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The Influence of Service Quality on Customer Satisfaction

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THE INFLUENCE OF SERVICE QUALITY AND COMMUNICATION ON PATIENT SATISFACTION IN PENANG PRIVATE HEALTHCARE CENTERS

BY

Navid Fatehi Rad

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ABSTRACT

In this research customer satisfaction and service quality have been considered as important factors for any organizations. However, empirical evidence concerning the relationship between customer satisfaction and service quality, offered by organizations, has remained unclear. This research tested a service quality model SERVQUAL to measure customer satisfaction with the delivery of service. Communication and its influence on customer satisfaction also evaluated. It must be mentioned that the American Customer Satisfaction Index was used to measure the overall satisfaction of customer. Five main dimensions of the service quality model SERVQUAL which were applied are tangibility, reliability, responsiveness, assurance and empathy and also the influence of communication on customer satisfaction is were tested during this survey. The model was applied to the customers who had previous experience from private hospitals on Penang Island. The purpose of this study was to investigate the factors that contribute to customer satisfaction in Penang's' private healthcare centers. The study helps to examine and understand the factors influenced in determining customer satisfaction.

Usable samples of 200 questionnaires were collected from local staffs who are working at the University Sains Malaysia. SPSS software (version 16) was used to do reliability analysis, regression analysis and factor analyses. The findings showed that there is a significant relationship between contextual factors and customer satisfaction. The analysis indicated that tangibility and responsiveness of perceived quality don't have direct relationship with customer satisfaction. Furthermore, this study suggested that customer satisfaction doesn't depend on completely on service quality and

communication alone. This research also showed that customer satisfaction happens when perceived service quality and communication exceed customer expectation.

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Chapter 1

INTRODUCTION

1.1 Introduction

Satisfaction is a sense felt by a person which is a result of comparing the quality of the perceived performance of the delivered good to the preconceived expected quality (Ranaweera & Prabhu, 2003). Customers can be dissatisfied, satisfied and delighted when the performance of service which they receive falls matches or exceed their expectations, respectively (Kotler & Keller, 2006). The health care centers should handle environment constraints such as demographic changes and aging of population as well as emergence of new competitors or new treatment or services by increasing greater service quality to remain competitive (Ingram & Desombre, 1999; Andaleeb, 1998). Not surprisingly, service quality has close relationship with customer satisfaction (patient) which is indispensable concern for healthcare centers (Koeck, 1997; Pickering, 1991).

Most hospitals assume their customers (patients) know about and understand the services offered. This is a mistake. The role of gathering information from patients about services is part of assessing customers' perception and customer satisfaction. This chapter introduces the research outline of this study, which illustrates the background, problem statement, research objectives, research questions, definition of key terms, and the significance of the study.

1.2 Background of study

The service industry is one of the three main industrial categories of a developed economy. Services are defined in conventional economic literature as "intangible goods." Intangible means services are performance and experienced rather than objects so the

buyer or customer normally cannot see, feel, hear or taste a service before they conclude and receive from the service provider (Lovelock, 1991). The importance of delivering service quality is becoming increasingly magnified as a core competency in the service industry therefore providing superior service quality is the most attractive way to acquire new customers (Lurie, Merrens, Lee & Splaine, 2002).

Studies focusing on understanding consumer behavior help as they provide information which in turn promotes a better understanding of the customer. So it is difficult for potential customers to understand what they will receive and what value it will hold for them or assess consumer's perception of service quality of hospitals. One of the measuring tools for these intangible goods is the SERVQUAL model. This approach of measuring service quality has been extensively studied by Parasuraman, Zeithmal & Berry (1985). They developed a tool called "SERVQUAL" for evaluating and assessing service quality and have used the instrument successfully in many sectors of the service industry. They cited that SERVQUAL model is an empirical method which is using by services organization to improve their service quality.

SERVQUAL model consists of survey questions about a number of service quality attributes or dimensions with good reliability and validity that companies can use to better understand the service expectation and perception of their customers (Parasuraman, Zeithmal & Berry, 1988). It is the only widely published method that incorporates qualitative measurement of service quality which is sample for guideline and also well accepted by many researchers and practitioners around the world (Horovitz, 2000). SERVQUAL when appropriately adopted can be used by department and division

within the company and organization to ascertain the service quality they provide to customers (Reynoso & Moores, 1995).

Cruana and Berthon (2002) maintained that SERVQUAL model has been designed to be applicable across a broad spectrum of as it provides a basic skeleton through its expectation /perception format encompassing statements for service quality dimensions. This technique can be used to assess organization's gap between service quality and their customer service quality needs (Parasuraman et al., 1988). A customer survey will be conducted to determine how service quality affects customer satisfaction in hospitals and what service quality level they perceive as being offered by hospitals.

According to Oh (1999), it is the arithmetic differences between customer expectations and perceptions across the ten measurement items which are tangibility, reliability, responsiveness, competence, courtesy, credibility, security, accessibility, flexibility, and understanding the customers. The ten indicators are then usually reduced to include only five items (i.e tangibility, reliability, responsiveness, assurance and empathy), because these items completely cover the other rest dimensions which are required for the original SERVQUAL model for analysis of service quality (Parasuraman et al., 1988). By considering these five dimensions we will try to evaluate the level of patient satisfaction, which is a highly controversial issue in the healthcare sector and forces managers and service providers to address quality and client satisfaction issues as a priority (Vinagre & Neves, 2002). Customers (patients) have the right to perceive good and appropriate quality of care from healthcare centers. Healthcare centers in developing countries should adopt all aspects of service quality dimensions and improve it if they want to remain among other competitors and healthcare service providers (Koeck, 1997;

Pickering, 1991). Improving service quality is vital for healthcare organizations because of its influence on customer (patients) satisfaction. Also, being competitive among other healthcare organizations depends on the level of customer (patient) satisfaction from healthcare centers. In other words to what degree do they meet customers' (patients) needs (Lim & Tang, 2000). So, determining and analyzing the factors associated with patient satisfaction is important topic for the health care provider to understand in terms of what is valued by patients and how the quality of care is perceived by them.

In this survey we will examine the relationship between three areas: service industry, specifically in the medical and hospital sectors; the service quality offered by hospitals; and the role of staff (doctors & nurses) communication in patient satisfaction. The survey will be conducted on the healthcare providers on Penang Island. One of the main and critical factors that must consider during this research in order to support and achieve the objective is, that the researcher must ensure that the customers have gone through or experienced healthcare center in order to answer the research questions.

Penang is the name of an island in the Straits of Malacca, and also of one of the states of Malaysia, located on the north-west coast of peninsular Malaysia; Penang is the second smallest state. There are 1.5 million people, of which over 678,000 live on the island. The population is multi-racial, young and almost equally distributed between males and females. The racial breakdown is as follows: Chinese 43.0 percent, Malay 40.9 percent, Indian 10 percent, others 0.8 percent and non-citizens 5.3 percent (www.nationmaster.com).

So, researcher is motivated to do this research in private hospitals case because of the great influence of service quality and communication in healthcare area.