IMPACT OF SERVICE QUALITY ON CUSTOMERS’ ADVOCACY; MEDIATING ROLE OF CUSTOMERS’ LOYALTY: A CASE OF SELECTED PRIVATE HOSPITALS OF PESHAWAR

Sajjad Ahmad Afridi, Department of Management Sciences, Hazara University, Mansehra. Email: sajjadafridi@hu.edu.pk
Wajid Khan, Preston University Kohat. Email: wajiduomm@gmail.com
Rahmatullah Bangash, Hazara University, Mansehra. Email: rehmat@gmail.com

Abstract. The aim of the current study is to determine how service quality influence customers’ advocacy directly and indirectly through customers’ loyalty in private sector hospitals of Peshawar. Famous Servqual model used for the analysis of service quality of the selected hospitals. Confirmatory factor analysis used to examine the fitness of the model and then with the help of path analysis hypotheses were checked. After analysis it was found that the relationship of service quality and customer advocacy was fully mediated by customer loyalty. The current study would be very useful for the hospital’s management in evaluation of service quality. Furthermore, the findings of the current study would also be useful in getting more customers. Marketing and management personnel of the hospitals would more emphasis on service quality to produce loyal customer, who eventually turns into advocates.

Keywords: Service Quality, Customers’ Loyalty, Customers’ Advocacy, Private Hospitals

Introduction

Service quality and customer satisfaction has been highly considered and used in marketing text and activities; during previous decades. Marketing scholars endorsed the relationship of service quality and customer satisfaction but on the other hand customer advocacy has gained importance in service marketing literature, mainly because of its influence on customer repurchase behavior and endorsing others (Caruana, 2002). Customer advocates use extreme form of word of mouth. Word of mouth can be positive and negative, however customer advocates are doing marketing for companies they are happy with. Loyal customer alone are not enough for companies, because loyalty can be behavioral that is affected by price and switching cost (Ganesh, Arnold, Reynolds, 2000). Advocates are more effective than traditional advertising (Jaffe, 2010). For companies advocates are very important, as they
persuade others, and do the marketing voluntarily (Walz, & Celuch, 2010) however, advocates cannot be produce instantly, it is the result of persistent service quality, and loyalty. These concepts have been used so many times in different industries separately, the said relationship is still not clear in many institutions in general and in healthcare in specific. Hence, this study intention is to fill that gap.

Service quality is one of main significant variables which can make customers more reliable and create good awareness about the service. Customer reliability results in satisfaction, which is evaluated through their repurchase behavior, understanding and recognizing critical success factors, which are touching the level of patient satisfaction. The main concern to conduct this study, to reveal those elements which pushed customers to pay more and get better facilities in health sector.

Service quality defined differently by various scholars such as; it is the comparison between customers’ expectations, and perceptions (Parasuraman, Berry and Zeithaml, 1984). Conferred to Gronoos, (1984) service quality is the functional and technical aspect of service oriented organization. According to Parasuraman, Berry and Zeithaml, (1985) service quality can be assessed via five sub variables like; Tangibility, Reliability, Responsiveness, Empathy and Assurance and called them Servqual. Servqual was initially comprised of 10 constructs which later on reduced to 5 aspects.

“An advocate is someone who actively recommends you to others, who does your marketing for you” (Payne, et al, 1999). It is an advanced form of marketing in which customers are involved with each other based on knowledge (Layer & Knox, 2006). Advocates are those they use positive word of mouth and do the marketing for a company and brand voluntarily (Hill, Provost & Volinsky 2006). However, it is not easy to produce advocates instantly. It requires hard work and continues provision of superb service quality and customer loyalty. Therefore, it is imperative for companies to produce advocates they must first make them happy and loyal.

Loyal customers are very important for the success of the organizations in such a challenging environment. Loyalty customers purchase again and again and also endorse the company to others. Customer loyalty comprises of behavior loyalty, attitudinal loyalty and composite loyalty (Kumar & Shah, 2004). Service quality and customer satisfaction are highly linked with each other, however, Caruana (2002), endorsed customer loyalty importance for the success of the organization. Loyal customers are valuable for organization because it is comparatively easier to persuade current customers to purchase again than new customers (Priluck, 2002).
Radical fluctuations in environmental factors forced companies to provide enhanced service quality. Since, hospitals are providing healthcare services to patients therefore, healthcare quality and benchmarking for hospitals are very crucial. Unfortunately in Pakistan, there is no proper mechanism for performance evaluation, no accreditation body and weak regulatory system. Author further pointed out that service quality is one of the primary issues of health sector of Pakistan. It is therefore very imperative to evaluate the perception of patients regarding healthcare quality. Hence, the current study will scrutinize the patients’ perception regarding service quality and its impact on patients’ advocacy with loyalty as a mediator. This study would look into the effects of service quality on patients’ advocacy in the hospitals of Peshawar and to evaluate the influence of healthcare quality on patients’ loyalty. Furthermore, it will look into the intervening role of patients’ loyalty in the relationship of healthcare quality and patients’ advocacy.

