Determinants of Customer Satisfaction in Healthcare Services

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ABSTRACT: The purpose of this paper is to analyze the influence of Perceived service quality, price satisfaction, perceived value on consumer satisfaction. In order to accomplish the objectives proposed, a model reflecting the influence of Perceived service quality, price satisfaction on perceived value on consumer satisfaction, the model is tested by structural equations and the final sample is 174 patients. The findings show that price satisfaction has a positive effect on consumer satisfaction, and the perceived value has a positive effect on consumer satisfaction. If healthcare institutions have to compete through consumer satisfaction, it is proven by this paper that the construct which most influences consumer satisfaction in healthcare services is the price satisfaction construct. Also, it is proven that if the perceived value increases, the consumer satisfaction will increase. Several studies have shown that, in general, consumer satisfaction is important to attract and retain customers; also, the concept of consumer satisfaction is relatively new concept in Syrian hospitals; therefore, the research findings can be used by hospitals in enhancing the level of customer satisfaction.

KEY WORDS: Service Quality, Perceived Value, Satisfaction, Price Satisfaction

I. INTRODUCTION

Healthcare sector is one of the most important industries and playing a vital role in national development. In relation to the importance of education, there is a correlation between healthcare and economic growth. The sector of healthcare services in Syrian faces more competitive market structures, therefore, it becomes fundamental to analyze and study patient’s satisfaction in healthcare services, as institutions of healthcare could greatly benefit from being able to increase the level of consumer satisfaction, consumer value can provide an institution with a type of competitive advantage, particularly at a positive word of mouth (File & Prince, 1992), new customers (Bolton & Drew, 1991; Mittal et al., 1999), lowering customer defection rates (Mittal & Kamakula, 2001), financial benefits (Anderson & Mittal, 2000).

II. PREVIOUS RESEARCH

2.1. Determinants of Consumer Satisfaction:

2.1.1. Service Quality:

In today’s world of intense competition, the key to sustainable competitive advantage lies in delivering high quality services that will in turn result in satisfied customers, therefore, there is not even an iota of doubt concerning the importance of service quality as the ultimate goal of service providers throughout the world. Many studies talked about the relationship between service quality and customer satisfaction, (Fornell et al., 1996) concluded that service quality is one of the most important determinants of the American Customer Satisfaction, (Parasurman et al., 1988) show that service quality is the discrepancy between the expected service (ES) and perceived service (PS):

(a) When ES > PS, perceived quality is less than satisfactory and will tend toward totally unacceptable quality, with increased discrepancy between ES and PS.
(b) when ES = PS, perceived quality is satisfactory
(c) when ES < PS, perceived quality is more than satisfactory and will tend toward ideal quality, with increased discrepancy between ES and PS.

This leads to H1 and H2

H1: service quality has a positive effect on consumer satisfaction.
H2: service quality has a positive effect on perceived value.

2.1.2. Price Satisfaction:

Mittal et al. (2000) arrives at five dimensions of price satisfaction which are supplemented by Matzler (2004) with price fairness as a separate dimension:
- Price transparency: Clear, comprehensive, current and
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effortless overview about a company’s quoted prices-

-Price-quality ratio: Ratio or trade-off between quality of

the service and monetary costs-Relative price: Price of the offer compared to that of competitors

-Price confidence: Customers’ certainty that the price is favorable-Price reliability: Fulfillment of raised price

expectations and prevention of negative “price surprises”-Price fairness: Consumers’ perception of whether the

difference between the socially accepted price and another comparative party is reasonable, acceptable, or

justifiable. Literature on relationship marketing argues that there is positive relationship between the price

satisfaction and perceived value (Matzler et al., 2005). The companies that deliver higher value to the customers

are more likely to satisfy them and to increase their loyalty (Zeithaml, 1988). Mittla (1998) refers to the

different stages of consumers’ decision making Processes in order to analyze which price dimensions affect

global price satisfaction within the respective stages. From the customer’s point of view, price problems will

differ within the different stages (Figure 1).

That leads to H3 and H4:

**H3:** price satisfaction has a positive effect on consumer satisfaction.

**H4:** price satisfaction has a positive effect on perceived value.

### Phase in decision processes

![Decision Process Diagram](image)

Customer needs related to pricing

Source: adapted from Mittla (1998).

#### 2.1.3. Perceived Value:

Literature on relationship marketing argues that companies that deliver higher Value to the customers is

more likely to satisfy them and to increase their loyalty. Customer value can be defined as “a consumer’s overall

assessment of the utility of a product based on perception of what is received and what is given” (Zeithaml,

1988), thus there is a “get” and a “give” component in the equation. While (bolton&drew, 1991) show that A

customer's assessment of value depends on sacrifice (i.e., the monetary and nonmonetary costs associated with

Utilizing the service), Customer characteristics, customer intention, while (Helgen&Nesset, 2007) concluded

that perceived value has a significant effect on customer satisfaction, this leads to H5:

**H5:** Perceived value has a positive effect on student satisfaction.

### III. METHODOLOGY

#### 3.1. The Model

The model to be tested (Figure 1) results from the hypotheses previously established and illustrates

themain antecedents of satisfaction, Service quality, price satisfaction, perceived value.
3.2. Sample’s Definition
Having defined the patients as the most important customer of the health care service, in order to test the proposed model it was necessary to select a sample of patients in ALKindi hospital in Homs city in Syria. From the total number of 200 questionnaires distributed 174 were returned the responserate was about 87%, profile of respondents shown in Table (1)

3.3. Method of Data Obtainment
Given the intended objectives expected to be reached with this research, a survey using questionnaires was the chosen way for gathering data, thus, a questionnaire subdivided in 5 parts was drawn up: Sample characterization, Service quality, perceived Value, customer satisfaction, and price satisfaction.
All measures used a seven-point Likert-type response format, with “strongly disagree” and “Strongly agree” as the anchors, perceived quality was measured using measurement Scale by twenty seven items adapted from (Taylor1, 2001). Price satisfaction was measured by using a measurement by twenty eight items was used by (Matzler. et al, 2005).
Satisfaction was assessed by three items adapted from Mendez, etal, 2009), perceived value measured by three item used in the study of (Alves&Raposo, 2007).

