Customer Relationship Management and Service Quality Improvement in Malaysian Healthcare Industry

Nurul Fadly Habidin1*, Naimah Aili2, Sharul Effendy Janudin2, Zuraidah Zainol1, Wan Salumni Wan Mustaffa3, Norlalie Salleh Hedin4
1Dept of Management and Leadership, Faculty of Management and Economics, University Pendidikan Sultan Idris, Tanjung Malim, Perak, Malaysia.
2Dept of Accounting and Finance, Faculty of Management and Economics, Universiti Pendidikan Sultan Idris, Tanjung Malim, Perak, Malaysia.
*Corresponding author’s E-mail: fadly@fpe.upsi.edu.my

ABSTRACT
Healthcare industries in Malaysia are facing many challenges in attempts to survive and retain the customer. Strategic customer approach such as customer relationship management (CRM) is viewed as one of the organization’s strategy in order to maintain and retain customer especially in healthcare industries. In addition, how the organization manage their customer are really important as healthcare is one of the competitive service sectors. Thus, to survive and excel in this sector, relationship management is needed as a strategy to maintain the relationship between patients and provider. Despite of many relationship management implementation by organization were unsuccessful, service quality improvement is viewed can assist to implement customer relationship management successfully. Thus, this study aims to propose customer relationship management and service quality improvement for Malaysian healthcare industry.

Keywords: Customer Relationship Management, Service Quality Improvement, Continuous Improvement, Quality Management, Healthcare Industry.

INTRODUCTION
Malaysian healthcare industry is going beyond globalization. Globalizations here mean there is competition among healthcare organizations and the end of the days; it is who provides the best quality of healthcare. At present, competition in Malaysian healthcare industry is mainly involved only in private healthcare sector. According to Rasiah1, it is clear that healthcare delivery in Malaysia is improving due to the increase in the growing of private profit health care providers in contrast to the withering public healthcare sector. In addition, Malaysian’s patients are educated and the rise of living standards drives them to choose the best healthcare providers and service.

Almunawar and Anshari2 argued that in order to create a better mutual understanding between patients and healthcare providers, organization should understand how to manage the relationship that is an interesting aspect to be investigated in healthcare management. In relation to that, strategic customer approach such as customer relationship management (CRM) is viewed as one of the organization’s strategy in order to maintain and retain customer especially in healthcare industries. Furthermore, the importance of CRM practice has been highlighted in many studies3-6.

However, Almunawar and Anshari2 stipulated that there are many challenges in adopting CRM for healthcare organization. Moreover, many previous authors are on consensus that CRM’s implementation is barely successful. For example, Giga7 reported that in a survey held, 70% of organizations failed in implementing CRM. Logically, there are lots of factors that lead any practice or strategy to a failure. Hence, organizations need to be properly prepared before implementing CRM strategy. Hence, CRM require sufficient resources as well as another supporting strategy so that CRM can be successfully implemented. In addition, organizations should be able to maintain the relationship with customer in excellent ways. Thus, organizations are able to achieve their target and goals.

In regards to that, organizations should provide the best service and maintain a good relationship with customers. High customer perception of service quality in an organization indicates that the organization is being managed appropriately8. As such, healthcare industry service is not excepting. Quality of healthcare is what patients require at present. In addition, many previous authors highlighted the strategic importance of service quality in healthcare in both the private and the public health care organizations9. Therefore, providers of healthcare industry should practice a good quality of medical attitudes towards patients in order to create a long term relationship with them.

As continuity to it, this paper focused about the relationship between CRM and Service Quality Improvement (SQI). The purposes of this study is; 1) to identify the CRM and SQI constructs for Malaysian healthcare industry and 2) to proposed research model of the CRM and SQI for Malaysian healthcare industry. The rest of the paper is organized as follows. These papers review the literature on CRM and SQI in order to develop research hypothesis.

Next, brief the research methodology and measurement of constructs instrument. As to conclude the research, conclusion future agenda is made at the end of this section.
Literature Review

Healthcare quality can be viewed as management process of the improved healthcare and customer satisfaction limited to technology, resources and customers’ circumstances. Based on that, CRM and service quality practice can be said as strategies to enhance and increase a quality of healthcare. Thus, this empirical study carried out the research about CRM and SQI as follows.

Customer relationship management (CRM)

Many previous studies explored about customer relationship management (CRM) and various definitions are created. For instance, Gronroos defined CRM as an interaction process between customer and service providers in order to attract, maintain and retaining the customers to use the organization’s service. Besides that, CRM can be referred as a concept used by the organizations to manage their relationships with customers, including search, store and analyze customer information. Briefly, CRM strategy aims to maintain and retain the most valuable asset for a company which is loyal customers.

