

Perceived Service Quality and Customer Satisfaction in Private Hospitals

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Abstract – The purpose of this research is to investigate the relation between perceived service quality and customer satisfaction in hospital industry. Authors conducted this research on private hospital in the Rohtak district of Haryana. The authors investigated the relationship between perceived service quality and customer satisfaction through the structural equation modeling technique using Amos software. We find that perceived service quality significantly affect the customer satisfaction in hospital industry. Physical environment of hospital largely impact the customer satisfaction followed by timeless service in hospital industry. Efficiency and transparency in hospital significantly impact the service quality in private hospital. Communication system in hospital also significantly impacted the customer satisfaction. Affordability of medical services does not significantly impact the customer satisfaction in private hospitals.

Keywords: Perceived Service Quality, Customer Satisfaction, Hospitals, Health Care Services.

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1. INTRODUCTION

Healthcare Services has become one of India's largest and fastest growing sectors in terms of high returns and also more employment provider (Kondasani and Panda, 2015). Service quality has become an important topic in view of its significant relationship to profit, cost saving and market share (Devlin & Dong, 1994). Hospitals today are increasingly realizing the need to focus on service quality as a measure to improve their competitive position. Customer based determinants and perceptions of service quality, therefore, play an important role when choosing a hospital (Murti et al., 2013).

Service quality

Evans and Lindsay (2004) stated service quality such as "Quality is meeting or exceeding customer expectations". Zeithaml (2000) defined service quality as perceived service quality is the consumer's evaluative judgment regarding the superiority of service performance. Sharp (2001) says in context of global hospital market that customers in the hospitality industry are increasingly becoming more sophisticated and demanding.

Customer satisfaction

Customer satisfaction has become an important aspect of the hospital industry (Jana & Chandra, 2016). Consumer satisfaction is recognized as an

important parameter for assessing the quality of patient care services (Prasanna et al., 2009). A patient's expression of satisfaction or dissatisfaction is a judgment on the quality of hospital care in all of its aspects. Whatever its strengths and limitations, patient satisfaction is an indicator that should be indispensable to the assessment of the quality of care in hospitals (Torcson, 2005). Therefore, the purpose this research is to investigate the impact of service quality on customer satisfaction in private hospital.

2. HYPOTHESIS DEVELOPMENT

H1: Physical environment of private hospitals significantly impacted the customer satisfaction.

H2: Efficiency of hospital staff of private hospitals significantly impacted the customer satisfaction.

H3: time bounded medical services facility of private hospitals significantly impact the customer satisfaction.

H4: Perceived transparency in private hospitals significantly impacted the customer satisfaction.

H5: Affordable medical services of private hospital significantly impacted the customer satisfaction.

H6: Patient oriented communication of private hospitals significantly impacted the customer satisfaction.

3. METHODOLOGY

We used the dimensions of perceived service quality explored and confirmed by kondasani and Panda (2015). Additionally, we measured the customer satisfaction using items developed by (kondasani and Panda, 2015). We framed a modified structured questionnaire to collect responses on service quality and customer satisfaction in private hospitals in Rohtak district of Haryana. We distributed 470 questionnaires to patient after they diagnosed and received 320 questionnaires. The research is witness of high response rate (68.08%). Out of 320 questionnaires, we found 10 questionnaires are incomplete and poorly filled; therefore we discarded those 10 questionnaires for further analysis. We used the structural equation modeling technique to investigate the impact of perceived service quality dimension on customer satisfaction in private hospitals.

4. RESULTS AND DISCUSSION

This research is dominated by male and married patient (see table I). Majority of patients are married (83.87%) followed by 16% unmarried. Further, we summarized that most of patient are fall in age category of 35-50 and 50-70 i.e. majority of sample are aged patient. Good things we observed that 93.55% sampled patients have health insurance. Additionally, we find that majority of respondents (=87.10%) are engaged in the non-governmental sector. Majority of sampled patients are belongs to nuclear families.

