

## Service Delivery System and Satisfaction in influencing Customer Loyalty at Balung Regional Hospital

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### ABSTRACT

Due to the fact that as different consumers' needs change, one of those needs is the need for an abstract service, which is currently the largest sector supporting the Indonesian economy. Service providers must be able to satisfy customers to build client loyalty with an appropriate service plan. Service encounter and servicescape represent the service plan. This research aims to determine the effect of customer experience, satisfaction, and servicescape on customer loyalty. This study uses a survey research design, which is a quantitative research methodology, and the population is patients of Balung Hospital. By using a sample of 80 people, the sampling method used is accidental sampling. the data test stages in this study include validity test, reliability test, normality test, multicollinearity test, heteroscedasticity test, multiple linear regression analysis, partial hypothesis testing and determination test. Multiple linear regression analysis is the method used in this study for data analysis. The research findings show that customer experience affects loyalty, loyalty is positively and significantly influenced by satisfaction variables, loyalty is significantly and favorably influenced by servicescape variables.

Keywords: Customer experience, Customer Loyalty, Customer Satisfaction.



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## INTRODUCTION

Because services are needed to address the needs of a growing number of consumers, they currently account for the greatest portion of the Indonesian economy. Service providers need to be able to satisfy customers in order to build client loyalty with the appropriate service plan. The service encounter and servicescape represent the service plan. One step in the process of service providers offering their clients services is the service encounter, often known as a service meeting. This procedure has a significant impact on how a company is perceived by its clients. The term "servicescape" describes a physical setting that has been purposefully or intentionally constructed by people to support services offered to customers. The relationship between the servicescape concept and the fulfillment of customer needs is one of the factors contributing to its significance. Consumers would feel more at ease and content when using the services offered if the service environment is improved. Resolving consumer happiness is one of the key elements in determining

if a business survives, as happy clients would refer other businesses to them if they are content with the services they receive (Kotler, 2001).

Hospital services is one of the service industries' enterprises that the community really needs. The hospital industry in Indonesia is expanding, particularly in the wake of a notable spike in patient volume related to the COVID-19 pandemic. Furthermore, this industry is strengthened by the population's changing demographics. As reported by Bada Pusat Statiska (BPS), the population in Indonesia has now reached 278.69 million people in mid-2023. It is also important to note that the World Bank also noted the growth of the hospital business in Indonesia as one of the positive indicators in the health sector. The change in people's perspectives about health is indicative of the legitimacy of the hospital industry in Indonesia. Preventive rather than only curative health maintenance is becoming more popular. This is a fantastic potential for hospital businesses to offer services related to illness prevention and consultation, instead of concentrating just on treatment. For the record, the government of Indonesia also supports the hospital industry by offering incentives to the health sector through regulations.

**Table 1. Budget Realization Per Program in 2022**

No	Programs/Activities/Sub-Activities	Ceiling	Realization	%
1	Program: Support for district/city government affairs	74.077.666.035,00	68.758.975.722,05	92,82
2	Activity: Improvement of BLUD services	74.077.666.035,00	66.758.975.722,05	92,82
3	Sub-activity: Services and support pelayanan BLUD	74.077.666.035,00	68.758.975.722,05	92,82
Total		74.077.666.035,00	68.758.975.722,05	92,82

Source: Balung Hospital

From the table above, it can be seen that the realization of the Balung RSD budget in 2022 is Rp. 68,758,975,722.05 of the total budget of Rp. 74,077,666,035.00 or 92.82%. When compared to budget absorption in 2021, it has increased by 10.92%, namely in 2021 from the total budget of Rp. 73,706,447,561.00 realized by Rp. 60,364,286,130.00 or 81.90%. This increase is due to the increasing number of services at the Balung Regional Hospital, so that many visitors use the services at the hospital.

One step in the process of service providers offering their clients services is the service encounter, often known as a service meeting. This procedure has a significant impact on how a company is perceived by its clients. The inseparability of the service is one of its features. in order for the processes of production and consumption to happen in the same location and concurrently (C. Lovelock & Gummesson, 2004). As a consequence, interactions between staff members and clients arise from every service activity. A service encounter is the term used to describe this exchange (C. H. Lovelock, 2002). Fandy & Chandra (2006) expressed a similar viewpoint when they said that a service encounter is any type of interaction that takes place in a service environment between a service provider and their clients.