There are lots of benefits in CRM implementation. For example, Microsoft Dynamics described to assist CRM strategy implementation, healthcare providers can assure for an establish relationship with their patients as well as improving patient health and satisfaction. As a result, patients become loyal customers to the providers. In addition, CRM assist organization to get the information for improving marketing skills and can manage to preserve loyalty and customer satisfaction. The result can be seen in increased revenue, improved profitability and more efforts occur in target marketing. Therefore, CRM support for emphasizes customer service that is important for patients.

Furthermore, CRM plays a vital role in healthcare context. According to Hausman, competitive pressures and cost retention require healthcare service providers to be competitive, struggle and strive in retaining patients they serve as well as to satisfy the patients. Thus, with CRM strategy at the place, organization should fully utilize it for a long term beneficial relationship with customer can be created.

Besides that, Coltman suggested that a better understanding of the resources and capabilities of CRM is important for several reasons. Moreover, implementing CRM in healthcare service is a complex process and need to be done properly. Yina explained that in deploying CRM, healthcare providers need to ensure CRM strategy can gain trust from their patients and at the same time improving the quality and efficiency of healthcare service. Therefore, an organization needs to continuously understand the customer expectation for increasing customer satisfaction level. However, the relationship between organization and customers is always changing as customers’ expectation changes as the time passes. In regards to that, Chahat discovered that the active involvement of direct front-line employees is necessary as it affects the overall customer relationship interaction quality. Indeed, this seems to be the most important factor influencing of CRM success.

On the other hands, there are many factors contributing to CRM be successfully implemented. Coltman discovered that collaboration and combination of human, process and technology capabilities is needed to successfully implement CRM strategy. This is supported by Almunawar and Anshari that suggested further CRM initiative focused on people, technology and culture are possible to be explored in the future. As such, Critical Success Factors (CSFs) of CRM in this study is divided to five factors. These are top management, organizational culture, information technology, customer involvement, and evolution path.

Top management

Top management plays a vital part in organizing and leading the company in achieving their objectives and goals. It can be said that the most important attribute is leadership evacuation. Likewise, many previous studies agreed that top management is one of the factors that contribute to the success of CRM implementation. For example, Arab stated that the success of CRM’s implementation is positively related with top management support. Hence, management supposed to determine a clear CRM strategy and related staff should be trained to ensure CRM is successfully implemented.

This supported by Shazali that implementation of lean such as CRM is not possible without management support. Generally, good management of CRM assists to customer satisfaction. As in healthcare, customer satisfaction is the most crucial goal need to be achieved by healthcare providers. Thus, top management should have good knowledge and capability skill in handling CRM strategies so that it can be successfully implemented.

Organizational culture

Organizational culture can be defined as perceptions and expectations of individual in organization. In addition, it can be described as the shared beliefs of everyone in the organization. In healthcare service environment, organizational culture is supported with a few of organizational experiences as if nursing care, patient safety and employee satisfaction that contributes to quality. Thus, CRM strategy needs to be ensured can react with the organizational experience.

In line with this, CRM strategy must be implemented accordingly to organization’s objective, culture and values. This is because inequity between CRM strategy and culture induces organization to a failure of CRM implementation. Therefore, in order to CRM be successfully implemented, organizations need to develop a better work environment culture that can assist the employees to obtain the information from customer easily.
This also support by Greenberg that identified changes in the organization are expected in CRM initiatives. Indeed, organization evolve period of time and certainly there are changes made. As to other research, Carney discovered that organizational culture directly influence the healthcare provider in delivering quality of care. Therefore, CRM strategy needs to adopt positively with organizational culture for improve the organizational performance.

**Information technology**

In healthcare, information technology can be used as a tool for organization to obtain patient information and assist to develop a new strategy and knowledge management. Many previous authors are on consensus that technology is the most crucial factors in order to deploy CRM successfully. As such, CRM technology is referred as an important tool and excellent strategy for organization to implement CRM strategy successfully.

In addition, Day and Hubbard argued that corporate organizations are rarely want to invest in CRM technology because of software damage, poorly trained staff and different legacy systems has failed to live up to expectations. Besides that, lack of resources also challenges for any organization in order to successful implement CRM. Thus, organization should provide a more assure CRM technology in order to attract a new investor as well as assist organization to bravely compete with other healthcare providers.

**Customer involvement**

Customers’ involvement is important for organization to create their strategy based on customer approach strategy. Argue on that, CRM is objectively created for maintaining and retaining a long term beneficial relationship between healthcare providers and patients. Nonetheless, patients’ involvement performs as one of the critical important factors in implementing CRM. In other words, CRM implementation can lead to a failure if the patient not fully contributed in the process of providers-patient relationship.

