

## **Determination of Customer Loyalty through Customer Satisfaction at Ajatappareng Hospital Sulawesi Selatan**

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### **Abstract:**

**Background:** This study aims to determine the effect of service quality, image, and customer relationship management directly towards the patient satisfaction and loyalty, as well as the indirect effect on patient loyalty with patient satisfaction as an intervening variable in RSUD of Ajatappareng area Sulawesi Selatan.

**Methods:** In this study used of 300 people which taken of patients that coming from in five regional public hospitals in Ajatappareng area. Every hospital is represented by 60 samples that use the sampling method, which are non-random or non-probability selection in the form of purposive sampling. The data results of this study were analyzed by using Structural Equation Modeling (SEM) applications.

**Results:** Service quality has a positive but insignificant effect on patient loyalty. Then the quality of service, image, and customer relationship management, three of them have a positive and significant effect on patient loyalty directly. Meanwhile, if using patient satisfaction as an intervening variable, then the results obtained are service quality and customer relationship management have a positive and significant effect on loyalty.

**Conclusion:** This study can be useful for the hospital or public business sectors as well as that applied satisfaction and loyalty. In this study has some novelty that may benefit for hospital sectors, also there are a new objects at Ajatappareng Hospital which was never conducted before.

**Key Word:** Satisfaction, Loyalty, Hospital, Sulawesi Selatan.

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### **I. INTRODUCTION**

Currently the Indonesian government is trying to create the condition for Indonesia healthy society, both physically and mentally. The government realizes the importance of a healthy society in supporting national development. The run of development will difficult if the society conditions are not healthy. Therefore, the government is required to be able to create an excellent and quality health service system so that it reliable without any obstacles, both economic and non-economic. It means that the government needs to build reliable health services so that all levels of society from lower class to upper class can take the advantage of it.

Hospital as institution in health service has changed, at the beginning of its development, hospital was an institutions that had social function, but with the existence of private hospital, the hospital was more referred as an industry in health services by doing management based on business entity management. Along with it, there is competition between hospitals, both government hospital and private one, which all of them compete to attract consumers to use their services. Hospitals has a very strategic role in process to accelerate the improvement of public health status. The new paradigm of health services requires hospitals to provide quality services according to the needs and willingness of patients by still referring to the professional and medical code of ethics. The fast development of technology and the strong competition, hospital is required to improve the service quality and product quality. Quality is the core of the sustainable of an institution. Hospital as part of the national health system is required to improve the quality of facilities, services and independence provisioning. Therefore the hospital is one of the competitive health service actor that must be managed by actor who has an entrepreneurial spirit which capable in creating the efficiency, excellence in quality and service, excellence in innovation and in responding the patient needs (Jacobalis, 2009).

The image of hospital is a valuable intangible asset of this company service sector. A positive image allows an organization to get the reputation value and competitive advantage. A good image will increase patient satisfaction, service quality and loyalty. A good image will be able to increase the success of a hospital and otherwise a bad image will create the worse stability of the hospital. (Istijanto, 2005) suggests that company that has a good image or reputation will encourage consumers to buy the products offered, enhance competitiveness, encourage employee morale and increase customer loyalty. The image of the hospital has an impact on the attitude and behavior of patients towards the hospital. Therefore, the understanding of relationship between hospital image and its effect towards the patient intention is really needed

The number of hospital increase in five regions in South Sulawesi Province, namely the City of Parepare, Barru district, Pinrang district, Barru district and Enrekang district or commonly called the Ajatappareng Area make people have many choices to determine which hospital they will choose. People will choose a hospital that they see provide them the maximum satisfaction. That is the reason every hospital should be oriented into the patient satisfaction to be able to compete with other hospitals. Patients will feel satisfied if there is a similarity between expectations and the reality of the health services. Satisfaction of health service users is closely related to health service outcomes, both medically and non-medically, such as following the treatment, understanding of medical information and sustainable care.