Customers who are happy with a company's services will tell others to use a company that meets their needs, according to Kotler (2001), who claimed that one of the factors determining a company's survival is the fulfillment of customer satisfaction. A customer is an individual who visits a business regularly in order to fulfill their needs by purchasing a good or service and making a payment for it (Hasan, 2009:83).

The impact of the service encounter element on experiential marketing value and customer loyalty: an empirical investigation in the coffee shop context is the title of a research study by Rashid et al., (2021). The findings of the study demonstrate a positive relationship between the above three variables. The value of customer experience and loyalty is positively impacted by positive

perceptions of service interactions. Furthermore, value also positively affects client loyalty, according to experience. Lastly, the relationship between the service encounter and customer loyalty is somewhat mediated by experience value.

Susanto (2018) researched the influence of servicescape and service encounter on consumer emotion, perceived service quality, and customer satisfaction. The results of the study show that servicescape and service encounter have a positive effect on consumer satisfaction. In an effort to create and increase positive consumer emotions, management needs to make priority on servicescapes and service meetings. Organizations should consider creating attractive designs and ambiances by always maintaining cleanliness, coloring stores and playing music according to the target client, offering and selling high-quality food & beverages based on customer preferences, enhancing the consumer experience, always improving the service meetings based on customer needs and wants, and following up on consumer complaints quickly and accurately.

In public service facilities, Kim & Lee (2014) investigated the impact of servicescape on behavioral outcomes, satisfaction, and perceived service quality. The study's findings indicate that, in addition to having a major direct impact on happiness, cleanliness also indirectly affects patronage and loyalty to public spaces. It was also discovered that an easy-to-navigate layout was crucial for both customer satisfaction and service quality. The beneficial effects of comfort on perceived service quality and satisfaction are further supported by these findings. The association between attractiveness and service quality or satisfaction was not supported by the results, despite the expectation that attractiveness would be an indicator.

The research object distinguishes this study from the other studies that were previously discussed. Prior studies primarily focused on public services like public amenities and cafes and restaurants as research items. In this study, we look at hospital services, where customers would take into account factors such as service quality and a visually appealing and cozy physical setting when choosing which services to purchase in order to fulfill their needs. This justification leads to the study's goal of identifying the partial and simultaneous influences of customer happiness, servicescapes, and service interactions on customer loyalty at the Balung Regional Pain Clinic.

## **METHODS**

### **Design of Research**

Survey research is a type of quantitative research method that is used to gather data from past or present events and test multiple hypotheses about sociological and psychological variables using population samples, shallow questionnaires or interview data collection techniques, and generalizable research findings (Sugiyono, 2013).

### **Techniques for Sampling and Population**

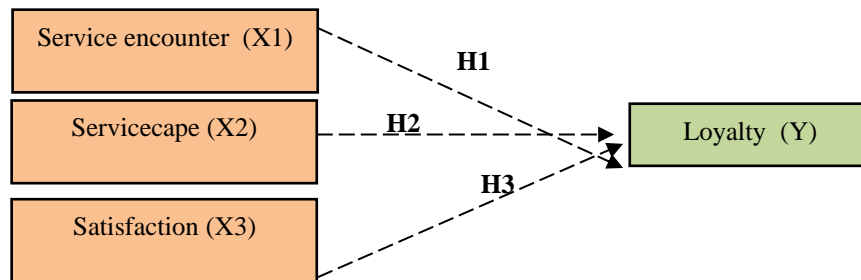
According to Sugiyono (2009), a population is the complete region of an object or subject that has specific numbers and qualities chosen by the researcher to be investigated and conclusions taken from. The Balung Regional Hospital's unidentified clientele makes up the study's demographic. Accidental sampling is the method of sampling that is employed. The Roscoe technique is used to determine the sample size; if a multivariate analysis is to be conducted in the study, the number of sample members must be at least 10 (ten) times the total number of variables (including the number of independent and dependent variables) that will be analyzed. This study employed a multivariate analysis, namely multiple linear regression analysis, with a total of four variables. Thus, the minimum sample size of 20 x 4 variables, or 80 sample members, was used.

### **Methods of Gathering Data**

Respondents are given a questionnaire as part of the data collection method. Balung Regional Hospital patients were the recipients of the questionnaires. The Likert scale is used in the data

measurement method. According to Sugiyono (2009), the likert scale is a tool used to assess an individual's attitude, opinion, and perception of social occurrences.

