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**ST.MARY'S UNIVERSITY  
SCHOOL OF GRADUATE STUDIES**

**IMPACT OF SERVICE QUALITY ON CUSTOMER  
SATISFACTION IN THE CASE OF  
ALERT HOSPITAL**

**BY  
FESSEHA TADSSE**

**DECEMBER, 2016**

**ADDIS ABABA, ETHIOPIA**

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CUSTOMER SATISFACTION IN THE CASE OF ALERT  
HOSPITAL**

**BY**

**FESSEHA TADSSE**

**ID/NO: SGS/0166/2007B**

**A THESIS SUBMITTED TO ST.MARY'S UNIVERSITY, SCHOOL OF  
GRADUATE STUDIES IN PARTIAL FULFILLMENT OF THE  
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**DECEMBER 2016  
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**APPROVED BY BOARD OF EXAMINERS**

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## **Declaration**

I, the undersigned, declare that this thesis is my original work, prepared under the guidance of Dr. Temesgen Belayneh. All sources of materials used for the thesis have been duly acknowledged, I further confirm that the thesis has not been submitted either in part or in full to any other higher learning institution for the purpose of earning any degree.

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Fesseha Tadsse

St. Mary's University, Addis Ababa

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Signature

December, 2016

## **Endorsement**

This thesis has been submitted to st. Mary's university college, school of graduate Studies for examination with my approval as a university adviser.

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Dr. Temesgen Belayneh  
Research Adviser  
St. Mary's University, Addis Ababa

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Signature  
December, 2016

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## **Acronyms**

SERVQUAL: Service Quality

SERVPERF: service performance

SPSS: Statistical Package for Social Sciences

NBRI: National Business Research Institute

OPD: Out Patient Department

WHO: World Health Organization

CLRM: classical linear regression model

ALERT: All African leprosy, rehabilitation, tuberculosis and training center

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## **Abstract**

*This research examined the impact of customer service quality on customer satisfaction in ALERT hospital. To achieve the objectives of this study, data was collected through questionnaire from a sample of 400 hospital customers. These respondents were selected using convenience sampling method. The data collected from the questionnaire were analyzed using Statistical tools. The results of this study indicate that, all the five service quality dimensions (tangibility, empathy, responsiveness, assurance and reliability) have positive and significant relationship with customer satisfaction. The finding of this study also indicates that customers were most satisfied with the reliability dimensions of service quality. On the contrary, customers were less satisfied with tangibility and assurance dimensions of service quality. The results also indicate all the five service quality dimensions have positive and significant effect on customer satisfaction. Furthermore, the service quality dimensions explain 90.2% of the variations in customer satisfaction in ALERT hospital. Based on the findings of the study, the researcher forward some recommendation to the managers of the hospital and for other researchers. Tangibility and assurance dimensions were considered the most important factors influencing customer satisfaction. However, the customers of the hospital were found less satisfied in terms of these dimensions. One way of addressing this could be by using up-to-date equipment and technologies, making the physical facilities visually appealing, making behavior of employees impress customers and make them confident when they contact with employees of the hospital.*

*Key word tangibility, reliability, assurance, responsiveness, empathy and satisfaction*

# CHAPTER ONE

## INTRODUCTION

### 1.1. Background of the Study

Customer satisfaction has been a subject of great interest to organizations and researchers alike. The principal objective of organizations is to maximize profits and to minimize cost. Profit maximization can be achieved through increase in sales with lesser costs. One of the factors that can help to increase sales is customer satisfaction, because satisfaction leads to customer loyalty Wilson, (2008: p, 79), recommendation and repeat purchase. Customer satisfaction is the main concern of business sectors of today, their researchers are always conducting research about the customers especially on what relates to their satisfaction.

Service quality becomes increasingly important for today's business, particularly in high-customer involvement industries such as health care and financial services. It could be considered as an imperative strategy that helps a company to attain a competitive advantage, in turn increasing long-term profitability. Service quality is a crucial direction for enhancing business performance, which underlies the widespread adoption of quality improvement initiatives in many service industries Newman (2001).Service quality improvement for achieving customer expectations and satisfaction has become a major challenge for services industries.

It has become necessary for hospital managers to understand and measure patients' perspectives and service quality gaps in order to identify and suitably address if there is any perceived gap in delivering services taking into consideration the resource constraints under which hospitals must function. Keeping in mind the competitive market it has now a day's become important to demonstrate that hospital services are customer-focused and directed towards providing best possible medical care to the client of the hospital Pakdil & Harwood (2005). Therefore the importance of patient's expectations in service quality evaluation has been widely acknowledged. Service quality has become an essential subject.

In view of its significant relationship to profit, cost saving and market share Devlin and Dong (1994). Researches has shown that good service quality leads to the retention of existing customers and the attraction of new ones, reduced costs, an enhanced corporate image, positive

word-of-mouth recommendation and, ultimately, enhanced profitability Cronin et al, (2000), Kang and James (2004). A number of studies have addressed the relationship between service quality and customer satisfaction and it is generally believed that higher levels of service quality lead to higher levels of customer satisfaction Kang and James (2004), Pollack (2008).

According to the Addis Ababa Bureau of Health, 2004/05 report Addis Ababa has 13 Government hospitals and 23 health centers; Most of the hospitals found at the same level are expected to give the same services. Based on this, the present study was conducted at ALERT Hospital among the various Hospitals giving the same service in Addis Ababa city administration. The researcher has selected ALERT Hospital by purposive sampling technique as target area for this study.

ALERT is a medical facility on the edge of Addis Ababa, specializing in Hansen's disease, also known as "leprosy". It was originally the All Africa Leprosy Rehabilitation and Training Center (hence the acronym), but the official name is now expanded to include tuberculosis: All Africa Leprosy, Tuberculosis and Rehabilitation Training Centre. There is currently a 240-bed teaching hospital, which includes dermatology, ophthalmology, and surgery departments, also an orthopedic workshop, and a rehabilitation program.

## **1.2 Statement of the Problem**

Service quality is characterized by high involvement in the delivery process and low expertise of the purchasers/users, as well as by the risky nature of the service Taner and Antony (2006). Hospitals to maintain and improve the quality of service provided should not focus only on clinical and economic criteria. Patients' expectations and perceptions of care surveys are thus an important tool that managers and administrators could utilize to evaluate and continuously monitor quality with the focus of tracing the weaker aspects of the health care delivery system.

Studies done previously show the interaction between physician and patient in one of the referral medical centers in the country has deficiencies Zewdneh D, Kebede S (2009). Proper interpersonal communication and interaction between physician and patient are among the measures for the process quality of care, and process is one of the three major parameters from which inferences can be drawn about the quality of health care, as it refers to what is actually done in giving and receiving care Donabedian.A (1998). Structure refers to attributes of

materials (such as facilities, equipment, and money), human (such as the number and qualification of personnel), and organizational (such as medical staff organization, and methods of peer review and reimbursement) resources; while outcome denotes the effects of care on health status of patients and populations Donabedian A (2005).

Delivering quality service is one of the vital roles of the public organization as customers expect it to the level that addresses their needs. Thus, various attempts like giving trainings and awareness, and implementing business process reengineering were made by the Ethiopia government to improve the quality and efficiency of customer service delivery status in the service giving public organizations. However, public sectors in our country have inappropriate customer service implementations and lack the institutional capacity and resources to cope up with customer service challenges Fekadu, Andualem and Yohannes (2011).

From the weekly customer suggestion collected at ALERT hospital the researcher reviewed a one year report and there is still perceived unsatisfactory services like relationship between patients and care givers, patients' consent and confidentiality, sanitation of environment, access to basic information about their rights, consent and confidentiality of patients are among the problems. Highlighting the above problems, the researcher has decided to undertake this study to assess the impact of service quality on customer satisfaction of ALERT hospital.

### **1.3. Research Question**

The study sought to answer the following research questions:

1. What is the relationship between service quality dimensions and customer satisfaction?
2. What is the impact of service quality on customer satisfaction?
3. Is there a significant relationship between service quality and customer satisfaction?
4. What is the dominant service quality dimension that has a strong relation with customer satisfaction?



## **1.4. Objectives of the Study**

### **1.4.1 General Objective**

The general objective of this study is to examine the impact service quality on customer satisfaction at ALERT hospital.

### **1.4.2 Specific Objective**

1. To assess the factors affecting service quality
2. To examine the relationship between service quality dimensions and customer satisfaction
3. To assess the impact of service quality on customer satisfaction
4. To assess the dominant service quality dimension that has strong relation with customer satisfaction

## **1.5. Research Hypothesis**

In light of the objectives articulated above, the following research hypotheses were investigated:

### **Hypothesis 1**

Ho1: Tangibility will not have a positive and significant effect on customer satisfaction.

### **Hypothesis 2**

Ho2: Reliability will not have a positive and significant effect on customer satisfaction.

### **Hypothesis 3**

Ho3: Responsiveness will not have a positive and significant effect on customer satisfaction.

### **Hypothesis 4**

Ho4: Assurance will not have a positive and significant effect on customer satisfaction.

## **Hypothesis 5**

Ho5: Empathy will not have a positive and significant effect on customer satisfaction.

### **1.6. Definition of Terms**

In order to avoid some ambiguities and individual interpretation of certain concepts used in this research, the researcher defined those concepts used in this study below:

**Service quality:** It also known as perceived service quality (Parasuraman et al, (1985), Kumar and Manjunath (2012).

**Customers' perception:** is customers' perception of performance of a firm providing the service Parasuraman et al, (1985).

**SERVQUAL:** instrument: is a service quality measurement instrument proposed by Parasuraman et al, (1985).

**Satisfaction:** in this study it means the perceived pleasurable experience of a customer after consumption of goods or services or attaining one's need or desire.

**Quality:** User based quality is defined as "*fitness for use*", which means the consumer's perception of quality. It is also defined as meeting the desires and expectations of customers".

**Customers:** The operational definition of customers in this research refers to patients or clients and specifically outpatients that regularly visit a health facility and pay money or free pay to receive medical care for their illness or service received from the hospital.

**Health Care:** is conceptualized in this study to mean the functional and non-technical aspect of health delivery which emphasis on the human aspect of interaction between the health provider and the customers such as courtesies and friendliness of medical staff, treatment explanations, along with appearance of surroundings etc in the delivering health care.

**SERVPERF:** directly measures the customer's perception of service performance and assumes that respondents automatically compare their perceptions of the service quality levels with their expectations of those services.

## **1.7. Significance of the Study**

A research like this is essential to assess and improve service quality and customer satisfaction because it will provide management with data that they can use in making inferences about the customers. Wilson et al, (2006: p, 27). Thus the results of this study should be proved useful for academics; business in the field of marketing and management researchers of customer satisfaction and service quality especially in service sector organizations.

## **1.8. Scope and Limitations of the Study**

### **1.8.1 Scope of the Study**

It has Theoretical, Geographical and Methodological scope

- ✓ Theoretical scope

This study was conducted to analyze the impact of service quality on customer satisfaction by using the servperf model.

- ✓ Geographical scope

The study has been conducted in ALERT hospital which is located at Kolfe Keranio sub city at Addis Ababa.

- ✓ Methodological scope

This study used quantitative research method and primary data was collected by using questioner. It included Outpatient Department patients aged 18 years and above by convenience sampling method.

### **1.8.2 Limitation of the Study**

There are some limitations associated to the study these are:

- The result obtained from the study cannot be generalized since it takes non probability sampling technique which is convenient sampling technique as it was very hard to get the customer list from the bank for drawing a random sample from it.
- Collecting the distributed questionnaires was very hard out of four hundred questionnaires distributed to respondents only three hundred eighty of it is returned and filled correctly.

## **1.9 Organization of the Study**

This research is organized into five chapters. Chapter one contains background of the study, statement of the problem, research objectives, hypothesis of the study, significance of the study, justification of the study, limitations and scope of the study. Chapter two provides a literature review informing the reader of what is already known in this area of study. Chapter three discusses the methodology employed in the study, including, research design, sample size and sampling technique, data source and collection method, procedure of data collection and method of data analysis. Chapter four consists of results and discussions and chapter five contains summary, conclusion and recommendations based on the analysis and presentations of the collected data.

## **CHAPTER TWO**

### **REVIEW OF R.ELATED LITERATIURE**

This chapter is based on the introduction given lately and the research problem presented in the introduction and the previous studies that have been done within these constructs. It provides the reader with a literature review concerning the research area. Large number of studies has been conducted in the field of service quality and customer satisfaction. There are useful contributions expressed by so many authors about service quality dimensions, tangibles, reliability, responsiveness, assurance, and empathy as important factors of quality service delivery. The definitions of customer service, service quality, characteristics of service, dimensions of service quality, customer satisfaction, and distinction between service quality and customer satisfaction literature will be discussed. At the end the previous studies on the area and conceptual framework will be presented.

#### **2.1 Theoretical Literature Review**

##### **2.1.1 Service Quality**

Quality is the keyword for survival of organizations in the global economy. Organizations are undergoing a shift from a production-led philosophy to a customer-focused approach. Competitiveness of a firm in the post-liberalized era is determined by the way it delivers customer service. Service quality is a concept that has aroused substantial interest and debate in the research literature because of the difficulties in both defining it and measuring it with no overall consensus emerging on either Wisniewski (2001). Firms with high service quality pose a challenge to other firms.

Organizations can build business excellence through quality control in services Shahin, (2010). Again service quality considered as the difference between customer expectations of service and perceived service. If expectations are greater than performance, then perceived quality is less than satisfactory and hence customer dissatisfaction occurs Parasuraman et al, (1985), Lewis and Mitchell (1990). There is general agreement that the aforementioned constructs are important aspects of service quality, but many scholars have

Been skeptical about whether these dimensions are applicable when evaluating service quality in other service industries Cronin & Taylor (1992). This has more explanatory power than measures that are based on the gap between expectation and performance.

### 2.1.2 Determinants of Service Quality

The five basic dimensions of service quality in a wide range of service contexts have been identified in the pioneering research of Parasuraman et al, (1987), through the SERVQUAL model. The five dimensions defined in their research are considered the drivers of service quality, representing how consumers organize information about service quality in their minds. These are:

1. **Reliability:** is defined as the ability to perform the promised service regularly and accurately. In the broadest sense, reliability means that the company delivers on its promises – promises about delivery, service provision, problem resolution, and pricing. Customers want to do business with companies that keep their promises about the service outcomes and core service attributes. Of the five dimensions suggested, reliability has been consistently shown to be the most important determinant of perceptions of service quality among U.S. customers. Cronin & Taylor (1992), Dash & Saxena (2007).
2. **Responsiveness:** is the willingness to help customers and to provide prompt service. This dimension emphasizes attentiveness and timeliness in dealing with customer requests, questions, complaints and problems. Responsiveness is expressed by the length of time they have to wait for assistance, answers to questions, or attention to problems. Responsiveness also captures the notion of flexibility and ability to tailor the service to customer needs. To excel on the dimension of responsiveness, a company must view the process of service delivery and the handling of requests from the customer's point of view rather than from the company's point of view. Cronin & Taylor (1992).
3. **Assurance:** is defined as employees' *knowledge and courtesy and the ability of the firm and its employees to inspire trust and confidence*". This dimension is likely to be particularly important for services that customers perceive as high risk or for services of which they feel uncertain about their ability to evaluate outcomes – for example, banking, insurance, and brokerage, medical and legal services. Cronin & Taylor (1992).

4. **Empathy:** is defined as the caring, individualized attention that the firm provides for its customers. The principle of empathy is conveying, through personalized or customized service, that customers are unique and special and that their needs are understood. Customers want to feel understood by and important to firms that provide service to them. Personnel at small service firms often know customers by name and build relationships that reflect their personal knowledge of customer requirements and preferences. When such a small firm competes with larger firms, the ability to be empathetic may give the small firm a clear advantage. Bitner and Hubbert (1994).
5. **Tangibles:** are defined as the appearance of physical facilities, equipment, personnel, and communication materials. Tangibles offer physical representations or images of the service that customers, particularly new customers, will use to evaluate quality. Service industries that emphasize tangibles in their strategies include hospitality services in which the customer visits the establishment to receive the service, such as restaurants and hotels, retail stores, and entertainment companies. Bitner and Hubbert (1994).

Each dimension is measured by four to five items. The SERVPERF model was carved out of SERVQUAL by Cronin and Taylor in 1992. SERVPERF measures service quality by using the perceptions of customers. Cronin and Taylor argued that only perception was sufficient for measuring service quality and therefore expectations should not be included as suggested by SERVQUAL Baumann et al, (2007).

### **2.1.3 Service Quality Measurements**

Measuring service quality is difficult because of the intangibility characteristics of service Baral and Bihari (2009). Brady and Cronin (2001) stated that the conceptualization and measurement of service quality perceptions have been the most debated and controversial topics in the services marketing literature to date. There are two perspectives of quality measurement: internal perspective; it is defined as zero defects doing it right the first time, or conformance to requirements and external perspective which understands these aspects in terms of customer perception, customer expectation, customer satisfaction, customer's attitude, and customer delight. It is becoming important in the light of increasing consumer Awareness, changing

consumer tastes, growing consumer expectations Sachdev and Verma (2004). SERVQUAL and SERVPERF are the most known service quality measurement.

#### 2.1.4 Servqual Model

According to the SERVQUAL model (Parasuraman et al., 1988), service quality can be measured by identifying the gaps between customers' expectations of the service to be rendered and their perceptions of the actual performance of the service. SERVQUAL is based on five dimensions of service quality Parasuraman et al, (1988). The five basic dimensions of service quality in a wide range of service contexts have been identified in the pioneering research of Parasuraman et al (1987), through the SERVQUAL model.

1. **Reliability**- is defined as the ability to perform the promised service regularly and accurately. In the broadest sense, reliability means that the company delivers on its promises – promises about delivery, service provision, problem resolution, and pricing.
2. **Responsiveness**- is the willingness to help customers and to provide prompt service. This dimension emphasizes attentiveness and timeliness in dealing with customer requests, questions, complaints and problems. Responsiveness is expressed by the length of time they have to wait for assistance, answers to questions, or attention to problems.
3. **Assurance**- is defined as employees' knowledge and courtesy and the ability of the firm and its employees to inspire trust and confidence. This dimension is likely to be particularly important for services that customers perceive as high risk or for services of which they feel uncertain about their ability to evaluate outcomes – for example, banking, insurance, and brokerage, medical and legal services. Cronin & Taylor (1992)
4. **Empathy**- is defined as the caring, individualized attention that the firm provides its customers. The principle of empathy is conveying, through personalized or customized service, that customers are unique and special and that their needs are understood. Customers want to feel understood by and important to firms that provide service to them.
5. **Tangibles**- are defined as the appearance of physical facilities, equipment, personnel, and communication materials. Tangibles offer physical representations or images of the service that customers, particularly new customers, will use to evaluate quality. Service industries that emphasize tangibles in their strategies include hospitality services in which



the customer visits the establishment to receive the service, such as restaurants and hotels, retail stores, and entertainment companies. Bitner and Hubbert (1994). Each dimension is measured by four to five items. Each of these combined items is measured in two ways: the expectations of customers concerning a service and the perceived levels of service actually provided. In making these measurements, respondents asked to indicate their degree of agreement with certain statements on liker type scale

### **2.1.5 Using Servperf to Measure Service Quality**

The SERVPERF model was carved out of SERVQUAL by Cronin and Taylor in (1992).SERVPERF directly measures the customer's perception of service performance and assumes that respondents automatically compare their perceptions of the service quality levels with their expectations of those services. Cronin and Taylor argued that only perception was sufficient for measuring service quality and therefore expectations should not be included as suggested by SERVQUAL Baumann et al, (2007).Instead of measuring the quality of service via the difference between the perception and expectation of customers as in SERVQUAL, SERVPERF operationalizes on the perceived performance and did not assess the gap scores as expectation does not exist in the model. Thus, it is performance-only measure of service quality. The model adopts the five dimensions of SERVQUAL and the 22 item scale is used in measuring service quality. In the SERVPERF model, the results demonstrated that it had more predictive power on the overall service quality judgment than SERVQUAL. Cronin and Taylor (1994) .The SERVPERF scale is found to be superior not only as the efficient scale but also more efficient in reducing the number of items to be measured by 50% Hartline and Ferrell (1996) Babakus and Boller, (1992),Bolton and Drew (1991) cited by (Mesay Shita, 2012) Many studies have been conducted by adopting the SERVPERF model. Also, Wall and Payne (1973) note that when people are asked to indicate the “*desired level*” (expectations) of a service and the “*existing level*” (perceptions) of the service, there is a psychological constraint that people always tend to rate the former higher than the latter (E>P).Babakus and Boller (1992) have found that service quality, as measured in the SERVQUAL scale, relies more significantly on the perception score than on the expectation score. (Cited on H.Vasantha Kumari) Due to the above mentioned facts the researcher also preferred to use SERVPERV model to undertake the study.

### **2.1.6 Service Quality in Health Sector**

In healthcare organizations, service quality and patients satisfaction is getting considerable attentions and this issue is considered in their strategic planning process. Patients' perceptions about the services provided by a particular health care organizations also effects the image and profitability of the hospital Donabedian (1980), Williams and Calnan (1991) and it also significantly effects the patient behavior in terms of their loyalty and word-of-mouth Andaleeb (2001). Moreover, increased patients expectations about the service quality had realized the healthcare service providers, to identify the key determinants that are necessary to improve healthcare services that causes patients satisfaction and it also helps the service providers to reduce time and money involved in handling patient's complaints Pakdil & Harwood (2005).

### **2.2 Customer Satisfaction**

A customer is defined as anyone who receives the output or products of our works and who makes value judgment about the service provided or those who buy the goods or services provided by companies are customers. Sometimes the term customer and consumer are confusing. A customer can be a consumer, but a consumer may not necessarily be a customer. Another author explained this difference. I.e. a customer is the person who does the buying of the products and the consumer is the person who ultimately consumes the product Solomon (2009: 34). When a consumer/customer is contented with either the product or services it is termed satisfaction. Satisfaction can also be a person's feelings of pleasure or disappointment that results from comparing a product's perceived performance or outcome with their expectations Kotler & Keller (2009: p, 789). As a matter of fact, satisfaction could be the pleasure derived by someone from the consumption of goods or services offered by another person or group of people; or it can be the state of being happy with a situation. Satisfaction varies from one person to another because it is utility. "*One man's meal is another man's poison,*" an old adage stated describing utility; thus highlighting the fact that it is sometimes very difficult to satisfy everybody or to determine satisfaction among group of individuals.

Client happiness, which is a sign of customer satisfaction, is and has always been the most essential thing for any organization. Customer satisfaction is defined by one author as "*the consumer's response to the evaluation of the perceived discrepancy between prior expectations*

*and the actual performance of the product or service as perceived after its consumption*” Tse & Wilton (1988: p, 204) *“hence considering satisfaction as an overall post-purchase evaluation by the consumer”* Fornell (1992: p, 11). Some authors stated that there is no specific definition of customer satisfaction, and after their studies of several definitions they defined customer satisfaction as “customer satisfaction is identified by a response (cognitive or affective) that pertains to a particular focus (i.e. a purchase experience and/or the associated product) and occurs at a certain time (i.e. post-purchase, post-consumption)”. Giese & Cote (2000: p, 15).

This definition is supported by some other authors, who think that consumer’s level of satisfaction is determined by his or her cumulative experience at the point of contact with the supplier Sureshchander et al,(2002:p,364). It is factual that, there is no specific definition of customer satisfaction since as the years passes, different authors come up with different definitions. Customer satisfaction has also been defined by another author as the extent to which a product’s perceived performance matches a buyer’s expectations Kotler et al, (2002: p, 8). According to Schiffman & Karun (2004). Customer satisfaction is defined as *“the individual’s perception of the performance of the products or services in relation to his or her expectations”*.Schiffman & Karun (2004: p, 14). In a nutshell, customer satisfaction could be the pleasure obtained from consuming an offer. Dictionary definitions attribute the term “satisfaction”

To the Latin root satis, meaning “enough”. Something that satisfies will adequately fulfill expectations, needs or desires, and, by giving what is required, leaves no room for complaint. Two points arise from these definitions Avis et al, (1995) first, a feeling of satisfaction with a service does not imply superior service, rather than an adequate or acceptable standard was achieved. Dissatisfaction is defined as discontent, or a failure to satisfy. It is possible that consumers are satisfied unless something untoward happens, and that dissatisfaction is triggered by a critical event.

Secondly, satisfaction can be measured only against individuals’ expectations, needs or desires. It is a relative concept: something that makes one person satisfied (adequately meets their expectations) may make another dissatisfied (falls short of their expectations).

### 2.2.1 Measuring Customer Satisfaction

Measuring customer satisfaction could be very difficult at times because it is an attempt to measure human feelings. It was for this reason that some existing researcher presented that “*the simplest way to know how customers feel, and what they want is to ask them*” this applied to the informal measures Levy (2009), NBRI (2009) in his studies suggested three ways of measuring customer satisfaction:

- ✓ A survey where customer feedback can be transformed into measurable quantitative data:
- ✓ Focus group or informal where discussions orchestrated by a trained moderator reveal what customers think.
- ✓ Informal measures like reading blocs, talking directly to customers.