<table>
<thead>
<tr>
<th>Table1: Profile of Respondents</th>
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</thead>
<tbody>
<tr>
<td>Gender</td>
</tr>
<tr>
<td>Male</td>
</tr>
<tr>
<td>Female</td>
</tr>
<tr>
<td>Total</td>
</tr>
<tr>
<td>Marital status</td>
</tr>
<tr>
<td>Single</td>
</tr>
<tr>
<td>Married</td>
</tr>
<tr>
<td>Total</td>
</tr>
<tr>
<td>Age</td>
</tr>
<tr>
<td>&lt;25</td>
</tr>
<tr>
<td>25-45</td>
</tr>
<tr>
<td>&gt;45</td>
</tr>
<tr>
<td>Total</td>
</tr>
<tr>
<td>per capita income (SP)</td>
</tr>
<tr>
<td>10000-25000</td>
</tr>
<tr>
<td>26000-40000</td>
</tr>
<tr>
<td>41000-50000</td>
</tr>
<tr>
<td>&gt;50000</td>
</tr>
<tr>
<td>Total</td>
</tr>
</tbody>
</table>

3.4. Analysis of Result
Following the two stage modeling strategy and after confirming the acceptability of the measurement model, there then proceeded an estimation of the structural model.
The estimated model is that shown in Figure 2. This figure details the standardized regression weights.

Figure 2: Final Model

Table II presents the composed reliability of each of these constructs, that is the level of internal consistency for each construct. As can be observed, all constructs exceed the minimum reliability level of (0.6) recommended by (Mallhotra&Briks, 2010).

<table>
<thead>
<tr>
<th>Construct</th>
<th>Item number</th>
<th>Reliability</th>
</tr>
</thead>
<tbody>
<tr>
<td>Service quality</td>
<td>27</td>
<td>0.88</td>
</tr>
<tr>
<td>Satisfaction</td>
<td>3</td>
<td>0.82</td>
</tr>
<tr>
<td>Perceived value</td>
<td>3</td>
<td>0.70</td>
</tr>
<tr>
<td>Price satisfaction</td>
<td>28</td>
<td>0.77</td>
</tr>
</tbody>
</table>

In turn, Table III presents the various structural equations, as well as the determination coefficient (R^2) for each equation. From analysis of the determination coefficients of the various structural equations present in Table III, it was found that price satisfaction has a positive direct effect on satisfaction (0.113), also the price satisfaction has positive direct effect on value (0.43), table III shows that perceived value has a positive direct effect on customer satisfaction (0.082).
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Table III. Model structural equation

<table>
<thead>
<tr>
<th>Structural equations</th>
<th>R2</th>
<th>T</th>
<th>Sig</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>Service quality</td>
<td>0.0025</td>
<td>0.278</td>
<td>0.781</td>
<td>Not supported</td>
</tr>
<tr>
<td>Service quality</td>
<td>0.0086</td>
<td>1.261</td>
<td>0.105</td>
<td>Not supported</td>
</tr>
<tr>
<td>Price satisfaction</td>
<td>0.113</td>
<td>4.486</td>
<td>0.001</td>
<td>Supported</td>
</tr>
<tr>
<td>Price satisfaction</td>
<td>0.427</td>
<td>11.463</td>
<td>0.001</td>
<td>Supported</td>
</tr>
<tr>
<td>Perceived value</td>
<td>0.082</td>
<td>3.81</td>
<td>0.01</td>
<td>Supported</td>
</tr>
</tbody>
</table>

IV. CONCLUSIONS AND IMPLICATIONS:

This study demonstrated that the construct that most influences customer satisfaction in Healthcare services that of price satisfaction this has a direct effect of 0.113, in other words if the price satisfaction of rises or falls by a unit, satisfaction increases or decreases in a proportion of 0.113. It is possible to say that to measure and understand the price satisfaction is very important because of its influence over the customer satisfaction and loyalty formation process. If Syrian healthcare institutions have to compete through customer satisfaction, the first step to take is to measure the price satisfaction held by patients, and the second step should be to ascertain how the constructed price satisfaction is formed and how it can be modified in order to better reflect the intended image.

The results also showed that price satisfaction has a positive impact on customer satisfaction and, perceived value. This means that price satisfaction plays an important role in keeping the customers and reduce the rates of Switching, so the healthcare organization in Syria wishing to achieve competitive advantage through customer satisfaction must be focus on the determinants of patients satisfaction such as service quality by narrowing the gap between the expectations of the patients and perception.

In this way, this research contributes towards deepening the knowledge about customer satisfaction and its importance for healthcare institutions in retaining current patients and attracting new customers.

V. RESEARCH LIMITATION AND FUTURE RESEARCH:

In this paper, the effect of image has not been studied as determine of customer satisfaction, so a future area must search in the role of image and other determinants such as expectation and past experience, and should extend this work to include the comparison between the level of patients satisfaction at several hospitals.

References:


