

Chapter 1.0 – Introduction

Malaysia is a small country located in ASEAN region. Malaysia is a multi-ethnic, multicultural and multilingual country with 28.31 million residents (Ministry of Human Resources). The Malaysian health care system is, similar to the German health care system, divided into two sectors: the public and the private health care sector. There are 133 public hospitals and 201 private hospitals in Malaysia. The total hospitals are 334 (Ministry of Health).

Malaysian health care system came across with challenges and opportunities from rapidly fluctuating operating surroundings, including increasing expectations on the quality of healthcare services. With increasing wealth, Malaysian citizens spend more on healthcare, requiring higher quality and consuming extra services.

The innovations and evolutions in technology generate chances for significant improvements in the health care sector, such as the use of tele-primary care services to influence people in countryside areas.

Twenty years ago, the main goal of health care organizations was to fulfil the medical requirements of the patient. The public healthcare sectors are generally free to the patients and the private health care systems are either paid for by the patients themselves or through some medical insurance.

Currently, health care providers encounter increased rivalry. With the objective to construct and sustain competitive advantage, conventional medical

advancement are obliged to be incorporated by the health care service providers. In this conventional medical approach, effectiveness and efficacy of health care service outcomes from the service provider's viewpoint, with a patient-centred standard, gives importance to patients' concern and interests (Donabedian, 1996).

Patient's contribution in describing and evaluating health care service quality has now been established in many countries. Every customer tends to have assumption and also have their own perceptions regarding what they look ahead in a health care centre to give them. Agreeing to this fact and to reduce the breach between the customers' expectation, organizations should look forward for what can actually be provided.

Ramsaran-Fowdar (2005) recognized learning customer preference, staying close to customers and catering to their desires is a crucial success factors making a distinction between "excellent" health care centres from those that are not.

Even after hundreds of epoch, the customer-associated aspect stays important, because of only one reason and that is the business world exists "to serve customers" (Gronroos, 1983). Profitable and competitive strategy variable is represented by customer satisfaction.

Nevertheless, as organizations starts to carry out patient satisfaction survey and study, then they learned the importance of the environment constitutes. This is consistent with Parasuram, Berry and Zeithaml (1988),

research of customer's perception of service quality results from a comparison between expectations and actual service performance.

There are four reasons making patient satisfaction essential in health care centres stated Headley and Miller (1993). Those are economic reasons, humanistic reasons, and effectiveness reasons and marketing.

Patient's expectation is influenced even before the service is experienced by the health care environment which provides the first notion of the health care experience. According to Hutton and Richardson (1995), the external atmosphere delivers a message about its services, quality and its organization long before the real encounter takes place.

How general public perceives health service quality is important to be understood by the health care providers. Without additional cost for marketing, satisfied customer will spread positive word of mouth that benefit health care providers get new customers and the old customers will continue to use the service (Bitner and Zeithaml, 2000). Thus, continuously analysing and measuring customer service expectations and perception is extremely important for health care providers.

Today's buyers of health care service are well educated and more focused than in the olden days therefore delivering customer satisfaction is very crucial. Those customers cautiously analysis and observe the choices accessible to them. Hence, perceptive customers will know precisely what is their requirement.

Three types of ownership differentiate hospitals in Malaysia, such as, public hospitals, private hospitals and non-profit hospitals.

Rapidly rising standard of living and advancement in medical services have led to an ever-escalating consumer demand for quality health care. Realizing these issues and to ensure that national health care provision meets world class standard, the Ministry of Health strongly recommends various quality assurance initiatives, under the guidelines of the Vision for Health (Ministry of Health, 2008).

Since Malaysia is a popular and desired health care target for foreign states, especially the West because of small charge and excellent quality of treatment. This has lead to an increase in “medical tourism” (Ministry of Health, 2008).

1.1 Statement of Problem

Customer satisfaction study in the health care atmosphere has produced a variety of variables to stand for and explain the vital theory. Most of the researches were centred on constructs such as SERVQUAL that are fundamentally restricted to a well-defined structure (Reidenbach and Sandifer Smallwood, 1990). There are some others who have scrutinized the effect of community, socio-economics, race, location, and associated causes to clarify customer satisfaction (Boscarino, 1992).

The important purpose of this research is to investigate the service quality level in public hospitals and private hospitals in Malaysian. It has been recognised that to have a superior competitive advantage and best practice in health care centre, patient's opinion or perception for quality has to be measured intensely. The analysis and findings outcome should be used to establish the quality strategies.

