maholtra, 2004), so the service quality, patient satisfaction and patient loyalty questionnaires are reliable as data collection instruments in the study.

**IV. RESULT**

The present study was focused on the effect of service quality, patient satisfaction and patient loyalty in which the results showed that the three proposed hypotheses were supported or accepted according to SEM test as shown in Figure 2 below:
Figure 2 Path Diagram t-value

Note of Figure 2:
Service quality=KP; Patient satisfaction=KNP and Patient loyalty=LP

Based on Figure 2 Path Diagram t-value above, the research hypothesis are presented in the structural equations below:

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Hypothesis Statement</th>
<th>t-value</th>
<th>Note</th>
</tr>
</thead>
<tbody>
<tr>
<td>H₁</td>
<td>Good service quality will create patient loyalty</td>
<td>7.22</td>
<td>Data supported hypothesis</td>
</tr>
<tr>
<td>H₂</td>
<td>Good service quality will create patient satisfaction</td>
<td>12.42</td>
<td>Data supported hypothesis</td>
</tr>
<tr>
<td>H₃</td>
<td>Good satisfaction will create patient loyalty</td>
<td>7.52</td>
<td>Data supported hypothesis</td>
</tr>
</tbody>
</table>

In the present study, the result of the test of the first hypothesis (H₁) which is the relation between service quality and loyalty found that analysis result supported H₁, meaning good service quality will produce 7.22 patient loyalty (Table 1). The test of the second hypothesis (H₂) found that analysis result supported H₂, meaning good service quality will improve patient quality by 12.42 (Table 1). The test of the third hypothesis (H₃) found that the analysis result supported H₃, meaning good satisfaction will improve patient loyalty by 7.52 (Table 1). Path diagram t-value (Figure 2) shows that the service quality in this study used 5 dimensions which are: 14.20 Tangible (KP1), 15.82 Reliability (KP2), 14.54 Responsiveness (KP3), 13.43 Assurance (KP4) and 15.33 Empathy (KP5).

V. DISCUSSION

The examination of the first hypothesis (H₁) found that the analysis result supported hypothesis H₁ that there was positive effect between service quality and patient loyalty. The test result showed that service quality affected patient loyalty. The result supported with the study by Jeyasudha and Jawaharani (2016) which states that service quality has positive effect on patient loyalty, meaning the better the provided service quality, the higher the patient loyalty, and vice versa. The hypothesis showed that for the medical world, patients wanted good service quality to be loyal to a hospital. Moreover, patients think that service quality has very significant role in patient loyalty which affected them to recommend health service center to others and to return to the health service center if required another time. The results of this research does not support previous research conducted by Normasari, et al. (2013) which said the quality of service does not affect customer loyalty. This research is also not in line with Pasaribu (2015) research which states that the quality of service does not guarantee patients to be loyal.

The study found that the service quality of Mayapada Hospital, South Jakarta, was good. The service quality dimension of reliability had the highest score which affected patient loyalty, meaning that Mayapada Hospital had reliability in providing immediate and accurate treatments which made patients loyal. Furthermore, the dimension of assurance had the smallest score. It meant that Mayapada Hospital, South Jakarta must improve its assurance by improving the knowledge, skills, courtesy, which develop patients’ trust. The examination of the second hypothesis (H₂) found that the analysis result supported hypothesis H₂ that good service quality improved patient satisfaction. The result supported the study by Jeyasudha and Jawaharani (2016) which states that service quality positively affects patient satisfaction, meaning the better the provided service quality, the higher the patient satisfaction, and vice versa. The study is also consistent with a previous research by Normasari, et al. (2013), service quality affects customer. Anggarayana and Pramudana (2013) also state that service quality has positive and significant influence on customer satisfaction.
The study found that the dimension of reliability had the highest score which affected patient satisfaction. The score meant that medical and nonmedical staffs of Mayapada Hospital, South Jakarta were capable in giving immediate and accurate services from the first time without making any mistake and satisfying patients. However, the dimension of assurance had the smallest score. It meant that Mayapada Hospital, South Jakarta should improve the dimension of assurance by improving the knowledge, skills, courtesy in providing services for patients so they feel safe when getting treatment in the hospital and feel they get proper attention. These are useful in improving patient satisfaction in Mayapada Hospital, South Jakarta. The examination of the third hypothesis (H3) found that the analysis result supported hypothesis H3 that good satisfaction improved patient loyalty. The research result was in line with a previous study by Anggarayana and Pramudana (2013), who state that customer satisfaction has positive and significant effect on customer loyalty. The research result didn’t support previous study by Sumiyati (2016) which states that patient satisfaction doesn’t guarantee that patients will be loyal. The study found that the dimension of word of mouth or patient’s willingness to recommend to other customers, was higher, meaning that the patients of Mayapada Hospital, South Jakarta would recommend the hospital to others and benefitted the hospital.