**Literature Review**

**Service Quality**

Service quality is intellectualized as the customer’s awareness regarding the degree of services either it is of great quality or low quality (Zeithaml et al., 1990). Normally, service quality is expected to be the alteration among customer prospects and observations either it is received or being acknowledged by the customer (Grönroos, 2001; Parasuraman et al, 1988).

Most of the organizations consider about enlightening their customer’s satisfaction and this leads to their life and existence throughout their operating and serving period, as a consequence they become more attentive and involved in assessing their qualities, tactics for the services. So they think through customer as a key pointer in this assessment, and rivalry among health’s organizations depend on patient’s satisfaction (Grönroos, 2001; Parasuraman et al, 1988).

According to Parasuraman, Berry and Zeithaml, (1985) Service quality can be measured through tangibility, reliability, responsiveness, empathy and assurance. Empathy is the opening service quality concept in this study, which in fact signifies the single concern of doctors, staff, nurses and the management for patients in order to deliver relief to patients (Badke, 2007). Patients consider empathy as an elementary element of all healing relationships and a key feature in their meanings of quality of care. In common, authors think empathy as the capability of a physician to realize the patient’s state, perception, and state of mind, and then to link that understanding and check its
exactness; and to perform on that empathy in a caring, helpful and healing way (Badke, 2007).

These behaviors may be powered by an absence of professional and personal understanding between co-workers. It is noteworthy consequently, that while empathy is recognized as a "helping" profession's most precious asset, its presence in the relationships between healthcare providers has been described as scarce (Sitzia & Wood, 1997). As such, association in healthcare is built on a voluntary basis and infers cooperation, negotiation, and conciliation (Adamson, 2011). New studies on human health resources have recommended that teamwork collaboration might be an active way of improving quality private hospitals and patient safety as well as decreasing staff deficiencies, tension and stress between healthcare professionals (Chi et al., 2001).

Reliability is the ability to execute the service in an exact and responsible way. Reliability can be defined as the ability to perform service consistently and precisely, such as promptness, competence of the check-in process, and suitability and exactness of service provided in private hospitals (Kim et al., 2010).

Reliability of the service means that the patients are seen when they need a service and they obtain the cure they remark to be accurate for their sickness. Validity and reliability are ideas concerned with the conclusion that the quality of the health service is beneath gauge-extent to which an instrument actually measures what it is meant was good. There is a significant relationship between reliability and patient satisfaction. This result is consistent with previous studies (Parasuraman et al., 1988).

Many authors distinguished the strategic significance of service quality by means of tangibles in healthcare in the private organizations. Though the importance of eminence in the background of healthcare is broadly recognized, noteworthy variances exist in the healthcare suppliers. For instance, a fresh research in Egypt initiates, that patients are tend to be more satisfied from the healthcare quality of private hospitals than public (Mostafa, 2005).

Consequently, for hospitals to know the link between the tangible factors and patients’ satisfaction is very crucial. For it will guide the healthcare suppliers what is important for patients and how it should be delivered (Grönroos, 1990).

So, the capacity of healthcare quality, has to be grounded on observed quality somewhat than objective quality. Healthcare quality is a notion that has provoked substantial attention and discussion, because of the glitches in describing and assessing it with no general agreement (Parasuraman et al.,
1985). Tangibility in SERV-QUAL is considered as the “solid” aspect used to evaluate quality of services. Parasuraman, et al.,(1988) evaluated healthcare quality in a private hospital in Belgium and found that the most vital magnitudes clarifying inclusive service quality comprised tangibility and assurance of SERVQUAL (Vandamme & Leunis, 1993).

The satisfaction of these assurances from the private hospital styles a sureness sense for patients and also makes a trustable environment among patients and doctors. So, it can be decided that delivering on time service to patients and also accountability to answer patient’s necessities and the hospital’s sympathy to service’s quality can make patients satisfied from the services provided by private hospitals (Grönroos, 1990).

Health systems have been defined as intrinsically interpersonal social systems, where growth of relationships is grounded on belief and joint respect leads to greater possibility of where communication and sovereignty were recognized as priority areas for actions in this study. Responsiveness has a valued input to all plans that aim to develop the quality of health care services. (Gilson et al., 1994).