### Research Model



**Figure 1 Research Model**  
Source: data processed in 2024

### Method of Data Analysis

The multiple linear regression analysis is used in the data analysis technique. According to Siregar (2015), multiple regression is an analytical tool that is used to ascertain the impact of one or more independent variables on a single independent variable. It is a development of simple linear regression. Multiple regression can be expressed generally as follows:

$$Y = a + b_1 X_1 + b_2 X_2 + \dots + b_n X_n + e$$

Details:

X1 = Service Encounter;

X2 = Servicescape;

X3 = Satisfaction;

a = Constant;

b = Independent variable regression coefficient;

e = Residual/error

## RESULTS AND DISCUSSION

### Validity Test Outcome

The correlation of Pearson Validity using the product moment technique was used to conduct the validity test in this investigation. The following table displays the validity test results:

**Table 2. Recapitulation of Validity Test Results**

Variable	Indicator	r calculate	Sig.	Information
Service encounter	X <sub>1.1</sub>	0,889	0,000	Valid
	X <sub>1.2</sub>	0,917	0,000	Valid
	X <sub>1.3</sub>	0,940	0,000	Valid
	X <sub>1.4</sub>	0,922	0,000	Valid
	X <sub>1.5</sub>	0,887	0,000	Valid
Servicescape	X <sub>2.1</sub>	0,817	0,000	Valid
	X <sub>2.2</sub>	0,739	0,000	Valid
	X <sub>2.3</sub>	0,611	0,000	Valid
	X <sub>2.4</sub>	0,759	0,000	Valid
	X <sub>2.5</sub>	0,769	0,000	Valid
	X <sub>2.6</sub>	0,765	0,000	Valid
	X <sub>2.7</sub>	0,692	0,000	Valid
	X <sub>2.8</sub>	0,754	0,000	Valid
	X <sub>2.9</sub>	0,757	0,000	Valid

Satisfaction	X <sub>3,1</sub>	0,823	0,000	Valid
	X <sub>3,2</sub>	0,894	0,000	Valid
	X <sub>3,3</sub>	0,821	0,000	Valid
	X <sub>3,4</sub>	0,868	0,000	Valid
Loyalty	Y <sub>1</sub>	0,922	0,000	Valid
	Y <sub>2</sub>	0,927	0,000	Valid
	Y <sub>3</sub>	0,899	0,000	Valid

Source: Data processed, 2024

Table 2 shows that all of the indicators that were utilized to determine the dependent variable (loyalty) and the independent variable (service encounter, servicescape, and satisfaction) had significant values less than 0.05. This indicates that it is possible or valid to use the indicators in this research variable as methods of gathering data.

### Results of Reliability Testing

The purpose of this test is to demonstrate how reasonably consistent a measurement result is. A good question is one that is understandable, delivers the same meaning to various respondents at different times, and is unambiguous. The following are the reliability test results:

**Table 3. Reliability Test Results**

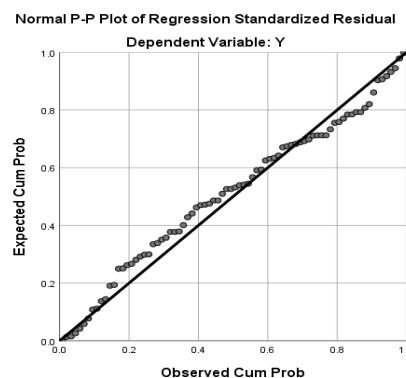
Variable	$\alpha$	Information
Customer Interaction	0,948	Reliabel $\alpha > 0,50$
Servicescape	0,896	
Satisfaction	0,873	
Loyalty	0,901	

Source: Data processed, 2024

Table 3 indicates that all of the variables employed in this study had Cronbach Alpha ( $\alpha$ ) values greater than 0.50, indicating their reliability. Findings from the Traditional Assumption Test The tests for heteroscedasticity, multicollinearity, and normality are included in this one.

### 1. Test of Normality

The purpose of the normality test is to determine whether or not the dependent and independent variables in a regression model have a normal distribution. The normalcy test results are displayed in Figure 2 below.



