



The Effect of Service Quality and the Mediating Role of Customer Satisfaction for Improving Service Loyalty in Hospital (Case Study on Annisa Hospital in Bogor Regency)

Alia Hafizhah Permata¹, Ira Fachira²

^{1,2} School of Business and Management, Bandung Institute of Technology, Indonesia

ABSTRACT: Many of the industrial sectors have been affected by the covid-19 pandemic, such as health industry. Hospital is one of the health facilities that is needed by the public. West Java is an area that has been highly affected by this pandemic. To compete with others, Annisa Hospital must be ready to maintain their good services to patient and always controlling their performance day by day. Also, with provide great service quality will lead to customer satisfaction and maintain service loyalty. The research using 3 variables such as service loyalty(X), customer satisfaction(Z) as mediator, and service loyalty(Y). This research has proposed to see (1) the effect of service quality on customer satisfaction, (2) the effect of service quality on service loyalty, and (3) the effect of customer satisfaction on service loyalty. This research using quantitative method to collect the data, determined by 200 respondents as a sample. The data will be analyzed with path analysis and calculated with IBM SPSS Statistics. The result of this research found that there is indirect effect between service quality on service loyalty through customer satisfaction have a positive and significant effect with the p-value ($0.000 < 0.050$), with a coefficient obtained of 0.248. The result has a significance value that ($0,200 > 0.05$) which means is normally distributed. Meanwhile the path analysis result on the effect of service quality on service loyalty through customer satisfaction obtain a significance value (p-value) smaller than $\alpha (< 0.05)$. This research has a conclusion that Annisa hospital must maintain their service quality to created customer satisfaction and develop service loyalty.

KEYWORDS: Customer Satisfaction, Service Quality, Service Loyalty.

INTRODUCTION

Since we faced a Covid-19 pandemic era, some of people still afraid go to health facilities and having a direct contact with others. Almost all sectors are affected by Covid-19, such as the industrial, services, education and of course health industries. Another impact is that hospitals have decreased performance by up to 80%, and some of them have even collapsed (UII news, 2020). Based on the results survey from BPS (2021) The Covid-19 pandemic which has been going on since the beginning of 2020 had an impact on changes in social life and economic performance in most countries of the world, including Indonesia, especially West Java, which is one of the economic centers. The hospital is one of the health providers that has an important role with the problems and expectations in realizing public health. In health services, service quality is assessed directly by the customer, where the customer sees first then they believe in the performance of the services provided (Chang Kim & Maubourgne, 2009). Due to competitive pressures and the increasing demand to give patient satisfaction, the aspects of quality controls, quality of services, and effectiveness of medical treatment have become significantly important (Friedenberg, 1997). According the data from opendata.jabarprov.go.id, we see that patient visits in Annisa hospital have decreased. In 2019 outpatient visits reach 6082 persons but in 2020 when the pandemic has come, patient visits has decreased become 4752 persons. Still same with inpatient visits in 2019 reach 1231 but in 2020 patient visits only reach 916 persons. This can make Annisa hospital performance decrease and also have an impact on their service quality. According to Bitner (1990), long-term relationships between doctors and patients lead to higher patient satisfaction. Staff skills also have a significant impact on patient happiness. Health services and patient satisfaction have an impact on hospital quality. One of the things that can improve patient satisfaction is the availability of health care (Irawan, 2002).

LITERATURE REVIEW

Segmenting, Targeting, and Positioning

According to Smartinsights.com (2022), the STP model is a common strategic approach for modern marketing. It's useful to help marketers create marketing communications plans. Segmenting is a process of identifying segments for the market as well as a



process of dividing a broad customer base into sub-groups of customers. According to Griffin (2006), segmentation is the process of dividing the overall market for a product or service into several segments that have similarities in terms of interests, purchasing, geography, behavior, and lifestyle. By segmenting the market, company marketing will be more focused and effective so it can provide customer satisfaction.

Service Quality

Service quality is an overall evaluation of how good a service is (Parasuraman et al., 1985). Improving service quality can increase your organization's reputation. The service quality usually to measure of how organization delivers their services compared with customers expectation. Parasuraman, Zeithamel and Berry (1985) define five dimensions of service quality, as follows (1)Tangibles, (2)Assurance, (3)Responsiveness, (4)Service Reliability, (5)Empathy. Good quality can meet customer criteria. To achieve this type of quality, an organization must be able to know who their customers and what they want.