Improving quality of health care services other than from rising availability and affordability to its population in the feature of insufficient supplies has developed to be a trial for Malaysia. This study will stress the importance of patient's view as one of the stepping-stone towards initiating transformations in health care centre in order to make the system more responsive and accountable to the needs of the Malaysian citizens.

1.2 Research Questions

1. What is the service quality level in Malaysian Healthcare (public and private) in term of tangibility, reliability, assurance, responsiveness and empathy?
2. What is the influence of service quality on patient satisfaction?
3. What is the influence of satisfied patients on positive word of mouth?
4. Does patient satisfaction significantly mediates the service quality and positive word of mouth in Malaysia?

1.3 Research Objectives

1. To measure the service quality level in Malaysian Healthcare (public and private) in term of tangibility, reliability, assurance, responsiveness and empathy.
2. To expose the best service quality dimension in public hospital and private hospital.
3. To evaluate the influence of service quality on patient satisfaction.
4. To find out the influence of patient satisfaction on positive word of mouth.
5. To evaluate whether patient satisfaction mediates the relationship between service quality and positive word of mouth.

Chapter 2.0 – Literature Review

2.1 Service Quality

In the health care, hospitals offer the similar kind of services but these services are not offered with same quality across the health care centres (Youssef et al., 1996). Moreover, customers nowadays are extra conscious on substitute bargain and growing standard of service have boosted their expectancies. These customers are showing more and more importance to the quality of service that they experience.

The intangible character of service reads out that a large amount of services, which is created, have been consumed at the same point of time. This feature boosts the significance of the seller and buyer relationship. The seller buyer relationship has possibility for variation in the level of quality of service.

Service quality has been perhaps the most investigated and examined subject in service marketing. Some of the previous research has related service quality with organizations performance (Zeithaml & Bitner, 2000), customer satisfaction (Cronin and Taylor, 1992) and acquisition intension (Zeithaml & Bitner, 2000). Patient satisfaction and hospital profitability is an achievement that health care providers get from for patient perception of a good service quality.

Service quality can be described in two aspects, which are a technical dimension (the core services provided) and a functional dimension (how the service is provided) (Gronroos, 1983).

Consumers greatly judge on the functional dimension, for example the patient-practitioner relationship and the surroundings of the service encounters, which is the non-technical dimension, associated issues (Donabedian, 1996).

Parasuraman et al. (1988) defined service quality as “The overall evaluation of a specific service firm that results from comparing that firm’s performance with the customer’s general expectations of how firms in that industry should perform”.

Asubonteng et al. (1996) defined it as “The difference between customers’ expectations for service performance prior to the service encounter and their perceptions of the service received”.

Hank and Beak (2004), define service quality as “the consumers’ overall impression of the relative inferiority/superiority of the organization and its services.” There are, however, several definitions of service quality that may vary from person to person but the essence is the same.

Berry et al. (1988) says that service quality means “conformance to customer specifications” which is the customer’s definition of quality that matters, not that of management.

Parasuraman, 1988 argues that the definitions of service quality vary only in wording but typically involve determining whether perceived service delivery meets, exceeds or fails to meet customer expectations.

2.2 Service Quality in Health care

In the health care industry, all the hospitals offer the similar type of health care services but they do not provide the same level of quality of services (Youseff et al., 1996). Lim and Tang, (2000), explained that consumers nowadays have many options so these options have increased their expectations.

Quality in health care service could be portrayed as “to satisfy the institution, community or patients which require service, continuously and consistently with new technological and medical developments by realizing the significance of patient’s needs, expectations and desires”.

According to Donabedian (1996), quality in health service can be divided into seven factors. Those 7 factors are efficiency, optimality, effectiveness, efficacy, equity, acceptability and legitimacy.

An organizations service can be said of having quality service when their service fulfils or exceed customer expectations and once customers satisfaction is affirmative with customer perception. In a customer-concerned culture, health care is patient-led and the patient must be the ambassador of the quality of health care (Kotler and Keller, 2006).

It is important to determine on which criteria health care service quality shall be evaluated. According to Babakus & Mangold, (1992) such criteria can be technical and functional or else as per Zeithaml & Bitner, (2000), the criteria can be technical and process related.

According to Weitzman (1995) explanation, service quality in health care could be explained as the technical aspect of care, the inter-personal bond between doctor and patient and the facilities of hospitals.