The five government hospitals in the Ajatappareng region are required to always maintain the trust of their consumers. Hospital need to determine consumer need carefully as an effort to fulfill customer willingness and increase customer satisfaction. Establishing relationships and conducting research on them are necessary so that the services provided are in line with the expectation. This is called patient orientation. The number of patient which visit the government hospital in the Ajatappareng area changes continuously every year, especially inpatients. The fluctuation that occur continuously every year could be caused by many factors. However the number of inpatients increase continuously each year, it can be seen from the addition of the number of beds which continues to increase every year. In fact, many patients still have to wait at the Emergency Unit (UGD) to get an inpatient room. Based on this phenomenon, it reveals that these five hospitals continue to make improvement to the quality of services provided and also this hospital has an image in the community and well-managed CRM. So that it is necessary to evaluate from the customer side and determine the level of satisfaction received by patients. Based on this phenomenon, this study was conducted to determine the effect of service quality, image and customer relationship management on patient loyalty in five government hospitals in Ajatappareng, either directly or through intervening variables which is patient satisfaction.

## **II. LITERATURE REVIEW**

### **1. Service Quality**

The empirical research is based on the exploratory work produced by SERVQUAL. Item scale to measure service quality along with five dimensions: reliability, responsiveness, assurance, empathy, and tangibles. (Parasuraman, 1997). Service quality is an abstract and elusive concept, because service quality has intangibility, variability, perishability, and the production and consumption of services occur simultaneously inseparability. (Parasuraman, 1997). However, it doesn't mean that service quality can't be measured. According to (Tjiptono, 2008) service quality is the level of excellence expected and control over that level of excellence to meet customer willingness. In this case, there are two main factors that affect the quality of service, which are expected service and perceived service. If the service received or perceived (perceived service) is as expected, then the service quality is perceived as good or satisfactory. If the service accept over the customer expectations, then service quality is perceived as ideal quality. Otherwise, if the quality of service that accepted is lower than expected, the quality of service is perceived as bad. Therefore, whether the quality of service is good or not depends on the ability of service providers to meet customer expectation consistently. Lehtinen(Tjiptono, 2008) states that service quality is generated in the interaction between consumers and elements in service organizations. They use three terms, which are physical quality, corporate quality, and interactive quality which in line to the personal contract. Perception of service quality is defined as a comprehensive assessment of the excellence of a service, while expectations of service quality are defined as customer confidence before trying or buying a product, which is used as a reference or standard in assessing the product, (Tjiptono, 2000).

### **2. Brand Image**

Attitude is not behavior but a tendency to behave in certain ways. Company image is the public's perception of the company or its products (Kotler & Keller, 2012). The company image relates to the business name, architecture, variety of products, traditions, ideology and impressions of quality which are communicated by every employee who interacts with the organization's clients. Public image of an organization usually the result of community interaction with members of the organization. Company image can't be printed like making goods in a factory, but company image is an impression based on someone knowledge and understanding of something. Image is formed from how the company carries out its operational activities, which has the main foundation in terms of service. Based on the opinions above, it can be concluded that the indicators in the formation of the corporate image used in this study consist of a set of impressions, beliefs, and attitudes that are in the minds of consumers towards the company. The company's image begins with the public's perception of a company which in the minds of customers. In order to create a positive corporate image, a company needs to send its message to the corporate environment, both internal and external, namely company employees, consumers, suppliers, and others. Companies can form a positive corporate image in the minds of consumers (share of mind). Therefore, company image can be perceived as a mental image selectively

### **3. CRM**

One of the company step to provide customer satisfaction is by implementing customer relationship management (CRM). CRM is of integrated activities in order to maintain and develop profitable customers as a form of corporate responsibility to customers in realizing customer satisfaction. (Kotler & Keller, 2012) states that CRM supports a company to provide services to customers in real time and establish relationships with every customer through the use of customer information. Company able to find a portrait of customer wants and needs of so they can adjust the strategy in order to meet the customer wants and needs properly. The understanding of customer relationship management usually considered as similar as customer relationship marketing. However, CRM actually has a different meaning with relationship marketing. (Laudon & Traver, 2002) state that CRM is a system that keep customer information and keep and records all contacts that occur between customers and company, and creates customers profiles for company staff who need information about these customers.