Asking each and every customer is advantageous in as much as the company will know everyone’s feelings, and disadvantageous because the company will have to collect this information from each customer NBRI (2009). The National Business Research Institute (NBRI) suggested possible dimensions that one can use in measuring customer satisfaction, e.g.: quality of service, Innocently, speed of service, pricing, complaints or problems, trust in your employees, the closeness of the relationship with contacts in your firm, other types of services needed, and your positioning in clients’ minds. There exist Two conceptualizations of customer satisfaction; transaction-specific and Cumulative Boulding, et al, (1993) Andreessen (2000). Following the transaction specific, customer satisfaction is viewed as a post-choice evaluation judgment of a specific purchase occasion. Oliver (1980) until present date, researchers has developed a rich body of literature focusing on this antecedents and consequences of this type of customer satisfaction at the individual level Yi (1990).

Cumulative customer satisfaction is an overall evaluation based on the total purchase and consumption experiences with a product or service over time. Fornell (1992), Johnson & Fornell (1991) this is more fundamental and useful than transaction specificity customer satisfaction in predicting customer subsequent behavior and firm’s past, present and future performances. It is the cumulative customer satisfaction that motivates a firm’s investment in customer satisfaction. Parasuraman et al, (1988), later developed the SERVQUAL model which is a multi-item scale

developed to assess customer perceptions of service quality in service and retail businesses. The scale decomposes the notion of service quality into five constructs as follows: Tangibles, Reliability, Responsiveness, Assurance and empathy. It bases on capturing the gap between customers expectations and experience which could be negative or positive if the expectation is higher than experience or expectation is less than or equal to experience respectively.

The SERVPERF model developed by Cronin & Taylor (1992), was derived from the SERVQUAL model by dropping the expectations and measuring service quality perceptions just by evaluating the customer's the overall feeling towards the service. In their study, they identified four important equations:  $SERVQUAL = Performance - Expectations$ ,  $Weighted\ SERVQUAL = importance \times (performance - expectations)$ ,  $SERVPERF = performance$ ,  $Weighted\ SERFPERF = importance \times (performance)$ . Implicitly the SERVPERF model assesses customers experience based on the same attributes as the SERVQUAL and conforms more closely on the implications of satisfaction and attitude literature Cronin et al, (1992 p.64).

### **2.3. Customer Satisfaction and Service Quality**

Since customer satisfaction has been considered to be based on the customer's experience on a particular service encounter Cronin & Taylor (1992) it is in line with the fact that Service quality is a determinant of customer satisfaction, because service quality comes from outcome of the services from service providers in organizations. Another author stated in his theory that *"definitions of consumer satisfaction relate to a specific transaction (the difference between predicted service and perceived service) in contrast with 'attitudes', which are more enduring and less situational-oriented,"* Lewis, (1993: 4-12) This is in line with the idea of Zeithaml et al, (2006: 106-107).

According to Oliver (1980), in both the service and manufacturing industries, quality improvement is the key factor that affects customer satisfaction and increases purchase intention among consumers. Some other theorists have also mentioned that the quality is the key determinant of consumer satisfaction Omar and Schiffman (1995),

Gremler et.al, (2001), Radwin (2000). Many companies are focusing on service quality issues in order to drive high level of customer satisfaction Kumar et.al, (2008). Regarding the relationship between customer satisfaction and service quality, Oliver (1993) first suggested that service

quality would be antecedent to customer satisfaction regardless of whether these constructs were cumulative or transaction-specific. Some researchers have found empirical supports for the view of the point mentioned above Anderson & Sullivan (1993), Fornell (1996), and Spreng & Macky (1996) where customer satisfaction came as a result of service quality. According to Sureshchandar et al,(2002:363), customer satisfaction should be seen as a multi dimensional construct just as service quality meaning it can occur at multi levels in an organization and that it should be operational zed along the same factors on which service quality is operationalized.

Parasuraman et al, (1985) suggested that when perceived service quality is high, then it will lead to increase in customer satisfaction. He supports that fact that service quality leads to customer satisfaction and this is in line with Saravana & Rao, (2007:436) and Lee et al, (2000:226) who acknowledge that customer satisfaction is based upon the level of service quality provided by the service provider.

### **2.3.1 Customer Satisfaction and Service Quality in View of Health Care Services**

Healthcare is the fastest growing service in both developed and developing countries Dey et al, (2006). Patients are now regarded as healthcare customers, recognizing that individuals consciously make the choice to purchase the services and providers that best meet their healthcare needs Wadhwa (2002). Related to this, healthcare quality and patient satisfaction are two important health outcome and quality measure Ygge and Arnetz (2001) Jackson et al, (2001) Zineldin (2006). Some literatures identified the satisfaction as a super-ordinate construct and considered perceived service quality as an antecedent of satisfaction Cronin, Brady and Hult (2000) Cronin and Taylor (1994). Some studies on health care service observed a causal relationship between perceived service quality and patient satisfaction Woodside et.al, (1989) Choi (2004). In fact, meeting the needs of the patient and creating healthcare standards are imperative to achieve high quality Ramachandran and Cram (2005). Therefore, the patient is the center of healthcare's quality agenda Badri (2007). Scotti, Harmon and Behson (2007) conducted a study that supports the argument that the perceived quality is one of the determinants of patient satisfaction.

According to Shi and Singh (2005), from the perspective of patient satisfaction, quality has been explained by two ways a, quality as an indicator of satisfaction that depends on individual's

experiences about some attributes of medical service, comfort, dignity, privacy, security, degree of independence, decision making autonomy and attention to personal preferences and B, quality as an indicator of overall satisfaction of individuals with life as well as self-perceptions of health after some medical intervention Shi & Singh (2005).

The above mentioned two references of quality signify that each represents a desirable process during the medical treatment as well as successful outcome after a health care service is rendered. The above two concepts of quality can also enhance the sense of fulfillment and sense of worth Shi and Singh (2005). The patient satisfaction depends on three elemental issues of health care system. These are perception of patients regarding quality health care service, good health care providers and good health care organization Safavi (2006). A study conducted by Safavi (2006) has revealed that satisfaction with hospital experience was driven by dignity and respect, speed and efficiency, comfort, information and communication and emotional support.

### **2.3.2 Measuring Patient/Client Satisfaction in Medical Services**

Client satisfaction is of prime importance as a measure of the quality of medical services because it gives information on the provider's success at meeting those client values and expectations, which are matters on which the client is the ultimate authority. The measurement of satisfaction is, therefore, an important tool for research, administration, and planning. The informal assessment of satisfaction has an even more important role in the course of each practitioner client interaction, since it can be used continuously by the practitioner to monitor and guide that interaction and, at the end, to obtain a judgment on how successful the interaction has been Donabedian (1980).

However, client satisfaction also has some limitations as a measure of quality. Clients generally have only a very incomplete understanding of the science and technology of care, so that their judgments concerning these aspects of care can be faulty Donabedian (1980). Moreover, clients sometimes expect and demand things that it would be wrong for the practitioner to provide because they are professionally or socially forbidden, or because they are not in the client's best interest.

Patients, in general, receive various services of medical care and judge the quality of services delivered to them Choi (2004). The service quality has two dimensions (a) a technical dimension

i.e., the core service provided and (b) a process/functional dimension i.e., how the service is provided Grönroos (2000). Parasuraman, et al (1988) suggested a widely used model known as SERVQUAL for evaluating the superiority of the service quality. In the SERVQUAL model, Parasuraman identified the gap between the perception and expectation of consumers on the basis of five attributes viz. reliability, responsiveness, assurance, empathy and tangibles to measure consumer satisfaction in the light of service quality Parasuraman A and Berry L (1988).

Based on the application of a modified SERVQUAL instrument, Choi,(2005) found a significant relationship between service quality dimensions and the South Korea health care system, In particular, "staff concern" followed by "convenience of the care process" and "physician concern" dimensions are the most determinants of patients satisfaction. However, Narang (2010) adopted 20- item scale that had been initially developed by Hadded et al. (1998), to measure patients' perceptions of health care services in India. The study reveals that the four factors - health personnel practices and conduct, health care delivery, access to services and, above all, adequacy of resources and services- were perceived positively by patients. Pakdil and Harwood (2005) applied SERVQUAL construct for measuring patients' satisfactions in Turkey by calculating the gap between patients' expectations and perceptions. The study found that patients are highly satisfied with all elements of service quality; specifically, "adequate information about their surgery" and "adequate friendliness, courtesy" items. However, Robini and Mahadevappa (2006) investigated patients' satisfactions of service quality in Bangalore - based hospitals in India. Data collected from 500 patients revealed that expectations exceeded their perceptions in 22 items of service quality. The assurance dimension got the least negative score in all hospitals. In contrast, Sohail (2003) found that patients' perceptions exceeded their expectations for all items of services provided by private hospitals in Malaysia.

