A Review of Service Quality Improvement and Organizational Performance in Healthcare Industry

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ABSTRACT

Improvement of service quality is needed by organization to compete with their competitors in order to satisfy customers. High service quality seems hard to be achieved by healthcare providers as patients are high educated, so they definitely know what types of quality services were provided for them. Thus, the aim of this study is to investigate the influence of Service Quality Improvement (SQI) on Organizational Performance (OP) in Malaysian healthcare industry and its model is being proposed. Next, based on the proposed conceptual model, research hypothesis is being developed. Finally, the research concludes with suggested future research work.

Keywords: Service Quality, Quality Improvement, Patients Satisfaction, Employees Satisfaction, Organizational Performance.

INTRODUCTION

It cannot be denied that poor service quality and unsatisfied customer is an issue that always been debating over by organizations. In terms of management and operation of an organization makes it more important and sensitive as the good or bad of a service provided to customers definitely have an impact directly on the performance and image of an organization. Hence, patients hold a great impact in deciding level of satisfaction from service quality provided by healthcare providers. Providers in this study can be referred as whole staff of healthcare organization and the organization itself.

Malaysian healthcare system has been dominated by a strong public healthcare sector1. This is because patients have been comfortable by treatment from public hospitals that heavily subsidized rates by government. Private healthcare charges people accordance to quality service they provide. Hence, only some of people could enjoy the benefits of private healthcare at the moment. However, given the rapid changes in the Malaysian healthcare environment, patients are no longer fond to use the public hospitals as they can obtain excellent quality healthcare from private healthcare institution that they require. High quality life encourages patients to more comfortably decide to choose the best healthcare providers for more satisfaction. In line with this, Sohail4 describe because of increasing competitiveness in Malaysian healthcare industry and an increasing awareness by patients of customer satisfaction, the present study provides valuable insights for hospital administration into the non-clinical aspects of service quality that are most valued by patients.

Currently, company is striving to provide the excellent service for customer in order to survive in this competitive service business market. Service quality offered by healthcare organizations is distinctive from each other. Competitiveness among healthcare organizations existed because of the service patient provider and continuous healthcare service quality that lead to patient satisfaction2,9. Healthcare satisfaction drives patient to choose the best healthcare provider based on different service quality they received from providers. This supported by Rad10 that patient’s point of view and perspective of perceived service healthcare plays a great role in order to improve the quality of service. As to measure the service quality, patient satisfaction and employee satisfaction are the indicators for organization to evaluate their performance. Therefore, healthcare providers itself should provide excellent service to satisfy and retain the patients.

This paper focused about the relationship between Service Quality Improvement (SQI) and Organizational Performance (OP). The purposes of this study; 1) to identify the SQI constructs and OP measures for Malaysian healthcare industry and 2) to develop research model of the SQI constructs and OP measures for Malaysian healthcare industry.

These papers review the literature on SQI and OP as well the 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

Service Quality Improvement (SQI)

Researchers argued that there are various perspectives how the service provided should be defined. Parasuraman11 defined service quality as the gap between customer’s expectations of service and actual
experience of the service. Meanwhile, Palmer explained quality of healthcare as an improved quality of health and increase of customer satisfaction within the limitations of existing resources and customer circumstances. As to other research, a common definition of service quality is the service should be equivalent between customer’s expectations and satisfying their need and requirements. Besides that, Sulaiman described service quality as critical prerequisite for retaining and sustaining satisfying relationships with valued customer. In other words, service quality in healthcare can be viewed as how the providers provide quality of service to customer and how the perception and satisfaction of customers about the service they received. In this way, association between service quality and customer satisfaction has emerged as an important and strategic topic to be study.

Service sector in Malaysia has competed in providing the best and excellent service for customer a long time ago as service quality is very important for each organization to attract customer. Service industry existed such as banking sector, insurance, transportation, healthcare and others. Current trends indicate that hospitals are more focus to compete for patients by providing more excellent services, better facilities or lower prices. The rise of living standards and cost, education, freedom of choice in the greater market service offerings as well as consumer sensitivity to their rights as customers and consumer issues have a great impact on the service sector.