Customers’ Advocacy

Customer advocates on the other hand use extreme form of word of mouth. Word of mouth can be positive and negative, however customer advocates are doing marketing for companies they are happy with. Loyal customer alone are not enough for companies, because loyalty can be behavioral and can be affected by price and switching cost (Ganesh, Arnold, & Reynolds, 2000). Advocates are more effective than traditional advertising (Jaff, 2010). For companies advocates are very important, as they persuade others, and do the marketing voluntarily (Walz, & Celuch, 2010) however, advocates cannot be produce instantly, it is the result of persistent service quality, and trust.

Customers’ Loyalty

Loyal customer stays with the company and use positive word of mouth, therefore companies are using affective loyalty program to enhance customer loyalty (Lach, 2000). Customer loyalty is an effective strategy that provide benefits to both; customers and organizations. Customer loyalty has a positive impact of company’s performance (Woodruff & Gardial, 1997), further loyal customers are willing to pay more price to companies they are loyal hence enhance the performance of the company.
Service Quality and Customers’ Advocacy

Afridi and Khattak (2015) examined the association of service quality and customers’ advocacy. Authors found positive and significant association of service quality with customers’ advocacy. Literature on customers’ advocacy is very limited, however, numerous work done of word of mouth communication, such as Patawayati, et al. (2013) evaluated healthcare quality and word of mouth communication in Sulawesi hospitals and found an optimistic and significant influence of healthcare quality on patients’ word of mouth communication.

Service Quality and Customers’ Loyalty

Ehigie, (2006) examined the association of service quality and customers’ loyalty in Nigerian Banks and confirmed that service quality positively influences customers’ loyalty. Similarly, Yieh, Chiao and Chiu (2007) investigated the relationship of service quality and customers’ loyalty in Taiwan’s Automobile industry. Authors revealed that overall service quality has a positive and significant influence on customers’ loyalty. However, they further revealed “tangibility, responsiveness and empathy” the most important factors for making customers’ loyal. Likewise, Vanniarajan and Gurunathan (2009) examined the linkage of service quality and customers’ loyalty in telecom sector and found a positive and significant role of service quality in making customers’ loyal.

Service Quality, Customers’ Advocacy and Loyalty

Service quality significantly stimulates word of mouth communication. Customers’ Advocacy is extreme form of word of mouth communication (Alrubaeie & Alnazer, 2010). Similarly, Maxham (2001) examined the association of service quality and advocacy and found a significant link between the two variables. Consequently, service quality is very imperative for making customers’ loyal (Cronin & Taylor, 1994). Similarly, Caruana, (2002) revealed in her study that service quality does influence customers’ loyalty.
Theoretical Framework

![Diagram of the Theoretical Framework]

Figure 1: Theoretical Framework of the Study

Hypotheses

Based on theoretical background and reviewing literature, the researchers have designed the following hypotheses for the current study:

Hypothesis 1: Service quality has a positive and direct impact on customer advocacy.

Hypothesis 2: Service quality and customer loyalty are linked positively.

Hypothesis 3: Customers’ Loyalty has a positive and significant influence on customers’ advocacy.

Hypothesis 4: Customer loyalty intervenes the association of service quality and customer advocacy.

Research Methodology

Survey Design

Positivism research assumption is used as a ground for this study. The researcher is testing a theory that is already available. Researcher is positive in his mind that better service quality will enhance customer loyalty which will lead to advocates.

Survey Design

The current study is based on deductive approach, hence quantitative technique is used to measure the responses of target population and therefore the survey approach is adopted.
To attain the proposed objectives questionnaires are carried out. A sample of 220 patients has been taken through convenient sampling technique. Three private hospitals selected for data collection.

**Sample Frame**

The target population consist of those people who visited private hospitals for different treatments such as; hospitalized patients and their attendants. The variables selected for the study of perceived service quality, customers’ loyalty and advocacy in private hospitals. These variables are selected because private hospitals are working more effectively instead public hospitals.

**Sampling design**

Non probability convenience sampling technique adopted for the circulation of survey instrument. The reason behind using convenience sampling method for data collection is that the data will be gathered from moving population, where exact population size is unknown. The sample population will be the patients, attendants and recently discharged patients, who visited hospitals, Northwest general hospital, Rehman medical institute and Khyber Medical Centre teaching hospital.