In general, patient satisfaction surveys are used to examine the quality of the healthcare service provided Lin and Kelly (1995). Much evidence has been documented for the service quality to satisfaction link in different consumer satisfaction studies including those in the area of health care marketing Brady and Robertson (2001),Gotlieb, Grewal and Brown (1994), Rust and Oliver (1994), Andaleeb (2001).



## 2.4. Empirical Literature Review

A cross-sectional study at Kuwait by Ibrahim, et al. (2005) revealed that the overall satisfaction as reported by subjects was high-99.6%. A qualitative research done in rural Bangladesh by Jorge, et al. (2001) showed that, a total of 68% of patients expressed satisfaction with the services usually rendered. In a descriptive cross-sectional survey conducted at the eye clinic of the University of Ilorin Teaching Hospital, Nigeria by DS Ademola-P'opoola, et al., (2005) showed that; most of the patients (94.2%) were satisfied with the services they received.

Several studies conducted in Out Patient Departments of different hospitals in Ethiopia revealed client satisfaction level ranging from 22.0% in Gondar to 57.1% in Jimma Mitike, G (2002). And a survey conducted in Harari region; Eastern Ethiopia by Birna (2006) revealed that, the overall satisfaction level of the patients was 54.1%. A cross sectional facility based study in central Ethiopia by Birhanu, et al. (2010) found that, 62.6% of the patients reported that they have been satisfied with their visit. A cross-sectional study that involved an exit interview was conducted by Abebe (2008) in purposively selected government health centers and general hospitals in six regions of Ethiopia depicted that the percentage for high mean score satisfaction with health providers' characteristics ranged from 77.25% to 93.23%; with service characteristics 68.64% to 86.48%; and satisfaction with cleanliness ranged from 76.50% to 90.57%.

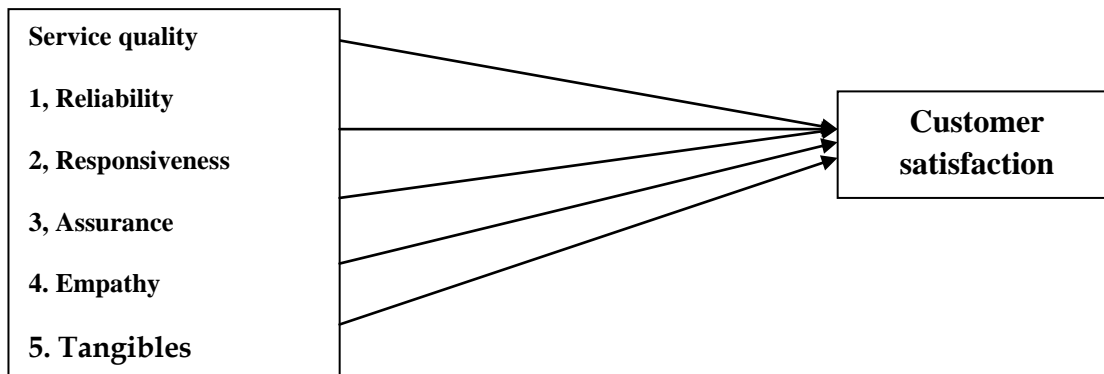
In a survey undertaken by Afework, et al. (2003) in private clinics in Addis Ababa, high rates of satisfaction (64-99%) were found in all aspects of medical care except affordability of service charges. In a cross sectional study done by Fekadu, et al. (2011) In Jimma University specialized hospital the overall client satisfaction level with the health services rendered at the hospital was 77%. Another cross sectional survey conducted by Mitike, et al. (2002) in the hospitals of Amhara region was found that, the level of satisfaction was 22%-50%. Furthermore, the World Bank report (2004) indicated that 52% of respondents were satisfied. Study in Jimma showed that of 344 respondents, nearly two fifth of the respondents (39%) responded they were not satisfied with the information provision about the hospital services and the flow. Out of 344 laboratory orders 178(51.74%) got all the ordered procedures in the hospital Assefa, (2011). A cross sectional survey was conducted in Tigray region to assess the level of client satisfaction in outpatient departments of zonal hospitals in 2006 and the overall satisfaction level in outpatient department was 43.6%. Nearly half of the clients (46.7%) were not satisfied with the information

provided about the services and above 44% of the clients were dissatisfied about the waiting time to get the services Girmay (2014).

## 2.5. Conceptual Frame Work

The conceptual framework indicates the crucial process, which is useful to show the direction of the study. The study shows the relationship between the five service quality dimensions and customer satisfaction. Also the study focuses on SERVPERV model which represents customers' perceptions toward the service offered which is referred to as the perceived service quality.

Figure 2.1 the impact of service quality on customer satisfaction (SERVPERF model)



Source: Cronin, J. J, and Taylor, S. A. (1992)

## **CHAPTER THREE**

### **RESEARCH DESIGN AND METHODOLOGY**

This chapter presents details of the research design and methodology. This includes the research design, sample size and sampling technique, data source and collection method, procedure of data collection, questionnaire and reliability test. At the end the method of data analysis was presented.

#### **3.1. Research Design**

Both descriptive and explanatory study design using quantitative method was used to analyze data collected from customers. The reason behind using descriptive study design is because the researcher is interested in describing the existing situation under study. This study used descriptive analysis that describes the service quality dimensions that lead to customer satisfaction. This study also used explanatory study design, to explaining, understanding, predicting and controlling the relationship between variables. The study is cross-sectional in the sense that relevant data was collected at one point in time.

#### **3.2. The Study Area and Population of the Study**

The study was conducted at ALERT Hospital in Addis Ababa the capital city of Ethiopia at the kolefe keranio Sub- City. It is a general hospital that it serves as a referral hospital for primary hospitals and health centers. All outpatients visiting the hospital for health services from Monday to Friday during working hours were the study population. According to the data obtained from the Hospital the annual cases seen at Outpatient Department is estimated to be 348,024 and 20,000 patients monthly seen on average excluding inpatients and emergencies.

#### **3.3. Sample Size and Sampling Technique**

##### **3.3.1 Sample Size**

The researcher has planned getting a sample size from the outpatient who rendered services from the ALERT Hospital by using Yamane (1967:886) a simplified formula to Calculate sample sizes, with a 95% confidence level, expected margin of error (e) of 0.05 and N=348,024 are assumed for Equation:-

$$n = \frac{N}{1+N(e)^2}$$

Where n is the sample size, N is the population size, and e is the level of precision. When this formula is applied to the above sample equation will get:-

$$\begin{aligned} n &= \frac{348,024}{1+348,024(0.05)^2} \\ &= 400 \end{aligned}$$

### **3.3.2 Sampling Technique**

The researcher used convenience sampling method to select the target customers. The rationale behind using convenience sampling technique is the ease of selecting units because of their availability or easy access. For primary data collection, from the total number of population (348,024) the number of samples taken was 400.

### **3.4. Data Source and Collection Method**

For the proper achievement of the objectives of the study; the researcher used primary data source. Primary data was collected using questionnaires. Questionnaires were distributed to the customers of the hospital. The variables measured using Likert scale with five response categories (strongly disagree, disagree, neither agree nor disagree, and agree strongly agree).

### **3.5. Procedure of Data Collection**

The researcher sought permission from the hospital. After permission was granted, the questionnaires were distributed to the respondents by translating from English to Amharic and again from Amharic to English and check its accuracy the survey pack included a copy of the cover letter, and the questionnaire. Collection of responded questionnaire was started after a week from date of administration and continued for a month.

### 3.6. Validity and Reliability Test

#### 3.6.1 Validity

This research finding is valid because it used a standardized questioner to gather data from the respondents.

#### 3.6.2 Reliability

Reliability is defined as be fundamentally concerned with issues of consistency of measures. Bryman and Bell (2003). According to Hair, et al., (2006), if  $\alpha$  is greater than 0.7, it means that it has high reliability and if  $\alpha$  is smaller than 0.3, then it implies that there is low reliability. For the service quality dimensions questionnaire Cranach's alpha for all the service quality dimensions is above 0.7.

**Table 3.1 Cronbach's Alpha**

Service quality dimensions	Cronbach's Alpha
Tangibility	.957
Reliability	.895
Responsiveness	.913
Empathy	.938
Assurance	.856

Source: own survey, 2016

### 3.7. Method of Data Analysis

Statistical Package for Social Science (SPSS) software for version 16.0 was employed to analyze and present the data through the statistical tools used for this study, namely descriptive analysis, CLRM assumption, correlation and multiple regression analysis.

#### Descriptive analysis

The descriptive statistical results were presented by tables. Thisz was achieved through summary statistics, which includes the means, standard deviations values which are computed for each variable in this study.