### **4. Customer Satisfaction**

Kotler and Keller (2012: 55) state that consumer satisfaction is a person feeling of happiness or disappointment after comparing the performance (result) of product which though to performance (or outcome) expected. If the performance is below the expectations, the consumer is not satisfied. If the performance under the expectations, the consumer is satisfied. If performance more than the expectations, consumers are very satisfied or happy. (Zeithaml & Bitner, 2008) state that traditionally the meaning of consumer satisfaction or dissatisfaction is the difference between a hope (expectation) and expected performance (perceived performance). This definition is based on (Oliver, 1980) disconfirmation paradigm, which is the performance of the service provider serve at least the same as customer expectation. (Solomon, 2011) states that consumer satisfaction is all about consumers feeling about the product or service that has been purchased by the consumer. (Engel et al., 2010) states that consumer satisfaction is an after-purchase evaluation in which the chosen alternative gives at least the same results (outcome) or more than the expectations of consumers, while dissatisfaction will come if the results obtained do not meet consumer expectations. Customer satisfaction has recognised as a critical success factor in any company, Satisfied customers tend to be less influenced by competitors, are less sensitive to price, and their loyalty lasts longer for their product choices (Syahnur & Basalamah, 2019)

### **5. Customer Loyalty**

There are many definitions of consumer loyalty, but only a few opinions are relevant to the current conditions to understand the consumer loyalty. (Lovelock et al., 2007) state that loyalty is a consumer's decision to voluntarily continue to keep contacting with particular company for a long time. (Jacobsen et al., 2004) states that: "customer loyalty is a customer that through a longer time period hires a company to satisfy all or a part of their needs with the products or service the company offers" customer loyalty is a consumer which be in a long period of renting or employ a company staff to satisfy all kinds of their needs with products and services offered by the company. (Oliver, 1980) states that: "customer loyalty as a deeply held commitment to re-buy or repatronize a preferred product or service consistently in the future, causing repetitive same-brand or same brand-set. purchasing despite situational influences and marketing efforts having the potential to cause switching behavior". Consumer loyalty as an agreement that is made very deeply to repurchase or to keep buying a certain product or service that is consistently preferred in the future, in that process could effect the resale of the same type of products even though it affects the situation and the efforts of potential marketing that could lead to the changing behavior. (Barnes, 2003) states that loyalty is evidence of emotions that transform repetition of buying behavior into a relationship. This loyalty leads to repurchases, recommendations and the increasing spending proportion. (Kertajaya, 2003) states that loyalty is a manifestation of the human need fundamental to have, to support a sense of secure and to build and create emotional attachments. (Tjiptono & Chandra., 2011) state that customer loyalty is a consumer's commitment to a brand, store, supplier, which is reflected in a very positive attitude and a form of repurchase behavior which done consistently. (Robinette & Brand, 2011) state that customer loyalty is the only very important reason to achieve the profit because it is directly related to the profits that will be achieved by the company. (Goldsmith et al., 2000) states that consumer loyalty is a set of behaviors capable of producing income, purchasing, repurchasing, and purchasing other products and recommend them to others.

## **III. METHODOLOGY**

This research is explanatory (*explanatory research*), which tries to explain the effect of causality (*causality relationship*) between service quality variables, corporate image variables, CRM variables, patient satisfaction variables and inpatient loyalty variables in the Regional Public Hospital of Ajattappareng.

The population in this study were all patients who were undergoing inpatient treatment at the time of this research was doing and were the same patients or patients who have been treated in this hospital. Because the number of patients continues to change every day, so the population in this study can't be spesified. Because the number of the population in this study is unknown, so to determine the number of samples used a sample calculation based on the opinion of Naresh K Malhotra (2005: 291) stated in marketing research books that it must be at least four or five times the number of question items. In this study, there are 60 question items, so the number of samples were 5 x 60 question items or 300 samples. The sampling method used was non-random or non-probability selection in the form of purposive sampling. Purposive sampling is done by taking a sample from the population based on the criteria determined by the researcher. The criteria for respondents in this study were hospital patients who were undergoing inpatient while this research was doing by researcher, where the patient have been in the same hospital or in other words the respondent was the same patient, other than that the selected respondent is over 17 years old where the patient is in the stable condition and can give an assessment or fill out a questionnaire properly. The sample is divided equally for every reserach location, then 300 samples: 5 research locations, then each hospital is represented by 60 samples. Samples were taken randomly according to specified criteria. The data analysis method used in this research is Structural Equation Modeling (SEM) by doing the validity and reliability tests in the beginning on each variable. The conceptual model of this research could identify in the picture frame below.

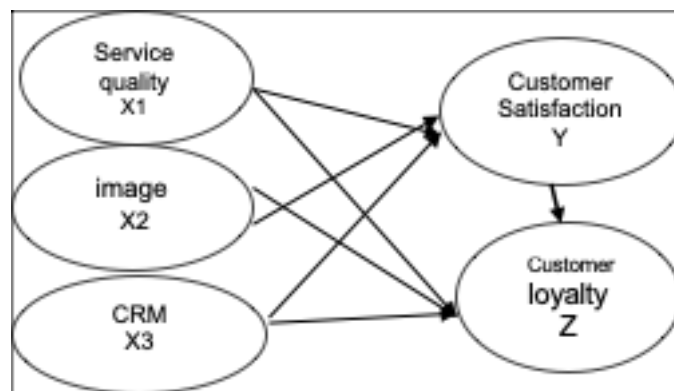


Figure 1 Framework

#### IV. RESULT/FINDINGS

The resultsofthe model testbasedonthe*goodness of fit indices* are presentedwiththe model criteriaandthecriticalvaluesthathavethesuitabilityofthe data canfound in the in table 1 below.

**Table 1** Evaluation of the Overall Model Goodness of Fit Indicates Overall Model

Goodness of fit index	Cut-off Value	Model Result*	Description
$\chi^2$ – Chi-square	Expected low	293.531 < (0,05:172 = 154.302)	Marginal
Probability	$\geq 0.05$	0.000	Marginal
CMIN/DF	$\leq 2.00$	1,5707	Good
RMSEA	$\leq 0.08$	0.049	Good
GFI	$\geq 0.90$	0.926	Good
AGFI	$\geq 0.90$	0.881	Marginal
TLI	$\geq 0.92$	0,953	Good
CFI	$\geq 0.92$	0.968	Good

Based on the model evaluation, it shows the eight criteria of goodness of fit indices, only Chi Square and Probability have not met the criteria yet. However, finding the number of samples in this study of 300 respondents even higher 250 and the indicators are relatively small which are 23 indicators, it can be concluded that the model has shown suitability with the data. This is reinforced by the opinion of Hair at.all (2006; 753) which states that if the large sample is above 250 and the indicator is greater than 12 and less than 30 then the significance of the P value will be obtained. This means that the model cannot produce a P value > 0.05. Based on this, the overall model can be said to have been in accordance with the data and can be analyzed further.

**Hypothesis Testing**

Based on the empirical model proposed in this study, it can be tested on the proposed hypothesis by testing the coefficient examination on the structural equation model. Table 2 is a hypothesis testing by looking at the p value, if the p value is less than 0.05, the influence between the variables is significant. The test results are presented in the following table below;

*Table 2 Hypothesis Testing*

HIP	Independent Variable	Dependent Variable	Direct Effect			
			Standardize	CR	p-value	Description
H1	Service Quality	Patient satisfaction	0.234	3.361	0.000	Significant
H2	Image	Patient satisfaction	0.049	0.931	0.352	Insignificant
H3	CRM	Patient satisfaction	0.481	5.021	0.000	Significant
H4	Service Quality	Patient Loyalty	0.036	0.694	0.488	Insignificant
H5	Image	Patient Loyalty	0.176	3.747	0.000	Significant
H6	CRM	Patient Loyalty	0.176	2.906	0.004	Significant
H7	Patient satisfaction	Patient Loyalty	0.587	5.561	0.000	Significant
Indirect Effect						
V Independent		V Dependent	V Intrvening	Standar dize	p-value	Description
H8	Service Quality	Patient Loyalty	Patient satisfaction	0.137	0.004	Significant
H9	Image	Patient Loyalty	Patient satisfaction	0.029	0.358	Insignificant
H10	CRM	Patient Loyalty	Patient satisfaction	0.282	0.000	Significant

Based on the whole five direct line model that be hypothesized, there are four lines that are significant and one of the path is insignificant and the two indirect lines, which all of them are significant. The interpretations of Table 2 can be explained as follows: (1) Service quality has a significant positive effect on patient satisfaction with  $P = 0.000 < 0.05$  with a coefficient value of 0.234, this coefficient indicates that the existence of good service quality provided by the hospital will create the patient satisfaction better. (2) Image has a positive but insignificant effect on patient satisfaction with  $P = 0.352 > 0.05$  with a coefficient value of 0.049, this coefficient indicates that the presence of a hospital good image doesn't change the level of satisfaction which felt by the patients. (3) Customer Relationship Management has a significant positive effect on patient satisfaction which  $P = 0.000 < 0.05$  with a coefficient value of 0.481, this coefficient indicates that the existence of good Customer Relationship Management which conduct by the hospital will make patient satisfaction even better. (4) Service quality has a positive and insignificant effect on patient loyalty with  $P = 0.488 > 0.05$  with a coefficient value of 0.036, this coefficient indicates that the existence of good service quality can't directly increase the patients loyalty. (5) Image has a significant positive influence on patient loyalty with  $P = 0.000 > 0.05$  with a coefficient value of 0.176, this coefficient indicates that a good image of the company in patient' mind which can directly build patients loyalty. (6) Customer Relationship Management has a significant positive effect on patient loyalty with  $P = 0.004 < 0.05$  with a coefficient value of 0.176, this coefficient indicates that there is good Customer Relationship Management and will make patient loyalty be better. (7) Patient satisfaction has a significant positive effect on patient loyalty with  $P = 0.000 < 0.05$  with a coefficient value of 0.587, this coefficient indicates that the better patient satisfaction, the patient loyalty will also increase. (8) Service quality has a significant positive effect on patient loyalty through patient satisfaction with  $P = 0.004 < 0.05$  with a coefficient value of 0.137, this coefficient indicates that good service quality will encourage the increase of patient satisfaction, until impacting the patient loyalty. (9) Image has a positive and insignificant effect on patient loyalty through patient satisfaction with  $P = 0.0358 < 0.05$  with a coefficient value of 0.029, this coefficient indicates that the presence of a good image does not change the level of patient satisfaction so that patient loyalty does not increase. (10) *Customer Relationship Management* has a significant positive effect on patient loyalty through patient satisfaction with  $P = 0.000 < 0.05$  with a coefficient value of 0.282, this coefficient indicates that the implementation of good Customer Relationship Management will encourage the increase of patient satisfaction so will absolutely impacts to the patient loyalty.

Based on Table above, can be found that there are ways that have a significant and insignificant effect.

Therefore the hypothesis are explained as follows :

The hypothesis that is supported by empirical data and is accepted are:

H1: Service quality affects patient satisfaction

H3: Customer Relationship Management affects patient satisfaction

H5: The Image affects patient loyalty.

H6: Customer Relationship Management affects patient loyalty

H7: Patient satisfaction affects patient loyalty

H8: Service quality affects patient loyalty through patient satisfaction

H10: Customer Relationship Management affects patient loyalty through patient satisfaction

While for the hypothesis ;

H2: The image affects patient satisfaction

H4: Service quality affects patient loyalty

H9: The image affects patient loyalty through patient satisfaction.

**Not supported by empirical data and is rejected.**

## V. CONCLUSION

Based on the results of the analysis and discussion that have been carried out in the previous chapter, it can be concluded that the variable service quality and CRM directly have a positive and significant effect on patient satisfaction, these are indicated by the p-value of the smaller service quality and CRM variables from 0.05, which is 0.000, while image directly has a positive but insignificant effect on patient satisfaction, this is indicated by the p-value of 0.488 or greater than 0.05. When it see based on the the loyalty variable, the results obtained that the service quality variable has a positive but insignificant effect on patient loyalty. This can be found in the p-value of 0.488 or greater than 0.05, but the image, CRM and satisfaction directly have a positive effect and significant to patient loyalty with the p-value of each variable, namely 0.000 for image, 0.004 for CRM and 0.000 for patient satisfaction, which all of these are less than 0.05.

Furthermore, if satisfaction becomes an intervening variable on patient loyalty, the results obtained are service quality and CRM have a positive and significant effect, while image shows positive but not significant results on satisfaction with patient satisfaction as an intervening variable. Based on this research, it can be concluded that the respondents of the studied determined their level of satisfaction based on what they experienced and felt directly. Their level of satisfaction can be influenced by the things they are in direct contact, even in terms of the services which they receive and the easy way of administration they feel when the undergoing treatment in a hospital. And the satisfaction they feel can make them to be loyal to the hospital where they are treated.

## VI. LIMITATION AND STUDY FORWARD

This study uses the object of study at a hospital in the Ajatappareng area, South Sulawesi. This study aims to provide an overview of how satisfaction in hospital patients has an influence on hospital patient loyalty. In subsequent studies, it can be continued by using other variables related to customer satisfaction, for example, customer experience.

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