**Research Instrument**

In order to collect primary data from the patients of private hospitals, SERVQUAL scale has been used to identify the relation of variables. Servqual scale consists of two parts, expectation and perception; keeping in mind various critique regarding the expectation part of the servqual scale, (Cronan and Taylor, 1994) the researcher has adopted only perception part of the servqual scale which comprises of 15 item. Customer loyalty measured with the help of scale designed by Foster and Cadogan, (2000) comprises of 9 items, whereas customer advocacy measured through Walz, &Celuch, (2010). Five point likert scale adopted to measure the responses.

The research questionnaire was comprised of two sections: part one consists three questions related to demographics, in second section questions asked related to the variables used for current study.

**Analysis**

**Descriptive Statistics**

The subsequent table show the descriptive statistics of the variables used for current study. The reliability of the variable has also shown in table no.1. The Cronbach’s alpha for all selected variables is more than 0.60 shows that the instrument is reliable to adopt it for survey.
Table 1 *Descriptive statistics and reliability of the instruments*

<table>
<thead>
<tr>
<th></th>
<th>Mean</th>
<th>Std. Deviation</th>
<th>Cronbach's Alpha if Item Deleted</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tangibles</td>
<td>9.67</td>
<td>2.55</td>
<td>.75</td>
</tr>
<tr>
<td>Reliability</td>
<td>9.51</td>
<td>2.46</td>
<td>.75</td>
</tr>
<tr>
<td>Responsiveness</td>
<td>9.44</td>
<td>2.22</td>
<td>.75</td>
</tr>
<tr>
<td>Empathy</td>
<td>6.13</td>
<td>1.57</td>
<td>.77</td>
</tr>
<tr>
<td>Assurance</td>
<td>13.37</td>
<td>2.93</td>
<td>.73</td>
</tr>
<tr>
<td>Advocacy</td>
<td>10.34</td>
<td>2.15</td>
<td>.77</td>
</tr>
<tr>
<td>Loyalty</td>
<td>29.71</td>
<td>4.70</td>
<td>.77</td>
</tr>
<tr>
<td>Servqual</td>
<td>48.15</td>
<td>8.37</td>
<td>.72</td>
</tr>
</tbody>
</table>

**Inferential Statistics**

Descriptive statistics describe the mean, standard deviation and the Cronbach’s alpha of the instrument. However it does not help the researcher to reach to a conclusion, therefore it is very imperative to evaluate the inferential statistics such as various CFA, SEM, T-test, Chi-Square.

**CFA of Service quality**

Confirmatory factor analysis with the help of Structural equation modeling conducted in AMOS to examine the reliability of service quality. The model was first run, and got some poor values of fit indices, than the model was tested with the help of modification indices where it was found that the error terms of reliability and empathy was highly correlated. In the next step researcher made the correlating path between reliability and empathy and examined the model again. This time the researcher got desirable fit indices, such as; chi-square = 9.12, with 4 degree of freedom found insignificant at p=0.058, CFI=0.978 and RMSEA =.078. The said fit indices found within threshold mark indicate that the model is fit and can used for further analysis.
Customer loyalty model was also examined through CFA. After performing CFA, it was found that some of the error terms were highly correlated which were modified in with the help of modification index. The model was examined again and got fit indices in the acceptable range, like; chi-square value equal to 44.17 with 23 DF, CMIN/DF=1.9, CFI=0.93 and RMSEA 0.06. Hence the model found fit for further analysis.

**Figure 1**: CFA for Service Quality

**CFA for Customer Loyalty**

Customer loyalty model was also examined through CFA. After performing CFA, it was found that some of the error terms were highly correlated which were modified in with the help of modification index. The model was examined again and got fit indices in the acceptable range, like; chi-square value equal to 44.17 with 23 DF, CMIN/DF=1.9, CFI=0.93 and RMSEA 0.06. Hence the model found fit for further analysis.

**Figure 2**: CFA for Customers’ Loyalty
CFA for Customer Advocacy

Confirmatory factor analysis run for customer advocacy. Unlike, service quality and customer loyalty model, customers’ advocacy fit indices found fit in the first attempt. The chi-square equal to 9.45, with 2 DF, insignificant at p=0.09, with CFI=0.959 and RMSEA=0.07 suggested a good fit.

![Figure 3: CFA for Customers’ Advocacy](image)

**Confirmatory Factory Analysis for Measurement Model**

The researcher evaluated the measurement model to determine whether the proposed model fits the empirical model or not. For this purpose CFA run for the entire measurement model. In the first go the model was checked but found a poor fit. After evaluating the modification indices it was found that some of the error term of customers’ loyalty were highly correlated. After drawing correlation the model was analysed again and found that all the fit indices within acceptable range such as; chi-square equal to 571.2, with 128 DF, CFI &RMSEA 0.9 and 0.08 respectively indicate reasonable fit.
Figure 4: Validity of Measurement Model.