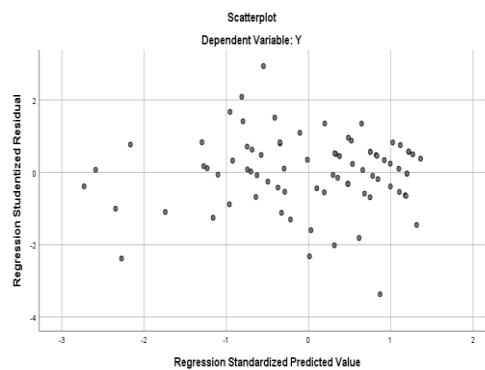
**Figure 2: Results of the Normality Test**

Source: 2024 data processed

Figure 2 displays the graph of the results of the normality test. The image shows how the points spread out around the diagonal line and how the spread corresponds to the diagonal line's orientation. in order for the regression model to satisfy the normalcy assumption.

## 2. Test for Heteroscedasticity

This test is used to determine whether a variant disparity between observations exists in a regression model. The process involves identifying patterns on the scatter plot by examining their presence or absence. Figure displays the findings of the heteroscedasticity test.



**Figure 3: Results of the Heteroscedasticity Test**

Source: Results of data processing, 2024

Heteroscedasticity does not occur based on the analysis of the scatterplots in Figure 3, which are randomly distributed, lack a discernible pattern, and are dispersed both above and below the number 0 on the Y axis. 3.

## 3. Test for Multicollinearity

When independent variables exhibit intercorrelation, it suggests the presence of multiple substantial linear relationships, a phenomenon known as multicollinearity. Multicollinearity arises when the value variable's correlation coefficient is outside the acceptable range (critical value). Multicollinearity does not arise if the correlation coefficient is inside the acceptable range.

**Table 4. Collinearity Statistic**

Variable	VIF	Information
Service encounter	1,268	VIF < 10 No multicollinearity
Servicescape	1,750	
Satisfaction	1,726	

Source: Data processing results, 2024

Since each variable's VIF value is less than 10, the Collinearity Statistics analysis's findings indicate that there is no multicollinearity in the model.

## Results of Multiple Linear Regression Analysis

The table below displays the results of multiple linear regression tests.

**Table 5: Calculated Results of Multiple Linear Regression**

Variable	Regression Coefficient	T <sub>count</sub>	Sig.	Information
Contant	-2,606	-2,208	0,046	-
Service encounter	0,100	2,421	0,018	Significant
Servicescape	0,160	3,375	0,001	Significant
Satisfaction	0,427	5,282	0,000	Significant

Source: Data processing results, 2024

## Findings from the t-test

The size of each X and Y variable's influence can be determined using the t-test computation in Table 5 as follows:

- a. How loyalty (Y) is impacted by the varying service encounter (X1) Table 5 indicates that a significance level of  $< \alpha$  is  $0.018 < 0.05$ .  $H_0$  is rejected because the likelihood threshold is less than 5%, indicating that loyalty at Balung Hospital (Y) is significantly impacted by the service encounter variable (X1). As a result,  $H_1$ , the theory that the Balung Hospital service encounter influences loyalty, is approved.
- b. How loyalty (Y) is impacted by the servicescape variable (X2) Table 5 indicates that a significant level of  $< \alpha$  is  $0.001 < 0.05$ . The rejection of  $H_0$  indicates that the servicescape variable (X2) has a noteworthy impact on loyalty in RSD Balung (Y), as the likelihood threshold is less than 5%. Therefore, it may be concluded that either  $H_2$  or the hypothesis that the servicescape at Balung Hospital influences loyalty is valid.
- c. How loyalty (Y) is impacted by the satisfaction variable (X3) Table 5 indicates that a significance level of  $< \alpha$  is  $0.000 < 0.05$ .  $H_0$  is rejected because the probability threshold is less than 5%, indicating that loyalty at Balung Hospital (Y) is significantly influenced by the satisfaction variable (X3) to a partially significant extent. As a result,  $H_3$ , the hypothesis that loyalty at Balung Hospital is influenced by satisfaction, is confirmed.

#### Coefficient of Multiple Determination ( $R^2$ )

**Table 6. Determination Coefficient Test Results**

Type	R	R Square	Adjusted R Square
1	0.805 <sup>a</sup>	0,648	46,713

Source: Results of data processing, 2024

Based on the analysis results shown in Table 6, a multiple determination coefficient ( $R^2$ ) of 0.648 is obtained. This indicates that the variables of service encounter, servicescape, and satisfaction account for 64.8% of the change in loyalty, with the remaining 35.2% being caused by other factors such as price, CRM, and other factors not included in the regression equation.