Nowadays, customers have full right in their hands to choose the best providers of service quality in order to fulfill their need and satisfaction. Furthermore, the pillar reason for seeking service quality improvement is the assumption that the increase of customer satisfaction can contribute significantly to business performance. Besides, stipulated that initiative to include patient assessment about healthcare services have found what commercial services have long known that skillfully applied of quality methods can reduces costs and increase customer satisfaction as well as improve clinical outcomes. By focusing and assessing different issues, clear and specific model goals are to improve the service provided to users, thus indirectly able to improve different aspects. Therefore, it is important for organization to try miscellaneous of ways to improve their quality of service.

Quality specifications for service are differs from each organization as the company and individual customers come from various culture, education and place. identified that there is an insufficient quantity of proper healthcare facilities and related infrastructure to deal with various requirements in healthcare services. Thus, providers should try their best in delivering excellent service quality despite the restriction and lack of new technology in healthcare institution. This is because customer satisfaction is a key factor for organization to survive in healthcare industry. For example, level of service quality and cost considerations are the key factors that patient look for in a quality medical treatment. Taken altogether, most of previous researchers agreed that service quality is the best indicator, benchmark and measures to evaluate customer satisfaction.

Customer satisfaction guides by service performance provided by provider and it’s resulted from the quality of the services. This supported by that patients’ point of view of the service they received is very important as their perception will ultimately affect the overall healthcare institution because perceives service quality leads to satisfaction. In line with this, services quality is what customer expects and what their expectation when they purchase a service. Satisfied customers usually tell other about the service offered by the providers by mouth to mouth. Therefore, providers determine their quality of service depend the objective to satisfy the need of their customer and employees fulfillment.

According to Aga and Safaki, majority of the work to date has tried to use the SERVQUAL methodology in order to measure service quality. deriving the now-standard SERVQUAL multiple-item survey instrument to measure service quality dimension. Service quality is widely studied using various adaptions of the SERVQUAL instruments. In Malaysia, a little of study measuring service quality in healthcare industry yet is encountered. Previous research by also identified that there is lack of research focusing regarding the effectiveness of quality strategies in healthcare sector. suggests that for long-term benefits, service quality should be continuously measured and improved involving cost measures, physician and nurse performance, and salary distribution.

Table 1 Summary of literature review on service quality dimensions

<table>
<thead>
<tr>
<th>Service Quality Dimensions</th>
<th>Authors</th>
</tr>
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<tbody>
<tr>
<td>Reliability, communication, responsiveness, competence, access, security, understanding the customer</td>
<td>Berkley and Gupta</td>
</tr>
<tr>
<td>Tangibility, reliability, responsiveness, assurance, empathy</td>
<td>Saheb</td>
</tr>
<tr>
<td>Patient quality, professional quality, management quality</td>
<td>Ovretveit</td>
</tr>
<tr>
<td>Communication, responsiveness, courtesy, cost, cleanliness</td>
<td>Hasin</td>
</tr>
<tr>
<td>Technical leading to technical quality, interpersonal, environment</td>
<td>Donabedian</td>
</tr>
<tr>
<td>Object, processes, infrastructure, interaction, atmosphere</td>
<td>Zineldin</td>
</tr>
<tr>
<td>Intangibility, perishability, inseparability, heterogeneity</td>
<td>Kotler</td>
</tr>
</tbody>
</table>

Table 1 above are the summarised of literature review on service quality dimensions. In this study, researchers are inspired to use services quality dimensions proposed as followed from Parasuraman’s Model (1988). There are five domains of SQI adopted from Parasuraman which
are tangibility, reliability, responsiveness, assurance, and empathy.

**Tangibility**

Tangibility represents the service physically. Parasuraman\(^\text{11}\) explained that tangibility refers to physical facilities, equipment, technology and appearance of personnel. This factor has been noted as one of key factors in service industry in dealing with quality of services\(^\text{10}\). As such, providers should present this dimensions when providing the services for customer.

**Reliability**

According to Parasuraman\(^\text{11}\), reliability means the ability of providers to perform the service accurately and dependably. It refers to the approach utilised by the employees in performing the job in concerning timeliness, consistency, regularity and accuracy. This supported by Brady and Cronin\(^\text{18}\) that said when service providers are able to show their integrity, customer satisfaction will be high. In short, reliability can be viewed as customer’s own judgement on how well the service that were provided to them.

**Responsiveness**

Customer tends to believe and trust the responsible providers in delivering service. Responsiveness is defined as willingness of service provider to help customer and provide excellent service\(^\text{11}\).

Responsiveness is important to be practiced by providers to help patients who have a problem or required extra service over.