2.3 Customer Satisfactions and Service Quality

In 2004, Hansemark and Albinsson say that the customer anticipates fulfilment to his or her needs, goals and desire. They show an emotional reaction or attitude towards what they actually receive. This is referred as satisfaction.

In 1988, Parasuraman et al. makes a difference between service quality and satisfaction. Service quality is the global judgement or attitude relating to superiority of the service. Satisfaction is related to a specific transaction.

Customer satisfaction means catering to customers needs by learning their needs (Johari et al., 2008). According to Swell (1977), serious deficiencies are likely to occur if there is any attempt to achieve quality without a full understanding of the requirement and expectations of customers.

The concept of patient satisfaction was introduced as a critical factor in the measurement of service quality (Parasuraman, 1988). Pascoe (1983) defined patient satisfaction as a health care recipient's reaction to salient aspects of the context, process and result of their service experience. Health care professionals forget that today's society requires attention to presentation and style.

In 1996, Flood and Romm suggested that handling customer satisfaction and quality requires constant "redesigning" of process and customer dedicated

culture modification to fulfil “customer needs”. Higher rates of patient retention, positive word of mouth and higher profits are the complimentary outcome of satisfied customers (Peyrot et al., 1993).

In the consumerism theory, patient satisfaction and service quality stays as serious subject for health care sector. Patient satisfaction has a large attribution towards the important correlation among service quality and profit. Patient satisfaction is essential when customers or procurers of health care services make choices considering new enrolment and re-enrolment says Mummalaneni and Gopalakrishna, (1997).

Health care centres that fall short to realize the impact of not providing customer satisfaction may be asking for potential destruction (Andaleeb, 1998). Some researchers have proven that service quality not only affects the satisfaction of customers but also their buying intents. Therefore, providing quality service is fundamental to customer satisfaction.

2.4 Health care and Customer Satisfaction

Satisfaction is sentimental reaction related with a cognitive judgment of the degree to which requirements; longings and anticipations for particular service that have been offered says Smith et. al., (2006). Patient satisfaction is a significant gauge for service quality in health care. It has been defined as “the health care recipient’s reaction to salient aspect of his or her service experience” (Pascoe, 1983).

Patient satisfaction is widely considered by health care sector as a way of assessing and analyzing the performance of its service delivery. The raising importance on customer satisfaction in service management has given importance to patient satisfaction research as a gauging of the quality of service given by health care organizations.

More and more health care centres are relying on patient satisfaction procedures in helping them to continuously improve and upgrade their level of service. Information in the form of feedback from the patients can help out health care centres in directing resources to areas that are in need of improvements.

Health care is an extremely competitive market. Providing services that satisfy customer requirements is an important customer satisfaction precursor and a important strategy for retaining them says Cronin and Taylor, (1992).

Zeppou and Sotirakou (2003) have stated the differences between private and public sector. Those differences are mainly environmental where the organisation operates. According to Bhatta (2001), high efficiency could be seen in the private health care sector compared to public health care sector. This is due to different incentives scheme, decentralized management and market orientation culture.

The private health care providers manage and exceed the customer's expectation is by gauging and giving importance to customer's expectations and perception. This permits the private health care providers to serve better the demanding customers needs.

Ford et. al. (1997) illustrated that patient satisfaction in the health care industry has emerged as an important measuring tool for the service quality recently. Therefore, satisfaction of the genuine requests of the patients must be taken care properly to manage and increase the outcome. Patients who experienced a satisfied service are expected to return back for other services when the necessity occurs (Ramsaran-Fowdar, 2005).

The essentials of quality control, quality of service and effectiveness of treatment have become fundamentally important. Service provider's obligation is to deliver the service up to the patients' satisfaction in this increasing demand and competition full of environment (Friedman, 1995).

Most of the health care providers nowadays, with the help from the study of the people have become very conscious in confirming customer satisfaction as the key ingredient in their marketing approach. Health care providers also consider customer satisfaction as a key element of long-term sustainability and success (Andaleeb, 1998).

2.5 Perception and Customer Satisfaction

Perception about service quality is clarified as the consumer's verdict about a product / service's general distinction or dominance, according to perceptions of what is obtained and what is specified (Zeithaml, 1988).

Carman (2000) stated that perception of service quality is an attitude and attitude is a function of some combination of characteristics that a patient

considers to be elements of quality. Therefore there is a relationship between perceived patient satisfaction and service quality.

