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Service Quality and Customer Orientation Practices: A Comparative Study of Public and Private Hospitals



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Abstract

Customer orientation and quality of services in hospitals have become a topic of importance in recent years. The purpose of this study is to find out customer orientation practices and service quality practices being followed by selected hospitals in North India and try to compare these practices in Public and Private hospitals. The present study has been conducted by taking opinions of 300 respondents from 6 hospitals, three public and three private, and their responses have been recorded for customer orientation practices and service quality practices. Findings of study show statistically significant difference between these practices between public and private hospitals. The findings of this study will be helpful to managers, administrators and academicians for better understanding of Customer orientation and service quality relationship in hospitals. Practitioners/ Managers will be benefited to orient themselves to the best standards and will be capable of improving their quality from their present level.

Keywords: Customer Orientation, Customer Satisfaction, Health Care Services, Patient Perception, Service Quality,

Introduction

Modern economy is being influenced by service sector and in India the healthcare sector is playing a major role in it. Hospital industry is an integral part of healthcare industry, and this has led to attention of academicians, researchers and hospital managers to find out the importance and role of customer orientation and perception of patients towards hospital service quality. In today's competitive environment the hospitals are forced to cut down the costs and maintain the service quality of services being provided to patients. Hence for the survival of hospitals in this cut throat competition the hospital managers and administrators are supposed to take appropriate steps to define measure and monitor the service quality in hospitals. By finding out, what are the needs and wants of patients, a hospital can modify its offerings and can improve upon the patient satisfaction. A satisfied patient is more likely to become loyal towards hospital, may make repeated visits and can lead to spread positive word of mouth, which will lead to inflow of potential customers. One more effect of modified offerings may be exclusion of non essential services and offerings which are not adding any value to the hospital and patients, so that the resources can be allocated to areas from where enhanced productivity and efficiency can be achieved.

Customer orientation does not mean that you are just aware of the needs and wants of your consumers; it also focuses on actions that are required to ensure that your consumers will remain your consumers over a longer period of time. Customer services are also one of important parts of the Customer orientation and are considered to be an important aspect for value addition in the services being provided to consumers. In this competitive environment patients have endless number of options and whether patient will come back to your hospital or not depends upon the quality of services being provided and the customer orientation focus of the hospital. In case of services, which require high level of interaction and criticality, like hospital and healthcare services, the customer retention depends upon the emotional commitment of the hospitals or organizations. Hence, it becomes important to measure the relationship between customer orientation and service quality in hospitals.

Statement of the Problem

Marketing of health care services has crossed its embryonic stage and now it is evolving through its own character. Hospital management practitioners now should focus on the development of better health care and hospital marketing concepts. New innovative and improved quality services will decide the survival of corporate hospitals in future, and these efforts should be done effectively and efficiently to achieve customer satisfaction, which should be the ultimate objective of marketing practices.

As it is evident that large population of rural India, depends upon the public hospitals, as there is shortage or non availability of corporate hospitals in these areas, or even if they are present in some areas the high prices of services in these hospitals make it difficult for most of the rural population to avail services there. Hence, it becomes important for the public hospitals to improve upon the service quality dimensions and customer focus, so that they can come at par with private hospitals and can provide better services to community.

There is difference between customers of public and private hospitals and services provided also differ in these two categories, hence a comparison between the two can help to provide inputs to work on customer orientation and service quality improvement of public hospitals.

Most of the studies have till now focused on SERVQUAL dimensions and SERVPERF, but as patients are not aware of service quality technical aspects, hence focus should be more on functional dimensions, and for that a specialized scale like HOSPITALQUAL should be used to measure the service quality aspects in hospitals.

Objectives of the Study

1. To study the customer orientation from customer's perspective in selected public and private multi speciality hospitals of North India.
2. To study the service quality practices of selected public and private multi speciality hospitals in North India.
3. To study difference between public and private hospital practices related to service quality and customer orientation.

Review of Literature

Hofstet et al. (1990)¹, state that recent emphasis on customer orientation which is becoming more pragmatic, is relevant for those organizations which are providing services and customized products of high quality. Whereas, Heinonen and Strandvik (2015)², claimed that customer oriented behaviour is the ability to help consumers from the end of service provider, which not only increases the satisfaction of customers but also establishes a positive relationship with performance of employees. According to Deshwal et al. (2014)³, the dimensions affecting patient satisfaction are professional behaviour of staff, reliability of clinical staff, basic amenities at hospital, ease of accessibility, cleanliness and ability of hospital staff to deal with emergency situations. Padma et al. (2014)⁴

, found in their study that the perceptions of patients and attendants are different. Different patients from different socio economic backgrounds have different needs and wants and their behaviour also differs, hence hospitals should understand their needs and plan services accordingly. Findings of research done by Mesut Akdere et al. (2018)⁵, suggests that all five dimensions of SERVQUAL model were significantly related to overall service quality and certain indicators of high quality of services. This study focused on measures to be taken by government or private hospitals to improve upon the service quality.