Typically, good value practice by providers will lead to high patient satisfaction.

**Assurance**

Assurance is one of the important things that providers need to provide for their customer. Parasuraman\(^\text{11}\) identified assurance as employees’ knowledge, courtesy and their ability in inspiring trust and confident.

Usually, customer tends to satisfy and come again as they trust the skill and knowledge of the providers to provide the best service for them.

Doran and Smith\(^\text{39}\) whom investigated the measurement of service quality, found out that assurance is the most important dimensions of service quality and customer are easily satisfied with this provided assurance service.

**Empathy**

Parasuraman\(^\text{11}\) stipulated empathy as the level of caring and individual attention provided to customers. It means providers treating customers as individuals. Fitzpatrick\(^\text{40}\) suggested that empathy is the root factor on customer satisfaction between customer and services providers. As continuity to that, Doran and Smith\(^\text{39}\) discovered that empathy dimension brings high level of satisfaction for customer as customer loves a caring and respect attitudes.

**Organizational Performance**

In healthcare, organizational performance is usually measured by patient’s viewpoint, their response and feedback about the service given by providers. However, it is differ for each organization in measuring their performance. For example, empirical studies by Yee\(^\text{41}\) discovered a proof that employee satisfaction plays an important and significant role in increasing the performance of organization in high service contact. Other than that, Cromwell\(^\text{12}\) stated that performance in healthcare might include administrative efficiency and compliance, patient safety, patient experience and satisfaction, service quality and cost of care. In short, performance in healthcare can be measured based on satisfaction of those who involve in this circle.

**Patient Satisfaction**

Patients’ satisfaction can viewed on various perspectives in terms of definition. For example, Oliver\(^\text{19}\) defined satisfaction as the response and fulfils the customer needs. It is a consideration that a product or service feature offered provides a pleasurable level of consumption. This supported by later researcher, Evans and Lindsay\(^\text{44}\) suggested that patient satisfaction can be achieved from the goods and services that meet or exceed customer needs. In healthcare service quality, patient satisfaction involves a question on what is the internal and external patient perception about product and services offered by organization.

Many previous studies highlighted the relationship between service quality and customer satisfaction. For example, Rivers and Glover\(^\text{45}\) suggest process and quality improvement will decrease costs, and directly increased customer satisfaction.

Table 2 below shows the relationship between service quality and patient satisfaction in various areas of researches.

As mentioned earlier, empirical studies about service quality and patient satisfaction are still hard to found in Malaysian healthcare industry. Therefore, there is a need to explore this area of topic for researchers.

**Employees Satisfaction**

Healthcare surrounding plays an important part in providing a comfortable and conducive workplace for employees. Employees’ satisfaction is a term used to describe whether employees are happy or not in their job and fulfil their needs at job. Employees’ satisfaction can be viewed as employees were satisfied and pleased with their services that were provided for customer. In healthcare services, providers tend to satisfy easily if their patients are satisfied.
This supported by Press that high satisfaction of employees, high quality of care, improved financial health, strengthened competitive position, and better risk management will lead in increasing patient satisfaction. Therefore, accumulated satisfaction of employees will help organization to achieve their goal and objective.

Commonly, satisfied employees provide the best service quality for customer. In line with this, Bulgarella identified that employees are able to maintain a customer-centric approach in their work and in their work-related interactions if they are satisfied with their job. Good skill and work value among employees are encouraging the customer to come again for the services. As to other research, Yee suggested that to enhance and achieve excellent service quality and customer satisfaction, employee satisfaction is one of the key points for the organization to consider. This is because employee plays an important part in supporting and guiding the organization to excel in service sector. Henceforth, organization itself should provide a comfortable workplace, proper accommodation and equipment for their employees to deliver a sound service to patients.

Besides, satisfied employee can be reviewed as a strong contributor to an organization’s success. Many previous researchers are on consensuses that employees’ pride and satisfaction can directly influence their decision to stay or leave the company. In other words, employees' decision will determine the future direction of organization as employee plays a vital part in organization. In addition, most of the employees tend to quit working in particular organization because of severe pressures at workplace. Therefore, the organization should pay a close attention and comfort the employees so that they are satisfy with their work and continuously working in order to help organization to be more successful in the future. In addition, Kara discovered that organization’s care for employee such as fairness and equity in salary or wages are the efficient ways to increase and enhance employees' satisfaction.