Recently, it is very hard for healthcare providers to survive and compete in healthcare industry. Patients can change to other healthcare providers that are more promising and can meet their expectations. Patient is the pioneer in building healthy relationships. On top of that, consumers of healthcare in Malaysia choose an excellent quality of healthcare providers as they are high educated and afford to choose high quality of healthcare. Moreover, patient can easily obtain the healthcare information especially using the internet. In addition, Chahal stated that improved access to healthcare information such as internet increase patients’ awareness and proved that patients are begin to actively takes role in their own health management. Therefore, organizations should effectively utilize CRM strategy to ensure the patients are assuring to get the service from them.

**Evolution path**

Evolution path is stated as one of the success factor in implementing CRM. It involves a step by step in CRM implementation process. For example, Nykamp suggested that healthcare providers need to know the patients at starting point for achieving a good relationship with patients can be build based on the behaviours of target groups. Henceforth, organization needs to deploy CRM strategy wisely in adapting the changing and competitive healthcare industry environment.

**Service quality improvement (SQI)**

Previous study revealed that service quality has been studied and used as the healthcare strategies for improving the quality of healthcare. In Malaysia, there are increase a number of healthcare organizations. In terms of quality service, patients can easily make comparison between healthcare organizations involved. Thus, it is important for healthcare providers to improve and sustain its quality and service.

Service quality can be defined from customer’s response and feedback about service offered by the providers and organization. In addition, service quality can be viewed as an overall evaluation of providers’ attitude. Meanwhile, service quality improvement (SQI) is an organization’s attempt to enhance and emphasis their service to the excellent state. According to Zainol, service quality is defined as services that meet customers’ expectation and should correspond to satisfy customers’ needs and requirement. Nonetheless, customers’ satisfaction is one of the goals that organizations in service sector need to achieve. In term of healthcare service effect, the quality of health services are directly influences health outcomes, patient satisfaction and health-related behavior.

In regards to that, customers’ viewpoint is distinctive from organizations’ viewpoint. Even though organizations are satisfied with the service they provided, customers are yet to feel the same way. In healthcare context, patients can evaluate the service as the one that perceived the service are themselves. This is supported by Berry that only customers can judge the service quality provided and evaluate service quality depends on what they expect and what they perceive. Indeed, it is a very subjective matter as quality definition is differs for those who perceived it. Therefore, organizations should provide a better service than the patients’ expected because customers have the right to choose the best service provider.

Improving service quality is not an easy task to achieve by organizations. Organizations need to know its customer in order to improve their service and achieve beneficial relationships within it. Moreover, Mekoth stated that healthcare is one of the service processes that involve high-contact encounters. Therefore, organizations should pay more attention to patient’s awareness and needs as it always changes in a time.
Customer service and organizations cannot be separate with each other. Improved customer service means organization can increase their customer satisfaction hence leading to better firm performance.

According to Pyon\textsuperscript{32} it is needed to monitor and measure results of service in order to measure the improvement of service. Parasuraman\textsuperscript{29} explained service quality featuring three unique characteristics to service which are intangibility, heterogeneity and inseparability of production and consumption. However, based on theoretical and empirical evidence of previous researchers, service quality construct was claimed as complex\textsuperscript{22}.

As such, this study focused to explore five dimensions of service quality introduced by Parasuraman\textsuperscript{29} which are tangibility, reliability, responsiveness, assurance and empathy.

**Tangibility**

Tangibility for product and service are differs. For service, tangibility refers to service physically. Parasuraman\textsuperscript{29} defined tangibility as physical facilities, equipment for service requirement, and appearance of providers. In healthcare context, tangibility represents particular things such as patient care supplies, clean hospital environment and proper medical equipment. Furthermore, patients are more interest to visit those fully welcoming places better. In other words, it can also be seen as a communication way between providers and patients as well as creating a good first impression to patients. Next study by Bateson\textsuperscript{34} described that customers’ assessing tangibility of service before they experience the service. Thus, providers need to ensure their healthcare surroundings are in the best conditions, ultimately leading a better quality of health so that patients are gladly to come again in the future.

**Reliability**

According to Bateson\textsuperscript{34}, many customers viewed reliability as the most important of the five dimensions of service quality performance. Patients easily trust and believe the providers that can fulfill and completed the promised service and the same time accurately perform the service. For example, some of reliability dimension includes keeping records correctly, accuracy in billing and completing the service at the promised time\textsuperscript{35}. Therefore, how patients receive a service is an important factor in perceptions of service quality.