### **Classical linear regression model assumption**

Under this subsection the study presented three different results for the test of CLRM. The test results normality, multicollinearity and significance of the model.

### **Pearson Correlation analysis**

In this study Pearson's correlation coefficient was used to determine the relationships between service quality dimensions (Tangibility, reliability, responsiveness, assurance and empathy) and customer satisfaction.

### **Multiple Regression Analysis**

Multiple regression analysis was used to investigate the effect of service quality dimensions (Tangibility, reliability, responsiveness, assurance, and empathy) on customer satisfaction.

### **Regression functions**

The equation of multiple regressions on this study is generally built around two sets of variable, namely dependent variables (customer satisfaction) and independent variables (Tangibility, reliability, responsiveness, assurance, and empathy). The basic objective of using regression equation on this study is to make the researcher more effective at describing, understanding, predicting, and controlling the stated variables.

**Independent variables:** Tangibility, Reliability, Responsiveness, Assurance and Empathy

**Dependent variables:** Customer satisfaction

Regress customer satisfaction on the service quality dimensions

$$Y = \beta_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \dots$$

Where Y is the dependent variable- customer satisfaction

X<sub>2</sub>, X<sub>3</sub> and X<sub>4</sub> are the explanatory variables (or the regressors)

$\beta_1$  is the intercept term- it gives the mean or average effect on Y of all the variables excluded from the equation, although its mechanical interpretation is the average value of Y when the stated independent variables are set equal to zero.

$\beta_2$ ,  $\beta_3$  and  $\beta_4$  refer to the coefficient of their respective independent variable which measures the change in the mean value of Y, per unit change in their respective independent variables.

### **3.8. Ethical Considerations**

All information gotten from the respondents was treated with confidentiality without disclosure of the respondents' identity. Moreover, no information was modified or changed, hence information gotten was presented as collected and all the literature collected for the purpose of this study was appreciated in the reference list.

## CHAPTER FOUR

### DATA PRESENTATION, ANALYSIS AND DISCUSSION

This chapter will present a discussion of the final results and the process through which the results were obtained. In addition to this, background information of respondents will be presented, the statistical methods of analysis were discussed, which included a descriptive analysis, CLRM assumption analysis, correlation analysis, and multiple regression analysis by using SPSS version 16.

#### 4.1. Data Presentation and Analysis

##### 4.1.1 Background Information of Respondents

Out of the four hundred Questionnaires distributed to customers of ALERT hospital three hundred eighty were filled correctly and returned to the researcher and the remaining 20 questionnaires were not correctly filled and responded, the response rate is 95%.The demographic characteristics include: Gender, Age, Educational Status, payment status, frequency of visit and reason of visit.

From the 380 respondents 215(56.6%) were male and 165(43.4) percent of the respondents were female.20.5 % ( 78) of the respondents are between 18 to 28 years old whereas 41.3 %( 157) were from 29 to 39 years old.19.5 %( 74) were from 40 to 50 years the remaining 18.7 %(71) were above 50. Regarding educational level,11.6%(44) were illiterate 23.2%(88) were primary school 90(23.7%) were secondary school 80(21.1) percent were diploma graduates 15%(57) are first degree graduates and the rest 5.5%(21) were above degree graduates.231(60.8%) of the respondent are getting treatment freely and 149(39.2) are paying for the treatment.183(48.2%) respondents visit for illness 81(21.3%) are for family planning 20.3%(77) were for vaccination the remaining 10.3%(39) visit for other reasons. when we consider the frequency of visit206(45.8%) are new visits and 206(54.2%) are repeated visit. The results obtained from the structured questionnaires are represented on the table below.



**Table 4.1 Background information of Respondents**

variables		frequency	Percentage
Gender	Male	215	56.6
	Female	165	43.4
Age(in years)	18-28	78	20.5
	29-39	157	41.3
	40-50	74	19.5
	>50	71	18.7
Educational status	illiterate	44	11.6
	primary school	88	23.2
	secondary school	90	23.7
	Diploma	80	21.1
	Degree	57	15.0
	Above degree	21	5.5
Payment status	Free	231	60.8
	paying	149	39.2
Reason of visit	Illness	183	48.2
	Family planning	81	21.3
	vaccination	77	20.3
	Others	39	10.3
frequency of visit	New visit	174	45.8
	Repeated visit	206	54.2

Source: own survey, 2016

#### **4.1.2 Descriptive Statistics Analysis of Service Quality Dimensions And Customer Satisfaction**

To measure the customers' perception of the service quality provided by ALERT hospital, SERVPERF model is used. SERVPERF directly measures the customer's perception of service performance and assumes that respondents automatically compare their perceptions of the service quality levels with their expectations of those services.

The Model contains 22 questions and a five point likert scale is used to measure the performance. For all the service quality dimensions (Tangibles, Reliability, Responsiveness, Empathy and Assurance), the mean and standard deviations have been computed. The table below describes the results.

#### 4.2 Mean score and Standard Deviation for Service Quality Dimensions

Measures	Tangibility	Reliability	Responsiveness	Empathy	Assurance
Mean	3.81	4.03	3.98	4.02	3.95
Std. Deviation	0.92	1.01	1.05	0.99	1.02

Source: field survey, 2016

From the five dimensions of service quality reliability has the highest mean of 4.03, followed by empathy 4.02, responsiveness 3.98, assurance 3.95 and tangibility 3.81.

Customer satisfaction involves the fulfillment of customers' anticipation of the goods and services. Customer becomes satisfied if the performance of the good or service is equivalent to, or even surpasses, the original expectation. The satisfaction level in this study is also categorized and it ranges from highly dissatisfied, Dissatisfied, Neutral, Satisfied and Highly Satisfied. The table below presents the results.

**Table 4.3 Overall Customer satisfaction level**

Level of satisfaction	Frequency	Percent
Highly dissatisfied	28	7.4
Dissatisfied	29	7.6
Neutral	30	7.89
Satisfied	170	44.7
Highly satisfied	123	32.4
TOTAL	380	100.0

Source: own survey, 2016

As it can be seen from the table 44.7% of the respondents are satisfied, 32.4percent of the respondents are highly satisfied, 7.89% chose to remain neutral, 7.6% are dissatisfied and 7.4%

is highly dissatisfied. Therefore even if the highest percentage of respondents is somehow satisfied by the service provided by ALERT hospital 15% of the respondents are dissatisfied.

#### 4.2. Pearson Correlation Analysis

To determine the relationship between service quality dimensions (tangibility, reliability, responsiveness, assurance, and empathy) and customer satisfaction, Pearson correlation was computed. Table 4.4 below presents the results of Pearson correlation on the relationship between service quality dimension and customer satisfaction.

**Table 4.4 Pearson’s correlation coefficient**

		satisfaction
tangibility	Pearson Correlation	0.903 <sup>**</sup>
	Sig. (2-tailed)	0.001
reliability	Pearson Correlation	0.897 <sup>**</sup>
	Sig. (2-tailed)	0.001
responsiveness	Pearson Correlation	0.914 <sup>**</sup>
	Sig. (2-tailed)	0.001
Empathy	Pearson Correlation	0.93 <sup>**</sup>
	Sig. (2-tailed)	0.001
assurance	Pearson Correlation	0.906 <sup>**</sup>
	Sig. (2-tailed)	0.001

Source; own survey, 2016

From the result we can see that empathy is highly correlated to satisfaction (0.93) followed by, responsiveness (0.914), assurance (0.905), tangibility (0.903) and reliability (0.897). All the service quality dimensions have a significant relationship with customer satisfaction ( $p < 0.01$ ).

#### 4.3 Results for Classical linear regression model (CLRM) Assumption

Under this subsection the study presented three different results for the test of CLRM. The test results normality, multicollinearity and significance of the model.

### 4.3.1 Normality Test

The test of normality by Shapiro-Wilk test results show p is 0.11 so satisfaction is normally distributed because  $p > 0.05$ .

**Table 4.5. Kolmogorov-Smirnov and Shapiro-Wilk test**

	Kolmogorov-Smirnov <sup>a</sup>			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
satisfaction	0.240	380	0.16	0.847	380	0.11

Source: own survey, 2016

### 4.3.2 Test Results for Multicollinearity

For test of multicollinearity table 4.5, variance inflation factor technique is run the VIF verify the absence of multicollinearity since there are no exaggerated pair wise correlation values more than 10 score. In general, all tests illustrated above are testimonials as to the employed model is not sensitive to the problems of violation of the CLRM assumption.