Managerial Implication

This study was aimed to determine the effect of hospital service quality on patient loyalty as mediated by patient satisfaction of outpatients. The research result showed that service quality affected patient satisfaction and loyalty. Patient satisfaction and patient loyalty are valuable assets for the hospital and benefitted it. Service quality is one of the important aspects in the hospital which should be considered and always improved for the survival and progress of the hospital. Therefore, the hospital should prioritize service quality. The provided service quality is implemented by the dimensions of tangibles, reliability, responsiveness, assurance and empathy. Tangible is something which can only be seen directly by eyes. Sophisticated medical equipment could be provided because they are important factor in the success and effectiveness of treatment. Diagnosis will be more accurate and they will help the specialists in Mayapada Hospital, South Jakarta, in determining the appropriate therapy. So, this could improve recovery and patient satisfaction, so they don’t have to get treatment abroad. Reliability is related with the reliability of the hospital’s ability to provide immediate and accurate services, the target is doctors and nurses work better. Responsiveness is related with the employee’s willingness and ability to help the patients and respond to their requests immediately, and informing services quickly. Assurance covers knowledge, skill, courtesy, ability to develop the patients’ trust. Empathy is easiness in communicating well, personal attention and understanding the needs of patients as customers and acting for their interests.

VI. CONCLUSION

Conclusion

The results of this study are, first, service quality could improve patient loyalty. Good hospital service quality improve patient loyalty to return to get treatment when sick and even tell their friends, neighbors, relatives and other people to get treatment in Mayapada Hospital, South Jakarta (first hypothesis supported). Mayapada Hospital, South Jakarta, Indonesia had given good and appropriate service quality so that patients will be very loyal to the hospital. The second research result was service quality affected patient satisfaction. Good service quality made patients satisfied with the services. Patient satisfaction was derived from the provided service quality where there was balance between patient expectation and services provided by the hospital, producing patient satisfaction (second hypothesis supported). The third research result was patient satisfaction affected patient loyalty. High patient satisfaction made patients loyal to Mayapada Hospital, South Jakarta. Loyal patients were good marketing for the hospital (third hypothesis supported). So, it’s concluded that patient satisfaction mediated the effect of good service quality on patient loyalty.

Research Limitation

The limitations of this study should be considered by future researches. The present study used questionnaire as a measurement to save time and energy. However, questionnaire has limitations such as bias in answering. It was possible that the respondents didn’t fill the questionnaire truthfully or only filled it based on the expected ideal condition rather than the actual condition. This may cause the measurement to not describe the variables actually. Moreover, limited samples and variables affecting the effect of service quality on patient loyalty as mediated by patient satisfaction, and the number of analyses made the author unable to explore other factors affecting patient loyalty, e.g. patient’s trust. Another limitation was this study was only performed in one hospital, which was Mayapada Hospital, South Jakarta, the research subjects were only limited to outpatients.

Suggestion for Future Research
This study was very limited because it only studied the effect of service quality on patient loyalty as mediated by patient satisfaction. To develop the study, future studies should add other variables affecting patient loyalty, e.g. patient’s trust, brand image, etc.. Future researchers should also be performed on other service companies, such as banking company, hotel, notary firm, etc., to get more objective and representational results with a large scope.

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