Validity of Structural Model

Similarly, the validity of the structural model was examined with the help of CFA. After running CFA for structural model the fit indices suggested some of the error terms were highly correlated which was fixed with the help of modification indices. The model was run again, and found that the desired fit indices lies within the threshold marks which indicates that the proposed theoretical model fits the empirical model and hence can be used for further analysis.
Figure 5: CFA for overall Structural Model

Hypotheses

The aim of the current study is to check how service quality influences customers’ advocacy through customers’ loyalty as intervening variable. For this purpose based on theoretical background and empirical literature the following hypotheses were designed.

Hypothesis 1: Service quality and customer Advocacy are directly and positively related.

The first proposition was tested via path analysis. Finding revealed that healthcare quality positively influences patients’ advocacy. The beta score of 0.37 found significant at P<0.05 shows that enhancing the healthcare quality by one unit will increase the level of advocacy in patients by 37 percent.
Figure 6: Hypothesis 1

**Hypothesis 2.** Service quality influence customers’ loyalty optimistically and directly.

For the said purpose path analysis run again to check the association of the variables. Result illustrates that healthcare quality optimistically effects patients’ loyalty. The beta scored 0.44 at p<0.05 confirmed that by improving the level of healthcare quality by one unit will lead to enhance the patients’ loyalty towards the hospital by 44 percent.

Figure 7: Hypothesis No.2

Hypothesis No. 3: There is an affirmative impact of patients’ loyalty on patients’ advocacy.

The said hypothesis was investigated by performing path analysis via AMOS. Result confirmed the positive and significant association of customers’ loyalty and customers’ advocacy by getting standardized beta value of 0.62 highly significant at p<0.001.
Figure 8: Hypothesis No.3

**Hypothesis 4:** Customer Loyalty intervenes the positive relationship of service quality and customers’ advocacy

The mediating impact of patients’ loyalty was tested via path analysis and revealed that patients’ loyalty fully intrudes the relationship of healthcare quality and patients’ advocacy. Table no. 3 shows the results of third hypothesis.

Table 2 *Standardized Direct and Indirect Effects*

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>H3: SQ</th>
<th>CL</th>
<th>CA</th>
</tr>
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<tbody>
<tr>
<td>Direct Effect</td>
<td>0.125 (0.569)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Indirect Effect</td>
<td>0.251 ***</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Results</td>
<td>Full Mediation</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Note: SQ=Service Quality, CL= Customers’ Loyalty, CA=Customers’ Advocacy, ***significant at p<0.001
Conclusion and Discussion

The primary aim of the current study was to examine how service quality influences customers’ advocacy when customers’ loyalty intervenes in private hospitals of Peshawar. Data were collect through self-administered questionnaire from 220 patients, attendants and recently discharge patients through non probability sampling technique. The proposed models were then compared and verified with empirical models of the study through confirmatory factor analysis and found fit. Propositions were made with the help of theoretical and empirical literature and is discussed in the subsequent paras.

The first hypothesis investigated the affirmative impact of healthcare quality on patients’ advocacy. Outcomes discovered that healthcare quality has a positive and direct impact on customers’ advocacy in private healthcare institutions of Peshawar. It illustrates that better the service quality of hospitals patients are experiencing more they will talk good about them and endorse others.

The second assumption was to check the impact of healthcare quality on patients’ loyalty. After determining the said association via path analysis it was found that healthcare quality influenced patients’ loyalty positively. Good service quality will compel customers to use constructive word of mouth and use the services again when required.

The last but not the least proposition of the study was to investigate the intervening role of patients’ loyalty between the link of healthcare quality and patients’ advocacy. Likewise path analysis used to spell out the relationship. Finding revealed that customers’ loyalty fully intervenes the link of health care quality and patients’ loyalty. This shows that service quality will first enhance customers’ devotion, which will eventually lead to advocacy. Loyal customers will make repeat purchases when required and thus will convert into advocates.

Implications

Current study will contribute theoretically by proposing a framework that rarely discussed in general and never been elaborated in healthcare specifically. This study is also very important for every organization in general and critical for private hospitals in specific. Companies are spending a huge amount on traditional promotional strategies. The implication of this study would be very useful for marketing and management to work hard on service quality. Good service quality will produce loyal customers’ which will eventually turn into advocates. Advocates are nine times more efficient than traditional marketing (Jazz, 2010).
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