**Table 4.6 The variance inflation factor**

Variables	Co-linearity Statistics	
	Tolerance	VIF
Tangibility	0.119	8.37
Reliability	0.113	8.83
Responsiveness	0.114	8.79
Empathy	0.102	9.80
Assurance	0.121	8.28

Source: own survey, 2016

### 4.3.3 Test Result for Significance of the Model

Significant of the model is tested by ANOVA and model summary table. Accordingly, table 4.6 for ANOVA of linear regression indicated that the regression model predicts the outcome variable significantly with the p-value of (0.001) and itC shows the overall model applied was significantly good enough in predicting the outcome variable.

**Table 4.7. ANOVA linear regression for significant of the model**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	488.086	5	97.617	687.266	0.001
	Residual	53.122	374	0.142		
	Total	541.208	379			

Source: own survey, 2016

Model summary on table 4.7 shows dependent variable (satisfaction) R<sup>2</sup> 90.2 percent explained by its independent variables, which is very large. To conclude, the regression model used for the study is highly explained the overall model signifying the study was not lost very important variables that affect the study output.

**Table 4.8. Model summary of linear regression**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.95 <sup>a</sup>	0.90	0.90	0.376

Source: own survey, 2016

#### **4.4. Multiple Regression Analysis**

Regression analysis is a statistical process for estimating the relationships among variables. It includes many techniques for modeling and analyzing several variables, when the focus is on the relationship between a dependent variable and one or more independent variables. More specifically, regression analysis helps one understand how the typical value of the dependent variable changes when any one of the independent variables is varied, while the other independent variables are held fixed. In this study regression analysis is used to identify the impact of service quality dimension on customer satisfaction.

**Table 4.9 Regression coefficients**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	0.89	.084		10.729	.0001
	tangibility	0.20	.061	.156	3.329	.0001
	reliability	0.079	.056	.067	1.392	.0001
	responsiveness	0.24	.055	.212	4.416	.0001
	empathy	0.47	.061	.394	7.765	.0001
	assurance	0.18	.054	.154	3.311	.0001

Source: own survey, 2016

Table 4.9 provides the regression results of the model predicting customer satisfaction through service quality and its dimensions. The independent variable i.e. service quality and its dimensions i.e. tangibles, reliability, responsiveness, assurance and empathy are found to have a significant and positive association with customer satisfaction. These results are in confirmation with the correlation analysis in this regard as all the variables in the model have a positive association with customer satisfaction. The regression coefficients of all significant variables i.e. Tangibles, reliability, responsiveness, assurance and empathy are 0.203, 0.079, 0.241, and 0.180 and 0.471 respectively.

The coefficient table for service quality dimensions indicates the beta values of the Independent variables. From this the regression equation is derived as:

Regression Equation

$$Y = a + bX_1 + bX_2 + bX_3 + bX_4 \dots$$

$$CS = 0.87 + 0.203TAN + 0.079REL + 0.241RES + 0.471EMP + 0.180ASS$$

Where,

CS = Customer satisfaction, TAN = Tangibility, REL = Reliability, RES = Responsiveness, EMP = Empathy and ASS = Assurance

Hypothesis testing is based on unstandardized coefficients beta and P-value to test whether the hypotheses are rejected or accepted.

### **Hypothesis 1**

Ho1: Tangibility will not have a positive and significant effect on customer satisfaction.

Ha1: Tangibility will have a positive and significant effect on customer satisfaction.

The results of multiple regressions, as presented in table 4.9 above, revealed that tangibility has a positive and significant effect on customer satisfaction with a beta value (beta = 0.203), at 95% confidence level ( $p < 0.01$ ). Therefore, the researcher may reject the null hypothesis and it is accepted that, tangibility has a positive and significant effect on customer satisfaction.

### **Hypothesis 2**

Ho2: Reliability will not have a positive and significant effect on customer satisfaction.

Ha2: Reliability will have a positive and significant effect on customer satisfaction.

The results of table 4.9 showed that the standardized coefficient beta and p value of reliability were positive and significant (beta = 0.79,  $p < 0.01$ ). Thus, the researcher may reject the null hypothesis and it is accepted that, reliability has a positive and significant effect on customer satisfaction.

### **Hypothesis 3**

Ho3: Responsiveness will not have a positive and significant effect on customer satisfaction.

Ha3: Responsiveness will have a positive and significant effect on customer satisfaction.

As shown in table 4.9 Responsiveness has a value of (beta = 0.79,  $p < 0.01$ ).so the researcher may reject the null hypothesis and it is accepted that, responsiveness has a positive and significant effect on customer satisfaction.

### **Hypothesis 4**

Ho4: Assurance will not have a positive and significant effect on customer satisfaction.

Ha4: Assurance will have a positive and significant effect on customer satisfaction.

Table 4.9 further shows that, assurance has a positive and significant effect on customer satisfaction with a beta value (beta = 0.18), at 95% confidence level ( $p < 0.01$ ). Therefore, the researcher may reject the null hypothesis and assurance has a positive and significant effect on customer satisfaction.

### **Hypothesis 5**

Ho5: Empathy will not have a positive and significant effect on customer satisfaction.

Ha5: Empathy will have a positive and significant effect on customer satisfaction.

Furthermore, table 4.9 also indicates that, the standardized beta and p - value of empathy were positive (beta = 0.471), and significant at 95% confidence level ( $P < 0.01$ ). As a result, the researcher may reject the null hypothesis. So empathy has a positive and significant effect on customer satisfaction.

In overall, the results revealed that all independent variables accounted for 90% of the variance in customer satisfaction ( $R^2 = 0.902$ ). Thus, 90% of the variation in customer satisfaction can be explained by the five service quality dimensions and other unexplored variables may explain the variation in customer satisfaction which accounts for about 10%, shown in table 4.9. The findings of this study also indicated that empathy is the most important factor to have positive and significant effect on customer satisfaction, followed by responsiveness, tangibility, assurance and reliability.

### **4.5. Discussion of Results**

This section discusses the findings of the statistical analysis in relation to the previous research and literature. The finding of this study indicates that customers were most satisfied with the reliability dimensions of service quality. However, customers were less satisfied with tangibility and assurance dimensions of service quality.

The correlation result shows that there is positive and significant relationship between the five service quality dimensions and customer satisfaction. The finding further indicates that the highest relationship is found between assurance and customer satisfaction.



This study has revealed that the overall satisfaction level of the patients with health service deliveries rendered at ALERT Hospital was 77.1 % and this is similar to reports from a cross sectional studies done by Fekadu, et al. (2011) and lower than a research done in Jimma University specialized hospital was 77%, done by Mindaye et al.(2011) Addis Ababa (85.5%), Teklemariam et al.(2013) Eastern Ethiopia (87.6%) and Belay M, et al.(2013) Southern Ethiopia (90.8%) , at Kuwait by Ibrahim, et al. (2005) revealed that the overall satisfaction as reported by subjects was high 99.6%, at the eye clinic of the University of Ilorin Teaching Hospital, Nigeria by DS Ademola-P 'opoola, et al., (2005) showed that; most of the patients (94.2%) were satisfied with the services they received. The possible reason for lower patients' satisfaction in this study might be the use of different method of calculating the demarcation threshold.

The result of this study indicates that tangibility has a positive and significant effect on customer satisfaction. This finding is supported by Munusamy et al., (2010), found that tangibility has a positive and significant effect on customer satisfaction. This finding is also supported by Al-Hawary et al., (2011) reported that tangibility has a positive and significant effect on customer satisfaction. On the contrary, Malik et al., (2011) reported that tangibility has no contribution to customer satisfaction. The finding of this study also indicates that reliability has a positive and significant effect on customer satisfaction. This finding is supported by Al-Hawary et al., (2011) reported that reliability has a positive and significant effect on customer satisfaction. This result also supported by Malik et al., (2011), found that reliability has a significant and positive effect on customer satisfaction. On the other hand, Munusamy et al., (2010) reported that reliability has a negative and insignificant effect on customer satisfaction.

Also, the finding of this study indicates that responsiveness has a positive and significant effect on customer satisfaction. This result is supported with the study by Mohammad and Alhamadani (2011), found that responsiveness has a positive and insignificant effect on customer satisfaction. This finding is also similar with the study by Al-Hawary et al., (2011) reported that responsiveness has a positive and significant effect on customer satisfaction. Moreover, the result of this study also indicates that assurance has a positive and significant effect on customer satisfaction. This finding is supported by Malik et al., (2011), reported that assurance has a positive and significant effect on customer satisfaction. This result is also supported by Al-Hawary et al., (2011) found that assurance a positive and significant effect on customer

satisfaction. The finding of this study further indicates that empathy has a positive and significant effect on customer satisfaction. This finding is supported by Mohammad and Alhamadani (2011), reported that empathy has a positive and significant effect on customer satisfaction. On the contrary Munusamy et al., (2010) found that empathy has a negative effect on customer satisfaction.