Service Loyalty

According to marketers (Ostrowski et al., 1993), building client loyalty can result in an increase in sales, cheaper costs, and more stable profit streams for a business. Also, client loyalty is an important source of competitive advantage and is essential for the survival and expansion of businesses (Bharadwaj et al., 1993) and (Reichheld, 1990). The operationalization of the "loyalty to company" element in Zeithaml, Berry, and Parasuraman's (1988) behavioral-intentions battery is compatible with this three-dimensional formulation. The five criteria they use to measure customer loyalty are: saying positive things about the company, giving the business advice, reaching friends and family to use the services, thinking of the business as the first choice when purchasing services, and also doing more business with the company in the next few years.

Customer Satisfaction

According to Kotler and Keller (2009) satisfaction is a person's feelings happy or disappointment arising from comparing the perceived performance of a product against their expectations. Customer satisfaction, as described by Mowen and Minor (2002), is the general attitude displayed by consumers toward goods or services after they have purchased and used them. For meeting the needs and expectations of customers, customer satisfaction can relate to other types of the customer's feelings, such as emotions. Deep emotions determination of customer satisfaction can appear depending on company conditions. According to (Arnould et al., 2004) customer satisfaction can be determined from the dimensions the following: fulfilment, pleasure, and ambivalence.

RESEARCH METHODOLOGY

Data collection techniques according to Sugiyono (2018) consist of observation, interviews, questionnaires and documentation. In this study, researchers collected data using questionnaire techniques. This research using primary and secondary data to solve the research problems. Quantitative data is a type of data that can be measured or calculated directly as numbers. The data that author get, will be processed using several tests with IBM SPSS Statistic. The test including validity and reliability test, normality test, and path analysis test. Then the data that has been processed will be analyzed by author to become a business solution. Because this research has a large population and has several criteria, then author decide taking the sample by choose representative sample. The criteria of the sample as follows: Respondents are patients or had visited Annisa Hospital and Respondents live in Bogor area. The author using the Table of population or sample determination techniques based on (Dantes, 2012) by categorizing the sample, so the sample in this research is 200 respondents.

Validity Test

The validity test that are conducted for each variable including Service Quality (X) with 21 questions, Customer Satisfaction (Mediator) with 3 questions, and Service Loyalty (Y) with 12 questions. Based on the result, all question items on the Research Instrument have an R count > R table (0.138). Therefore, it was concluded that all question items on each variable were valid. Which means that If r count > r table then the statement is declared valid.

Reliability Test

Reliability testing of the instrument was carried out by testing the scores between items using the Alpha Cronbach technique by comparing the alpha coefficient with 0.600. The set of questions to measure a variable is reliable and successful in measuring the variable we are measuring if the reliability coefficient is greater than or equal to 0.600. Based on the result, it can be seen that the



reliability coefficient for all variables is greater than the critical value (0.600), so that all research variables are reliable, thus the instrument can be continued for further analysis.

Normality Test

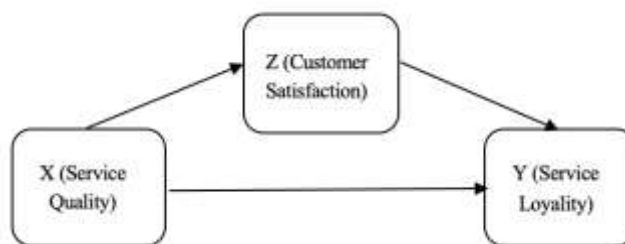
Based on the result, author findings the significance values of the two models obtained from the one sample Kolmogorov-Smirnov test are each greater than α (0.05). Based on these two tests, it was decided to accept H_0 for the three models, which means that the distribution of residuals is normally distributed.

Path Analysis Test

Path analysis model according to (Kerlinger, 2006) explained that path analysis is an applied form of multi-regression analysis. Path diagrams are used to help conceptualize a problem or test complex hypotheses. The steps that need to be carried out in a path analysis according to (Marsono, 2016) including: design path analysis model, make structural equations by using a procedure develop by Sobel (1982), and Calculating the path coefficient (p) of each Sub Structural.