**Hypothesis**

**The relationships between service quality and organizational performance**

Although an extensive review of this issue is neither the aim nor the intention of the current research, there is no agreement between consumer satisfaction researchers and service quality researchers about the influential of service quality improvement towards organizational performance. In the previous literature discussed, many authors argued which variable should lead related relationship between service quality and organizational performance. For example, Parasuraman examined service quality as decided by its various components is a part of satisfaction. Meanwhile Cronin and Taylor debated about proper order of these constructs, hence suggests that it is a necessary for researchers to make a justification in order to determine the true nature of this relationship. This also support by Oliver that hopes to establish a basis for the present debates that service quality influences the levels of customer satisfaction.

Moreover, Zailani said that some researchers tend to see customer satisfaction leading to service quality whilst some from them often conceptualize the opposite relationship.

Contrary to that, rather than argue which variable should lead, researchers should explore more of both sides in this topic area.

Nevertheless, currently there is lack of study that covers about service quality and organizational performance in Malaysian healthcare industry.

| Table 2 The relationship between service quality and patient satisfaction |
|---|---|---|
| Author | Field | Findings |
| Vinagre and Neves | Healthcare | The results assist process complexity that leads to health service satisfaction, which involves diverse phenomena within the cognitive and emotional domain, revealing that all the predictors have a significant effect on satisfaction. |
| Wang and Shieh | Library | Service quality has five dimensions, which are tangibles, responsiveness, reliability, assurance, and empathy. The results indicate that the overall service quality has a significantly positive effect on overall user satisfaction. Among these five dimensions except responsiveness, all of them have a significantly positive effect on overall user satisfaction. |
| Aga and Safakli | Accounting | Service quality has a positive effect on customer satisfaction. The results showed that all the service quality items (Tangibles, reliability, responsible, Competence, Courtesy, Feel secure, Communication, Understanding the customer) were good predictors of customer satisfaction. |
| Agyapong | Utility Industry (Telecom) | The results showed that all the service quality items (Tangibles, reliability, responsible, Competence, Courtesy, Feel secure, Communication, Understanding the customer) were good predictors of customer satisfaction. |
| Ravichandran | Banking | The finding concludes that increase in service quality of the banks can satisfy and develop customer satisfaction which ultimately retains valued customers. |

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Therefore, a relationship between service quality improvement and organization performance should be investigated. Thus, hypothesis 1 is being proposed here.

H1: There is a positive relationship between service quality improvement and organizational performance in Malaysian healthcare industry

Research Methodology

Research design is viewed as a structure or plan that explicates the number of research entities or variables and their relationship to one another. The main aims of this study are to propose and suggest model about the relationship between SQI and OP in Malaysian healthcare industry through the path analysis by Structural Equation Modeling (SEM) approach. This is because the requirement to improve method of quality initiative and performance measurement is very important in healthcare industry. SEM technique was utilized to perform the required statistical analysis of the data from the survey. Exploratory factor analysis, reliability analysis and confirmatory factor analysis to test for construct validity, reliability, and measurements loading were performed. Having analyzed the measurement model, the structural model was then tested and confirmed.

Other than that, planning for respondents is essential for empirical studies. In this study, sampling method is used by using structured questionnaire. The study is going to use quantitative survey in the Malaysian healthcare industry. 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 20.0 was used to analyze the preliminary data and provide descriptive analysis about thesis sample such as means, standard deviations, and frequencies. SEM using AMOS 20.0 will be as a guide to test the measurement model.

A Proposed Research Model

Based on literature review, many authors suggest and support to explore about service quality and organizational performance. In relation to that, this paper explored and proposed research model of the relationship between service quality improvement and organization performance in Malaysian healthcare industry. The proposed research model is as presented in Figure 1.

CONCLUSION

Service quality is in differ stages in different healthcare organization. Organization itself needs to fully utilize service quality dimensions in order to improve their performance. To satisfy healthcare service consumers, providers should emphasize efficiency and courtesy, be responsive and be willing to help, impart confidence and trust from patient. Service quality improvement is expected to focus more in satisfying not just for patients but for employees too in the future. In Malaysian healthcare industry, there are relatively few studies that have explored the segmentation potential of business customer expectation of service quality and organizational performance. Therefore, this area of research should be explore more in future to provide an establish result between service quality and its relationship with organizational performance.

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