According to Baker et al. (2015)⁶, health care services are quite complex in characteristics, are heterogeneous as per varied range of specialities and ambiguous because of its technicality as most of consumers are not aware of how these services work, and how they will satisfy their needs. So it becomes important to measure quality of these services not only from part of patients but focus should be from the end of service providers also. Rizwan et al. (2017)⁷, used a modified SERVQUAL model to measure effect of customer attitude and customer satisfaction, related to recent technology development in service industry, taking example of banks, and concluded that the use of sophisticated technology in service sector acts as moderating variable. Weng-Kun Liu et al. (2017)⁸, tried to find out relationship between service quality and customer orientation in fast food industry, and found that managers must focus on effective quality of service to be more customer oriented and to achieve better customer satisfaction so that customer loyalty can be achieved. Rod and Ashill (2015)⁹, found in their study that in hospital setups the focus on customer orientation may lead to burnout of public sector hospital workers, which may hinder the quality of services. In their study Lim Lee and Ungku Ahmed (2015)¹⁰, found that hospital employees with more satisfaction were more customer oriented, and hence focus of hospitals must be providing better satisfaction to its employees in order to be more customer oriented. This finding somewhere is important for Indian public hospitals to work on working conditions for employees so that they can be more satisfied in order to be more oriented towards the patients.

Content and Hypothesis

Health care and hospital services.

The consumer behaviour patterns are found to be different for healthcare services and services which are less professional, less critical and less personal. The fact is that patients opt for healthcare services because of need and not because of choice. Most of the times the patients leave decision on the doctors, nurses and other medical professionals, as they are less aware of the technicalities and complexity of healthcare services. They are unable to make choices. The hospital service quality is found to be low in the attributes like search attributes and experience attributes as the decisions regarding service quality cannot be taken before experiencing and availing the hospital services and the outcomes desired by the patients, which always remains best health at lower cost. Instead, the hospital service has

more credibility attributes, which cannot be evaluated even after experiencing the service, because the nature of these services are technical and professional. Hence, instead of finding the gap between expectation and perception of hospital quality service it is better to evaluate hospital quality of services by measuring the perception of patients and their attendants.

Hospital service Quality

Technical and human aspects should be separated in order to develop a view of hospital service quality. It can be assessed at two different levels, one being issues dealing with entire healthcare system and second one at the organisational level, between healthcare professionals and patients. One of the important aspects is the amount or level of expectation of the patient or customer for responsiveness of health care services. Customers and patients are looking forward for the increased life expectancy and better quality of life after treatment.

At organizational level it is the patient or the customer who defines the quality. So the perceived quality by the patients should be studied. Parsuraman et al. (1985)¹¹ studied services and identified ten different criteria used by consumers. In 1988 these were divided under five broad dimensions as follows as **servqual Model**

Tangibility (physical elements appearance), Reliability (Accurate performance, dependability), Responsiveness (Helpfulness and Promptness), Assurance (Credibility, Security, Competence and Courtesy), Empathy (Communications, Access and Customer understanding). According to some authors, Sohail(2003)¹², Parsuraman et al., (1988.1991)¹³ SERVQUAL and adapted versions are suitable for measuring patient satisfaction. However, some authors question the applicability of this model for hospital service quality measurement (Butler et al. 1996)¹⁴. Hence, in many studies the tool is used in a modified form after dropping irrelevant dimensions and wherever required relevant dimensions are added. (Fowdar, 2005¹⁵; Sohail, 2003). Itumalla, Shekhar and Acharyalu, in (2014)¹⁶, developed HospitalQual Model to measure service quality in context of Indian Hospitals which includes 25 items, under following heads: Medical services; Nursing Services; Supportive Services; Administrative Services; Patient Safety; Patient Communication and Hospital Infrastructure.