**Responsibility**

A good and decent provider means they are willing to assist patients. Parasuraman\textsuperscript{29} evaluated responsibility as willingness of the providers to assist customers and provide prompt service.

In other words, responsibility can be viewed as the willingness of the organization to assist its customers in providing them with a good, quality and fast service.

**Assurance**

Zainol\textsuperscript{20} stated that assurance dimension concerns the customers’ trust and confidence towards skill and knowledge of the providers. In addition, patients tend to believe the provider and are comfortable with the skill and the competence showed by providers. Competence here can be defined as providers possess the required skills and knowledge to performance the service. On the other hands, the assurance dimension refers to the company’s employees. Thus, employees are required to gain the trust and confidence of the customers based on their skill. This is because if the patients are not comfortable with the employees, they can move to other healthcare providers.

**Empathy**

Parasuraman\textsuperscript{29} defined empathy as a caring attitude and individualized attention the organizations provide to their customers. In other words, it refers to how the company cares and gives individualized attention to their customers, to make the customers feeling extra valued and special. As a result, patients tend to use the same healthcare providers in the future. Therefore, organizations need to offer a highly individualized service for each patient to ensure they come again for the service.

**Research Hypotheses**

Gbadeyan\textsuperscript{36} discovered that CRM are able to improve service quality in healthcare industry. Meanwhile Almunawar and Anshari\textsuperscript{7} argued that many organizations view CRM as strategy for improving customer service which can lead to failure when executed. Respond to that, CRM itself need supporting factors to make it successfully implemented. Besides that, it is an importance to investigate healthcare services provided by private healthcare sector in Malaysia\textsuperscript{1,37-40}. SQI initiatives can be seen as one initiative to assist CRM to be successfully implemented. As far as it is concern, this study is an attempt to explore the relationship between customer relationship management and service quality improvement in Malaysian healthcare industry. Thus, hypothesis 1 is being proposed.

\textbf{H\textsubscript{1}}: There is a positive and direct significant relationship between customer relationship management and service quality improvement in Malaysian healthcare industry.

**Research Methodology**

The main aims of this study are to proposed structural relationship model between CRM and SQI in Malaysian healthcare industry through the path analysis by Structural Equation Modeling (SEM) approach. Besides that, research hypothesis are employed in this study. SEM approach was used because the requirement to improve method of quality initiative and performance measurement is very important in healthcare industry\textsuperscript{41-47}.
Other than that, planning for respondents is essential for empirical studies. In this study, sampling method is used by using structured questionnaire. Sekaran suggests that questionnaires are the most useful instrumentation data collection method, besides is a fairly easy process to ensure the researcher to code the questionnaire in an uncomplicated manner. The study is going to use quantitative survey and the population of this study comprised in Malaysian healthcare industry. Questionnaires will distribute to healthcare’s manager in Malaysian healthcare industry.

To analyze the data, two statistical techniques were adopted. Next, the statistical package for the Social Sciences (SPSS) version 20 was used to analyze the preliminary data and provide descriptive analysis about thesis sample such as means, standard deviations, and frequencies. SEM using AMOS 20 will be as a guide to test the measurement model. Thus, SEM technique was utilized to perform the required statistical analysis of the data from the survey.

Proposed Research Model

Based on literature review, many previous studies separately discussed about CRM and SQI in various field of study. Thus, this research aims and attempts to find the relationship between CRM and SQI in Malaysian healthcare industry. The proposed research model is as presented in Figure 1 below.

![Proposed research model](image)

**Figure 1: Proposed research model**

**CONCLUSION**

Patients focus an important part in supporting the success of healthcare organization. In addressing the problem, providers and patient’s point of view are differs from each other. Patients especially have their own judgment about the service they perceived. In fact, patients’ expectation is hard to meet even though providers giving multiple facilities and services. Hence, providing a better service than the patients expects can assist to better quality of healthcare. On top of that, CRM is viewed as one strategy for organizations to retain and maintain the relationship between organizations and customers. Perhaps with the support of SQI, organizations can provide a better quality of healthcare as well as create a customer loyalty. Thus, this area of research can be expended and explored more in the future to provide an establish result between CRM, SQI and OP in Malaysian healthcare industry.

**Acknowledgement:** The researches would like to acknowledge the Ministry of Higher Education (MOHE) for the financial funding of this research thought Exploration Research Grant Scheme (ERGS), and Research Management Centre (RMC), UPSI for Research University Grant (RUG).

**REFERENCES**


44. Norazlan ANI, Habidin NF, Roslan MH, Zainudin MZ, The Development of Sustainable Supply Chain Management Practices and Sustainable Performance in Malaysian


Source of Support: Nil, Conflict of Interest: None.