RESULTS AND ANALYSIS

Based on the influence relationship from each variable, the theoretically model is made in the form of a path diagram bellow:



Source: Author, (2023)

The calculation of the path coefficient in this study using standardize regression analysis by looking at the simultaneous and partial effects on each equation. The method used is the ordinary least squares (OLS), which is the least squares method calculated using SPSS software:

1. Direct Effect of Service Quality and Customer Satisfaction on Service Loyalty

From the value of R Square shows a value of 0.569 or 56.9%. This means that the variable Y (Service Loyalty) is explained by the variable X (Service Quality) and Z (Customer Satisfaction) of 56.9%, while the remaining 43.1% is influenced by variables outside the independent variables studied. Variable X (Service Quality) has p-value (t) smaller than α ($0.000 < 0.050$) so variable X (Service Quality) has a positive and significant effect on variable Y (Service Loyalty). A positive coefficient indicates that an increase in the X variable can increase the Y variable. Variable Z as mediator (Customer Satisfaction) has p-value (t) smaller than α ($0.000 < 0.050$) so variable Z (Customer Satisfaction) has a positive and significant effect on variable Y (Service Loyalty). A positive coefficient indicates that an increase in variable Z can increase variable Y.

2. Output Results of Sobel Test

Indirect effect between variable X (Service Quality) on variable Y (Service Loyalty) through variable Z (Customer Satisfaction), the results obtained have a positive and significant effect with the p-value of the Sobel test smaller than α ($0.000 < 0.050$), with a coefficient obtained of 0.248 which indicates that the variable X (Service Quality) is able to increase the variable Y (Service Loyalty) through Z (Customer Satisfaction) of 0.248.

3. The Analysis of The Effect Service Quality on Service Loyalty Through Customer Satisfaction

The results of path analysis on the effect of service quality on service loyalty through customer satisfaction obtain a significance value (p-value) smaller than α (0.05). Based on the results of this analysis it can be concluded that service quality has a significant influence on service loyalty through customer satisfaction. The effect of service quality on service loyalty through customer satisfaction is positive, which means that improving service quality is able to increase customer satisfaction and then is able to have



an impact on increasing service loyalty significantly. This means that if you want to increase service loyalty, you need to provide good service quality. The result are line with research conducted by Aini (2019) that stated Service quality has a close relationship with customer satisfaction. In this website-based service there are many important components in it to achieve success in business, which is service quality. Service quality provides an incentive for customers to establish strong relationships with the company, meanwhile according to (Wendha et al., 2013), customer satisfaction has a positive influence on customer loyalty. Customer satisfaction contributes to a number of crucial aspects, such as creating customer loyalty, increasing company reputation and reducing future transactions.

BUSINESS SOLUTION

From the analysis data that had been conducted, the result for effect between service quality has a significant effect on customer satisfaction, service quality has a significant effect on service loyalty, and from the mediator variable customer satisfaction has a significant effect to service loyalty. According to Sari Fatra, et.al.,(2016) they stated there is an significant effect from service quality on service loyalty through customer satisfaction. Supported by research conducted by Ladhari (2009) as well as research by Saha and Theigi (2009) which explain the influence of service quality significant effect on customer satisfaction. A great solution for Annisa hospital to engage service loyalty, can start with always improve their services through inpatient and outpatient. Also maintain their customer satisfaction to generate loyalty between the customer and the hospital. The stated from trustmedis.com shows the ideal hospital service is reflected from their staff performance, delivering appropriate service, doctors who are always available and others. This explanation is based on research conducted by Wharton Business School in Lupiyoadi and Hamdani (2006) which their stated this improvement effort will make consumers more loyal to company. For maintain customer satisfaction for their hospital, it would be nice if Annisa hospital can always connected with patient and make patient doing re-treatment to fulfil their health needs.

CONCLUSION

Based on the result and analysis of this research that has been explained above, it can conclude that, there is a positive significant effect of service quality on customer satisfaction. The hospital can maintain properly their service quality to increased customer satisfaction. So, it can be concluded that service quality at Annisa hospital in Bogor regency is able to provide good service and give satisfaction for its patient. There is a positive significant effect of service quality on service loyalty. With better service provided then effect for hospital increase service loyalty. Thus, patient consider the service quality that Annisa hospital have is good, so that the level of service loyalty to Annisa hospital also getting better. There is a positive significant effect of customer satisfaction on service loyalty. Increasing customer satisfaction, it can also increase the service loyalty. Which means that customer have a good level of satisfaction with Annisa hospital services that was followed by increase service loyalty to hospital itself. The result proven by the path analysis calculation from 3 analysis (all variables) have a significant value (p-value) smaller than α (0.05). From the hypothesis test findings direct effect of service quality(X) and customer satisfaction(Z) on service loyalty(Y). Variable service quality has p-value (t) smaller than α ($0.000 < 0.050$) so variable service quality has a positive and significant effect on variable service loyalty. Variable customer satisfaction has p-value (t) smaller than α ($0.000 < 0.050$) so variable customer satisfaction has a positive and significant effect on variable service loyalty.

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