Customer Orientation

Customer orientation is a vast term which includes different components contributing towards maintenance of an efficient relationship with the clients. It means that a business tries to obtain information regarding preferences and needs of customers, from customers and then plans to take action based on that information, while taking into consideration the regulations and competitors. In a Changing, competitive and dynamic marketing environment, businesses constantly modifies the service offerings according to the change in demands or in anticipation of customer needs or according to the changes in strategies of their competitors. Such

consistent efforts by customer-oriented firms bridge the gap between the organization's management and its customers (Zeithaml et al., 1990)¹⁷.

Service Quality and Business Performance.

Excellent service helps an organization to be more productive, different, efficient and more profitable. Many studies have acknowledged the relationship between profitability and quality. A strong incentive for organizations to improve upon quality is provided by this acknowledged relationship. Buzzell and Gale (1987)¹⁸ mentioned three advantages over competitors, if superior quality is achieved:

Premium price; Resources for Research and Development and Better value to customers.

H1

There is a significant difference between Customer orientation practices between public and private hospitals under study in North India

H2

There is a significant difference in service quality practices between public and private hospitals in selected hospitals of North India.

Research Design

In this study Descriptive research design has been used to find out the customer orientation practices and service quality practices being used in the selected hospitals of north India and to compare these practices.

In this research quota sampling has been used and sample items were selected using convenience sampling. To provide better representation of population, samples consisted of respondents from different age group, gender, income range, employment, marital status and educational level.

The target population is customers or patients, who are selected from different hospitals in north India, according to geological survey of India, North India refers to Northern regions of India comprising of 7 states and 1 union territory. For purpose of this study states of Punjab, Haryana, Chandigarh, Delhi and Uttar Pradesh were selected. Sample size taken was 300, 50 each from public and private hospitals, 3 public and 3 Private hospitals were selected from North India

Sources of Data

Secondary Data For Conceptual Clarity information was obtained from previously published material like journals, books, magazines, healthcare publications and websites.

Primary Data

Information was gathered using structured questionnaire. The Customer orientation was measured with help of modified scale adopted from Kohli and Jawroski (1990)¹⁹ and Slater and Narver (1994)²⁰. For purpose of measuring Service quality pre tested questionnaire of Hospitalqual was taken. Respondents were asked to give their opinion on a 7 point likert scale. 1 being strongly disagree and 7 being strongly agree.

Tools for Data Analysis

SPSS 21.0 and micro soft excel has been used for analysis of data. Pearson's correlation

coefficient is used to determine relation between variables of customer orientation and service quality.

T-test and z-test are used to find the opinion comparison between public and private hospitals.

Data Analysis

Table 1 Comparative Opinions of Respondents Regarding Service Quality of Selected Public and Private Hospitals in North India

S.No.	Statements on Customer Orientation	Public Hospitals	Private Hospitals	T-Value	P-Value
1.	The organizational objectives of this hospital are driven mainly by customer satisfaction	3.43	5.20	1.950	.164
2.	I believe that this hospital exists mainly to serve customers.	5.35	4.90	2.117	.002
3.	This service hospital measures customer satisfaction frequently in a proper way	3.10	4.80	9.573	.001
4.	This hospital has routine measures of customer service	2.90	5.15	2.252	.135
5.	This hospital's competitive advantage is based on patient needs..	3.20	4.85	4.493	.035
6.	This hospital is more customer-focused than its competitors	3.18	5.72	5.167	.024
7.	This hospital regularly monitors level of commitment and orientation towards customer needs	3.15	5.25	9.438	.251
8.	This hospital asks for feedback from patients at least once to check the quality of its services.	2.40	5.60	0.509	.041

Source: Field Survey

Analysis

The above table compares the average respondent scores on various statements related to Customer Orientation in public and private hospitals. It can be seen that for statements (2, 3, 5, 6 and 8) t-values and their corresponding significant values show that there

is a significant difference between opinions of respondents from public and private hospitals. Further this table shows that patients of private hospitals have more positive perception regarding the customer orientation, as compared to patients of public hospitals.

Table 2 Overall Comparison of Customer Orientation In Selected Public and Private Hospitals

Dimension	Hospital	n	Mean	S.D	Z-Value	P-Value	Decision
Customer Orientation	Public	150	3.338	0.318	0.058	0.04	Significant
	Private	150	5.185	0.278			

Here z-test has been used to find the difference among overall average opinion related to Customer Orientation. The z-test value of 0.058 has a p-value of 0.04 which means that if taken average, there is a statistically significant difference between two organisations on the Customer Orientation.

The average score of public hospitals (3.338) is less than average score of private hospitals (5.185), which mean private hospital patients think that Customer Orientation in these hospitals is good, whereas public hospital patients think opposite. The standard deviation for public hospital employees is

less (0.318) as compared to private hospital patients (0.278) which mean that opinion of public hospital patients vary more.