Studies by Streasser et al., 1995 and Kandampully, 1997 shows the important differences exist between patients expectation of treatment and perceived service quality of treatment received. Carson et al. (1998) stated that patients' perception of quality service in health care is misrepresented due to the inability of patients to judge the technical competence.

Tucker (2002), recommended that consideration of the each patients characters that affect the patient's point of view on satisfaction could present understanding to their evaluative processes. The information achieved from the patient's perspective can facilitate health care centres to revise their strategy to perk up patient satisfaction.

When patients are happy with the service that they experienced, there is possibility to show behaviours possibly valuable to the long run success of the health care provider says Ramsaran-Fowdar, (2005).

However, Ramsaran-Fowdar (2005) argues that patients are very concerned about health care provider's capability to treat their illnesses as sustaining their best concern at a lowest feasible cost. Torres and Guo (2004) says that, patients entrust their life and well being to health care providers, thus providing effective and quality service is health care centres' key responsibility.

2.6 Public Health care and Private Health care

In public versus private health care, Angelopou et al. (1998) found that patient care to be comparable but private hospitals were better in terms of physical facilities, waiting times and admission procedures. Public sector hospitals are responsible and condemned for their lack of speed owing to the inflexibility of their conventional hierarchical structures in respect of their quality upgrading. A lot of studies have wrapped up that public health care to be inferior in the quality of their service condition as per patients' perception (Arasli et al., 2008; Pakdil and Harwood, 2005).

In addition, research in service quality have revealed that patients also perceive differences between public versus private health care service quality across various quality dimensions such as empathy, tangibles, reliability, administrative responsiveness and assurance while giving main concern to patient needs, relationships between staff and patient, food and physical environment (Arasli et al., 2008; Pakdil and Harwood, 2005).

Competitiveness among health care providers (public and private) depends on patient's satisfaction, which is created through a combination of responsiveness to the patient's view and needs and continuous improvement of the health care services as well as continuous improvement of the overall doctor-patient relationship (Zineldin, 2006).

2.7 Customer Satisfaction and Positive Word of Mouth

The top management in various businesses have long been attentive in the link between customer satisfactions and service or product quality. Even the decision or intension to re-acquire was another field of interest for them. Researchers have studied customer character in sectors such as gasoline, airlines, banking and personal computers concentrating on customer satisfaction impact on positive word of mouth (Keiningham et. al., 2007).

Patient satisfaction's influence on hospital selection is extremely vital. Naidu, (2009) research shows a relationship between patient satisfaction and health care quality.

In health care, most service providers put forward comparable services, but usually with different levels of quality service. As per Youssef et al., (1996), realistic customers will prefer to go to the health care centre that they perceive to offer good quality service with the best price.

Researchers have identified that service quality affects the satisfaction level of customers and also their positive word of mouth. Although there are other measuring tools to customer satisfaction like situation, personality of the buyer and price (Natalisa and Subroto, 1998), service quality gets particular notice from the service marketer's cause it is controlled by the service provider. By upgrading service quality, customer satisfaction can be developed, whereby in return it influences the buyer's aim for positive word of mouth.

Customer satisfactions do have a constructive result on health care sector's economy. Satisfied purchasers shape up the base of successful

business as purchaser satisfaction leads to brand loyalty, positive word of mouth and repetition in purchase.

Gauging patient satisfactions is extremely very difficult. Health care study researchers have confirmed that no exclusion to this rule and have move to the meaning of trust in the patient doctor relationship in several systems.

Certain philosophers believe that patient trust to be a set of attitude or hope that a doctor will perform in a certain manner. This uncertainty can effect in greater swapping intentions to other health care service providers and negative word of mouth. (Ngobo, 2004).

Frenzen et al., (1993) explained that, the relationship of customer satisfaction on positive word of mouth outcome is one of the essential precursors of positive word of mouth theory.

Gotlieb et al., (1994) verified that the customer satisfaction and positive word of mouth is positively correlated with each other. Patterson et al., (1997) also discovered that there is a positive relationship between customer satisfaction and positive word of mouth.

Mai and Ness (1999) detailed satisfaction as an overall gratification or enjoyment's level perceived by a customer, effecting from the quality of the product or service to fulfil the consumer's expectations, desires, and needs. Positive word of mouth will be established only by satisfied customer (Martenson, 2007).

2.8 Research Gap

Most of the patient satisfaction research, which was carried out, is on the patient's perception of customer satisfaction. For example, array of services, facility environmental and doctors comforting bedside manner (Friedman, 1995). Those do not mirror the quality of service they received because the practical features of the quality of service is not evaluated or analysed.