#### Discussion

##### The Impact of Customer Experience on Loyalty

The findings of the regression test demonstrated that loyalty was positively and significantly impacted by the service encounter variable. This indicates that the service encounter factor—which is determined by how quickly Balung Hospital employees address errors in the service system, according to the needs of each individual customer, how quickly they respond on their own when serving customers, how well they understand each customer's problems, and how courteous and friendly they are when providing phone services is a factor that determines customer loyalty at Balung Hospital.

The study's findings provide credence to the idea that satisfied customers are a major sign of the health of the service sector. High levels of client loyalty are the outcome, and this promotes the development of customer recommendations. Strong competition encourages businesses to focus more on the needs of their clients (Kotler, 2016). Good client connection is essential to the survival and growth of the service business. This incentivizes service marketers to recognize that satisfying customer experiences are the most effective means of retaining customers. The intense rivalry within the service sector has led to an increased emphasis on examining service encounters to comprehend service quality and its correlation with client happiness and loyalty (Rashid et al., 2021). The research findings are corroborated by the outcomes of this study.

##### Servicescape's Impact on Loyalty

The findings of the regression test demonstrated that loyalty was significantly and favorably impacted by the servicescape variable. This indicates that the Balung Hospital building's outside and interior have an appealing servicescape factor; Balung Hospital's layout is simple and uncomplicated; the parking lot is roomy and comfortable; there are numerous, cozy waiting areas; the admission office, or registration area, is sufficient; the patient care area is pleasant and comfortably furnished; One aspect influencing a patient's devotion to Balung Hospital is the



hospital's full medical equipment, clean surroundings at Sakit Balung Hospital, and cool, fresh air quality.

Like other environmental psychology models, the medical clinic servicescape model incorporates both positive and negative emotions into its primary explanatory role. Both positive and negative emotions are said to be the outcome of how one perceives their surroundings and the factors that influence consumer satisfaction and future intention. It makes sense for the medical clinic servicescape model to be founded on reliable forecasts. Emotions should result from negative environmental judgments and vice versa. Positive emotions should be stronger and negative emotions should be lesser, for example, if the atmosphere has a pleasant scent.

The findings are consistent with the idea that, in a marketing context, servicescape is positively correlated with customer loyalty or intent to subscribe. One important component in forecasting customer loyalty is the environment. (Karamatullah Hussainy, Tariq, & Khan, 2017) demonstrates that feelings and intentions to resubscribe are positively impacted by a favorable opinion of Servicescape. A service landscape's mood, design, signage, symbols, and artifacts all have a favorable correlation with patronage. According to Marso et al. (2020), customer happiness, revisit intention, and servicescape perception are all positively correlated.

#### **The Impact of Contentment on Allegiance**

Regression test results indicated that loyalty was positively and significantly impacted by the satisfaction variable. According to this, a factor influencing customer loyalty to Balung Hospital is whether or not the satisfaction factor, as measured by the number of times customers will use the hospital's services again, whether or not the hospital's services meet their expectations, and whether or not the hospital's services meet their needs and desires.

The study's findings are consistent with the theories that customer satisfaction matters for increased propensity to repurchase and that marketing has acknowledged the benefits of word-of-mouth or recommendations (Kotler, 2016). The emphasis is shifting from "attracting customers" to "retaining customers" due to the fierce competition in the service marketing industry. This point of view is founded on the idea that spending money on initiatives aimed at increasing customer retention—whether through raising customer satisfaction, offering better value, or creating new or improved services—is typically less expensive than hiring new staff to handle customer needs (Carranza, 2018). The study's findings corroborate those of Halim (2019) and Sharifa (2023), who claimed that customer loyalty might rise when customers are satisfied.

## **CONCLUSION**

The study's findings indicate that Balung Regional Hospital's customers' loyalty is impacted by the characteristics of service encounter, servicescape, and satisfaction. This means that at Balung Regional healthcare, customer satisfaction can boost customer loyalty, service encounters in the form of healthcare services can satisfy customer demands, and servicescapes in the form of a physical environment can draw customers.

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