H1

There is a significant difference in service quality practices between public and private hospitals in selected hospitals of North India.

As the significant value is 0.04 which is less than 0.05, the alternative hypothesis is accepted and it can be concluded that there is statistically significant difference between Customer Orientation practices in public and private hospitals in North India

Table 3: Comparative Opinions of Respondents Regarding Service Quality of Selected Public and Private Hospitals in North India

S.No.	Dimensions of Service Quality	Public zHospitals	Private Hospitals	T-Value	P-Value
1.	Medical Services	5.40	5.80	3.003	.084
2.	Nursing Services	4.10	4.90	0.537	.004
3.	Support Services	4.33	5.15	7.338	.007
4.	Administrative Services	4.63	5.30	0.097	.756
5.	Patient Safety	3.66	4.38	6.014	.001
6.	Patient Communication	3.80	4.15	2.916	.001
7.	Hospital Infrastructure	5.28	5.90	0.309	.579

Source: Field Survey

Analysis

The above table compares the average respondent scores on various statements related to various dimensions of service quality in public and private hospitals. It can be seen that for statements (2,3, 5, and 6) t-values and their corresponding significant

Table 4: Overall Comparison of Service Quality in Selected Public and Private Hospitals

Dimension	Hospital	n	Mean	S.D	Z-Value	P-Value	Decision
Service Quality	Public	150	4.45	0.309	10.454	0.001	Significant
	Private	150	5.08	0.297			

Here z-test has been used to find the difference among overall average opinion related to service quality. The z-test value of 10.454 has a p-value of 0.001 which means that if taken average, there is a statistically significant difference between two types of organisations on the Service Quality dimensions, and it is significant at 0.001 level or 1% level of significance.

The average score of public hospitals (4.45) is less than average score of private hospitals (5.08), which means private hospitals have better service quality. The standard deviation for public hospital is more (0.309) as compared to private hospitals (0.297) which mean that opinion for public hospitals varies .

H2

There is a significant difference in service quality practices between public and private hospitals in selected hospitals of North India.

As the significant value is 0.001 which is less than 0.05, the alternative hypothesis is accepted and it can be concluded that there is statistically significant difference between service quality practices in public and private hospitals in North India

Findings

The main problem of hospital service industry is hospital switching behaviour which is because of price, inconvenience, failure of core services, inadequate communication responses to service failures, ethical problems and service quality factors.

Now in recent times, increasing healthcare consumerism is transforming the existing physician-patient relationship to a provider-consumer one.

When the customer needs are understood with help of effective customer orientation, both public and private Hospitals must adhere to the standards for maintaining the patient/consumer perceptions of high quality.

The perception of service quality practices in private hospitals in this study was found to be much better than the public hospitals. Most of the dimensions of service quality had significant difference between public and private hospitals.

The customer orientation practices were found to be much better in Private hospitals and the difference between public and private hospitals was significant.

The findings of study were found to be consistent to be with results from studies of Alijanzadeh (2016)²¹, Tanner (2006)²² and Naceur Jabnoun (2003)²³.

values show that there is a significant difference between opinions of respondents from public and private hospitals. Private hospitals score better according to respondents in terms of nursing services, support services, patient safety and Patient communication dimensions of service quality.

Recommendations and Managerial Implications

The patients do not take into consideration that what is thinking of hospitals about their level of service quality or customer orientation, until they receive value addition and satisfaction, therefore it is up to Hospitals to trace what customers want and it can be done with help of effective customer orientation and then provide the service in a way that the patient would be loyal towards hospital.

The findings of this study will be helpful to managers, practitioners and scholars for better understanding of Customer orientation and service quality relationship in hospitals. Managers will be benefited to raise themselves to the relevant standards and will be able to improve upon the quality from the existing level.

Hospital's operations managers, who want to improve the performance of their Hospitals, must work to implement customer orientation. They should work towards creating a Hospital culture where professionals focus on patients and continuously assess the changing needs of patients.

As public hospitals are catering to needs of most of the population in rural areas, and these hospitals are lagging behind the private hospitals, which puts extra burden on people, these hospitals must start working on the customer orientation, so that service quality can be improved, and the patients start coming to these hospitals because of satisfaction and not due to helplessness. Administrators of public hospitals should work towards providing better customer orientation practices and must focus upon motivating the staff to rely upon better service quality practices, so that these hospitals can give a competition to private hospitals.

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