SERVQUAL (Parasuraman, 1988) is the one of the most widely used measurement scale which is used to evaluate service quality. This measurement scale is as per the expectancy disconfirmation model, where service quality outcomes are evaluated by comparing expectations of what the service should provide and perception of service received.

According to Carman (1990), in certain service situation, it may be required to remove or even revise some of the SERVQUAL dimensions or add fresh ones. In health care context, Babakus & Mangold (1992) suggested that expectancies might not contribute to the correlation between service quality and other new measures. While Cronin & Taylor (1992) showed that by looking into perceptions, service quality can be predicted effectively.

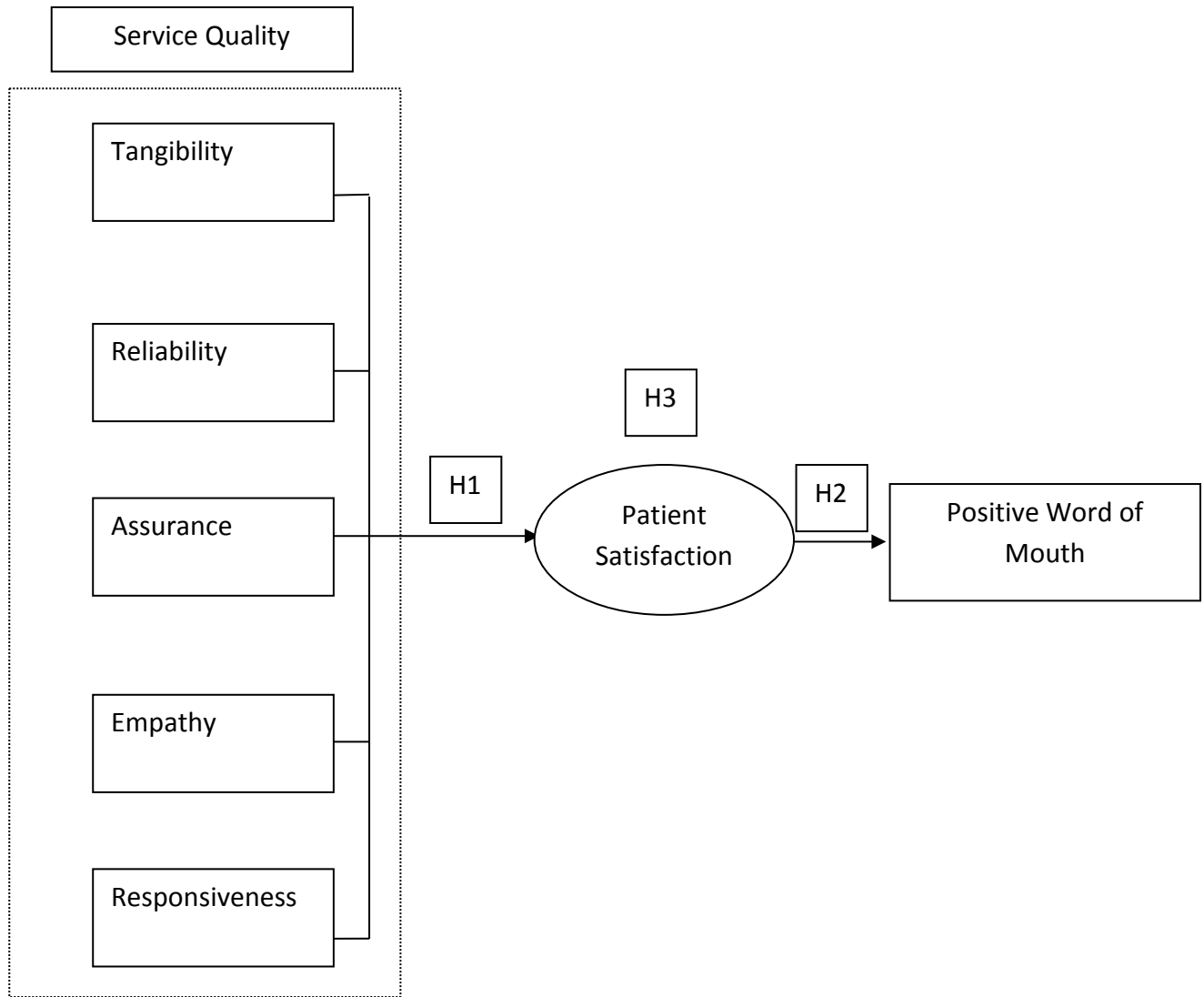
Instead of limiting the structure of the SERVQUAL framework against dependant variable, a modified framework was developed in this study. SERVQUAL is used as part of the framework only. Patient satisfaction is made as mediating variable between SERVQUAL and positive word of mouth.