In overall, the results revealed that all independent variables accounted for 90% of the variance in customer satisfaction ( $R^2 = 0.901$ ). Thus, 90% of the variation in customer satisfaction can be explained by the five service quality dimensions and other unexplored variables may explain the variation in customer satisfaction which accounts for about 10%. Moreover, from the findings of this study, researcher found out that not all of the service quality dimensions have positive effects on customer satisfaction. Out of the five service quality dimensions four dimensions (tangibility, reliability, assurance, responsiveness, and empathy) have positive and significant effects on customer satisfaction. The results of this study further indicate that empathy is the most important factor to have a positive and significant effect on customer satisfaction.

## CHAPTER FIVE

### SUMMARY OF MAJOR FINDINGS, CONCLUSION AND RECOMMENDATIONS

#### 5.1. Summary of Major Findings

The study was intended to investigate the impact of customer service quality on customer satisfaction at ALERT hospital based on the questionnaire consisting of 400 randomly selected customers of the hospital. The results of background information of respondents indicated that majority of the total respondents (56.6%) are male, (41.3%) aged in the range of 29-39 years, (23.7%) are secondary school, (60.8%) are getting treatment freely, (48.2%) are visiting the hospital for illness and (54.2%) of the respondents are visited the hospital frequently. The results of the descriptive statistical analysis also indicated that, customers were most satisfied with the reliability dimensions of service quality followed by empathy, responsiveness.

However, customers were less satisfied with assurance and tangibility dimensions of service quality. The correlation result shows that there is a positive and significant relationship between all the service quality dimensions (tangibility, reliability, responsiveness, assurance and empathy). The finding also indicates that the highest relationship was found between assurance and customer satisfaction, while the lowest relationship was found between reliability and customer satisfaction. Furthermore, the multiple regression results showed that the five service quality dimensions (tangibility, reliability, responsiveness, assurance and empathy) have positive and significant effect on customer satisfaction. The R square value of 0.902, demonstrates that 90.2% of variation in customer satisfaction can be accounted by the service quality dimensions. The findings of this study also indicated that empathy is the most important factor to have positive effect on customer satisfaction, followed by responsiveness, tangibility, assurance and reliability. The general satisfaction level of customers by the service provided is 77.1%.

#### 5.2. Conclusion

The study was conducted to examine the impact of customer service quality on customer satisfaction in ALERT hospital. The finding of the study indicates that customer's of ALERT hospital customers were satisfied by the five service quality dimensions (tangibility, reliability, responsiveness, assurance and empathy). The finding of the study also indicates that, customers

were most satisfied with the reliability dimensions of service quality. However, customers were less satisfied with assurance and tangibility dimensions of service quality. The correlation result shows that, the five service quality dimensions (tangibility, assurance, responsiveness, empathy and reliability) are positively and significantly related with customer satisfaction.

The five service quality dimensions including tangibility, reliability, responsiveness, assurance and empathy have positive and significant effect on customer satisfaction. The findings of this study also indicated that empathy is the most important factor to have a positive and significant effect on customer satisfaction. In addition to this, all of the five service quality dimensions significantly explain the variations in customer satisfaction.

### **5.3. Recommendations**

Based on the findings and conclusions of the study, the researcher forwards the following recommendations to the management of the hospital and suggestion for other researchers.

- Tangibility dimension was considered as one of the most important factors influencing customer satisfaction. However, the customers of the hospital were found less satisfied in terms of the tangibility dimensions. One way of addressing this could be by using up-to-date equipment and technology, making the physical facilities visually appealing, making the employees well dressed and appear neat and making physical facilities and technology of the hospital goes with the type of service provided this is to say, the hospital management should focus on this factor to maximize customer satisfaction.
- Assurance dimension was considered as one of the most important factors influencing customer satisfaction. However, the customers of the hospital were found less satisfied in this regard. One way of handling this problem is by making behavior of employees impress customers and make them confident when they contact with Employees of the hospital.
- Periodic patients' satisfaction survey should be institutionalized to provide feedback for continuous quality service improvement.
- The hospital administration and responsible body in each service level should work together in improving the rate of patients' satisfaction with health service deliveries by implementing gov't reform program (BPR & BSC).

- In our current environment services preference of customers and their demands keeps on changing at a rapid speed and the hospital should operate proactively in meeting its customers' needs and preferences. Accordingly the hospital should be customer centric and management's focus area should emanate from the customer's need.
- The satisfaction level result showed that 15% of the respondents are dissatisfied with the service provided by ALERT hospital. Therefore the hospital should exert its maximum effort to change this result for customers are key drivers of its performance.
- As the service quality dimensions represent 90.2% of the variation in customer Satisfaction the hospital should work on all the service quality dimensions to improve and maintain its customer satisfaction.

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# Appendix: 1

## SAINT MARY'S UNIVERSITY

### Department of Business administration

#### A Questionnaire Prepared for Customers Seeking Services from ALERT Hospital

Dear respondent, the purpose of this questionnaire is to collect information on the service quality and customer satisfaction on ALERT Hospital for the partial fulfillment of the requirements for the masters in business Administration. The information obtained will be used for academic purpose only and be treated confidentially. Thank you very much in advance for your earnest cooperation.

#### Instruction

- No need of writing your name
- encircling your answer

#### Part 1: Socio-Demographic Characteristics of Respondents

1. Gender: 1, Male                      2, Female
2. Age (in years): 1, 18-28                      2, 29-39                      3, 40-50                      4, 50+
3. Educational Status: 1, Illiterate                      2, primary school                      3, secondary school  
4, Diploma                      5, first degree                      6, above degree
4. Payment status: 1, Free                      2, paying
- 5, frequency of visit: 1, new visit    2, repeated visit
6. Reason for visit: 1, Illness    2, Family planning    3, vaccination    4, others

**Part II Research related questions**

**Direction: This part of the questionnaire intends to find your perception towards the service quality of ALERT hospital please circle the number which reflects your perception.**

**Please indicate the level of your agreement and disagreement with the following descriptions by in encircling the appropriate answer based on the following ratings.**

**1= strongly disagree 2= disagree 3= averagely agree 4= agree 5= strongly agree**

Dimensions	Q. No	Statement to evaluate	Rating points				
			1	2	3	4	5
Tangibility	1	The hospital has up to date equipment and technology	1	2	3	4	5
	2	The hospital facilities are visually appealing	1	2	3	4	5
	3	The hospital employees are well dressed and appear neat.	1	2	3	4	5
	4	The physical facilities and technology of the hospital goes with the type of service provided.	1	2	3	4	5
Reliability	5	The hospital of employees provide service at the time they promise to do so	1	2	3	4	5
	6	The hospital employees show sincere interest in solving a problem you face.	1	2	3	4	5
	7	The hospital employees perform service right the first time(error free service)	1	2	3	4	5
	8	The hospital delivers the service at the time agreed on	1	2	3	4	5
	9	The hospital keeps your records accurately (history of complaint, medical records, your contact information)	1	2	3	4	5
	10	The hospital employees tells you exactly	1	2	3	4	5

		when the service will be performed					
Responsiveness	11	The hospital provides fast service.	1	2	3	4	5
	12	Employees of the hospital are always willing to help customers.	1	2	3	4	5
	13	The hospital employees are never busy to respond to your en quires	1	2	3	4	5
Empathy	14	Employees of the hospital gives attention to customers	1	2	3	4	5
	15	Employees of the hospital give personal attention to each Customer	1	2	3	4	5
	16	Employees of the hospital understand the specific need of customer	1	2	3	4	5
	17	Employees of the hospital serve the interests of the Customers	1	2	3	4	5
	18	The hospital opening hour is appropriate for all its customers	1	2	3	4	5
Assurance	19	The behaviors of employees in the hospital impress customers with the reliability of service.	1	2	3	4	5
	20	The customers feels confident when they contact with Employees of the hospital	1	2	3	4	5
	21	Employees of the hospital are always friendly and courteous.	1	2	3	4	5
	22	Employees of the hospital have knowledge to answer Customers questions.	1	2	3	4	5



### **Part III: Level of Customer Satisfaction**

**Direction: the following statement describes your feeling about ALERT hospital Please respond by choosing the number which best reflects your own perception.**

1. My feeling about ALERT hospital service delivery can be best described as

1. Highly dissatisfied

2. Dissatisfied

3. Neutral

4. Satisfied

5. Highly satisfied

**Thank you for taking your time to fill this questioner!!!**