Table I: Demographical characteristics of sample

| Variables | Dimension | Frequency | (%) |
|------------------------|----------------|-----------|-------|
| Gender | Male | 170 | 54.84 |
| | Female | 140 | 45.16 |
| Marital status | Married | 260 | 83.87 |
| | Unmarried | 50 | 16.13 |
| Age (years) | <35 | 55 | 17.74 |
| | 35-50 | 100 | 32.26 |
| | 50-70 | 120 | 38.71 |
| | >70 | 35 | 11.29 |
| Have health insurance? | Yes | 290 | 93.55 |
| | No | 20 | 6.45 |
| Occupation | Government | 40 | 12.90 |
| | Non-government | 270 | 87.10 |
| Family type | Nuclear | 280 | 90.32 |
| | Joint | 30 | 09.68 |

We analyzed the proposed relation among perceive service quality and customer satisfaction using through structural equation modeling (SEM) using the IBM Amos software. We deleted V5 because of low standard factor loading. The authors used the χ^2 statistic ($\chi^2 (304) = 426.45, p < .000$) indices to confirm the fitness of hypothesized research model. We observed that model fit indices χ^2 statistic (divided the value of χ^2 by its degree of freedom) is 2.75 (it should be $1.00 >$ and <3.00) that is near to 3.00. The research hypothesized model is strongly

fitted to predict the customer satisfaction. The value of goodness of fit index (GFI=0.93), comparative fit index (CFI=.91) and root mean square error of approximation (RMSEA=0.03). We find significant correlation among latent variables.

Physical environment ($\beta = .57, p < 0.000$), efficiency of staff ($\beta = .34, p < 0.000$), timeliness medical services ($\beta = .45, p < 0.000$), transparency in dealings with patients ($\beta = .34, p < 0.001$) and patient oriented communication ($\beta = .10, p < 0.001$) except affordability health services ($\beta = .05, p > 0.06$) of private hospitals significantly positively impacted the customer satisfaction (see figure I). The dimensions (Physical environment, efficiency of staff, timeliness medical services, transparency in dealings with patients and patient oriented communication) of perceived service quality explained the 57% variation in customer satisfaction and residual value is .43 (see figure I). In this model, affordability health services ($\beta = .05, p > 0.06$) failed to explain variation in customer satisfaction.

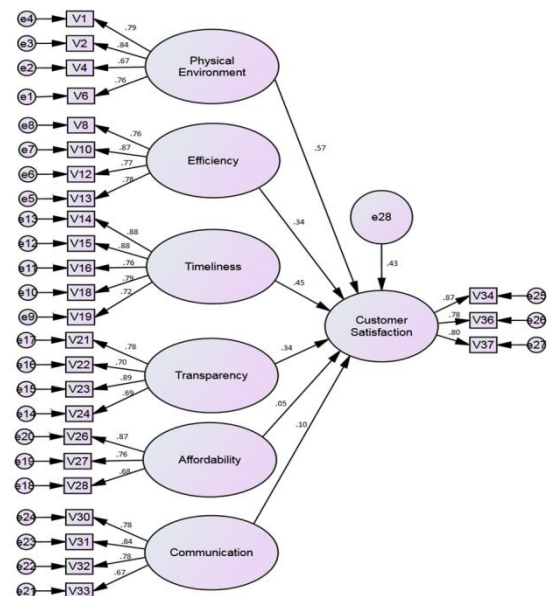


Figure I: Structural relation among dimensions of perceived service quality and customer satisfaction

Table II: Brief summary of hypothesis testing

| Hypotheses | Path coefficient | Hypothesis supported |
|------------|------------------|----------------------|
| H1 | 0.57 | Yes |
| H2 | 0.34 | Yes |
| H3 | 0.45 | Yes |
| H4 | 0.34 | Yes |
| H5 | 0.05 | No |
| H6 | 0.10 | Yes |

5. CONCLUSION

We used structural equation modeling to investigate the relation among perceive service quality dimensions and customer satisfaction in private hospital of Rohtak district. Physical environment of hospital largely impact the customer satisfaction followed by timeless service in hospital industry. Efficiency and transparency in hospital significantly impact the service quality in private hospital. Communication system in hospital also significantly impacted the customer satisfaction. Affordability of medical services does not significantly impact the customer satisfaction in private hospitals. We observed that majority of patient have medical insurance that may be reason that affordability of medical services does not significantly impact the customer satisfaction in private hospitals.

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