Customer satisfaction studies in health care; the SERVQUAL questionnaire has been broadly used (Jabnoun and Al Rasasi, 2005; Sewel, 1997; Anderson, 1995). Though SERVQUAL has been broadly used in patient satisfaction studies, Ford et. al. (1997) noted that the nature of health care service industries is unlike from those services usually related through SERVQUAL. Thus, the questionnaire has been upgraded to cater the patient satisfaction and the impact on positive word of mouth.

Service satisfaction is defined as the likelihood that a customer of a health care service provider expects to engage in positive word-of-mouth communications about the service that they have experienced (Zeithaml, Berry et al. 1996). Therefore, we discover that if high quality service encountered, it will provide positive word of mouth.

Finally, the research gap was identified whereby, impact of good service quality and satisfied customers outcome gauging tool was missing. Hence, service quality will be independent variable and customer satisfaction will be the mediator. And positive word of mouth will be the dependent variable. With this framework, it is believed to close the gap.

2.9 Framework



According to the proposed framework, health care centre must be concerned with five characteristics which are tangibility, reliability; assurance, empathy and responsiveness.

Tangibility means to physical facilities, machines or instruments and appearance of personnel (Parasuraman, 1988). These items are important in

service industry when quality of service is analyzed. The general hygiene of the health care centre, the accessibility of modern-day equipment and an overall impression that the health care centres are in good condition can increase patient satisfaction.

Reliability means the ability to execute the service dependably and accurately (Parasuraman, 1988). Customers are satisfied when service providers are able to present their integrity whereby the degree to which customers can rely on the service provider to keep promises and perform with the best interest of the customer. Customers' confidence is high on service providers when service providers have shown quality performance in the past (Brady and Cronin, 2001).

Assurance is defined as employee's or service provider's knowledge, courtesy, competence and ability to convey trust and confidence (Parasuraman, 1988). Assurance has a positive impact on customer satisfaction. Assurance is antecedent factor of customer satisfaction (Cronin and Taylor, 1992).

Hall et al.'s (1988) studies presented that doctors' job proficiency powerfully influences patient choices and judgment concerning quality. It seems that, a fundamental expectation that patients require when they pick health care centre is that of proficient services. Once patients recognize that the service providers are capable and proficient, it can facilitate to rise above their worries and subsequent feelings powerlessness.

Empathy refers to level of caring and individual attention provided to customers (Vuori, 1987). Empathy is relevant to the health care business where “relationship marketing” as contrasting to “transaction marketing” is important to the organizations existence. Health care sector requires workforce that can provide good technical guidance and capable to improve sustainable relationships.

Responsiveness means willingness or readiness of service provider to help customers and provide prompt services or customers specific needs (Parasuraman, 1988). Effort to increase speed of processing information and customers are likely to have an important and positive effect on customer satisfaction.

Flood and Romm (1996) says that managing quality and customer satisfaction requires continuous re-designing of processes and customer focused culture change to meet customer needs.

The impact of health care service quality's perception on the provider's success or failure has been analyzed and recognized (Headley and Miller, 1993; Gooding, 1995; Donabedian, 1996; Reidenbach and Sandifer-Smallwood, 1990).

Patient satisfaction is the mediating variable that presents between the significant relationship of service quality and profit. Although there is a huge literature and studies on health care consumer behaviour, most of the researches are conducted in US and western countries.

Researchers have monitored that quality perceptions affect customer satisfaction whereby satisfaction is the precursor for service quality. And finally it puts forth strong pressure on buying intents (Cronin and Taylor, 1992). Analyses carried out in Nepal (Lafond, 1995), Vietnam (Guldner and Rifkin, 1993) and Nigeria (Uzochukwu et al., 2004) hold up convincing association among patient perception and health care service operation.

2.10 Hypotheses

The hypotheses in this study are as per followings: -

H1: Service quality positively influences patient satisfaction.

H2: Patient satisfaction constructively influences positive word of mouth.

H3: Patient satisfaction significantly mediates the relationship between service quality (independent) and positive word of mouth (dependent).