

## Building customer loyalty at Balung Regional Hospital with a Service Encounter and Satisfaction Strategy

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### ABSTRACT

A service encounter, sometimes referred to as a service meeting, is an essential part of the process by which service providers deliver services to their clients effectively and efficiently. This process plays a key role in shaping how customers perceive a company and fostering their long-term loyalty through positive interactions. This study seeks to explore how service encounters, customer satisfaction, and their combination influence customer loyalty at Balung Regional Hospital. The research conducted at Balung Regional Hospital involves quantitative analysis focusing on all service users comprehensively. The sampling technique employed is non-probabilistic, specifically purposive sampling, involving a sample size of 60 respondents carefully selected. This research uses multiple linear regression analysis to evaluate the data accurately. The results of the study show that: (1) Service encounter significantly affects customer loyalty in Balung Regional Hospital; (2) Satisfaction positively affects customer loyalty of Balung Regional Hospital; (3) Service encounter and satisfaction have a simultaneous effect on customer loyalty of Balung Regional Hospital, highlighting their interdependence.

Keywords: Balung Regional Hospital, Loyalty Service, Satisfaction, Encounter.



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### INTRODUCTION

In Indonesia, hospitals are among the health services available. Hospitals, as health service organizations, offer a comprehensive range of individual health services that cater to inpatient, outpatient, and emergency needs (Ministry of Health of the Republic of Indonesia, 2010). Hospitals are essential health service facilities that require effective management, representing a high standard in Indonesia's referral system. Hence, it is crucial that hospital management displays excellent and professional conduct. Hospitals offer a variety of services such as healthcare, medical support, nursing care, rehabilitation, health promotion and enhancement, medical education and training for healthcare professionals, as well as a hub for research and innovation. The hospital is amongst the establishments that operate within the service sector. Assistance refers to any activity or gesture provided by one party to another, which in its essence, it is intangible

and does not involve ownership, the creation of which may or It is not necessarily connected to a tangible item (Kotler, 2005).

The quality of products, whether goods or services, greatly influences customer happiness, loyalty, retention, word-of-mouth advertising, repurchases, market share, and profitability. As a result, the service industry needs to be able to offer its clients quality service, including service encounters. According to Kotler (2004), a company's ability to satisfy its customers is one of the key factors in determining its survival because happy customers will refer other people to businesses that have met their needs. A customer is a person who regularly and consistently visits the same location to fulfill their needs by paying the necessary payment and purchasing a good or service (Hasan, 2009).

Anggit, dkk (2021) Through examining the connection between visitor contentment and behavioral inclination, this research delves into the effects of perceived value and encounters with services. Studying the activities of guests at Madu Tiga Beach and Resort. In light of the findings, it was found that there wasn't a noteworthy connection between service interactions and satisfaction, nor between service interactions and perceived value. However, a significant link between service encounters and behavioral intentions was observed. Moreover, perceived value had a concurrent impact on behavioral intentions. Additionally, a significant relation was identified between satisfaction and behavioral intentions. Interestingly, satisfaction was not identified as the intermediary between service encounters and behavioral intentions. Similarly, perceived value does not significantly influence behavioral intention through satisfaction, meaning that satisfaction does not play a conclusive role in connecting perceived value and behavioral intention.

Based on several previous studies, the researcher is interested in researching on different objects, namely the Balung Regional Hospital. Based on information from several customers, the service at the Balung Regional Hospital is not satisfactory, especially for health workers who are not good at treating patients. The aim of this study is to investigate how partial and simultaneous service encounters and satisfaction impact customer loyalty at Balung Regional Hospital.

### **Hypotheses**

H1 : Service encounter has a significant effect on customer loyalty of Balung Regional Hospital

H2 : Satisfaction has a significant effect on customer loyalty of Balung Regional Hospital

H3 : Service encounter and satisfaction have a significant simultaneous effect on customer loyalty of Balung Regional Hospital

## **METHODS**

### **Research Design**

The research being conducted falls under the category of survey research. This method serves as a quantitative approach to gathering data on past or current occurrences, as well as testing various hypotheses related to sociological and psychological variables. It involves collecting samples from the population using techniques such as interviews and questionnaires that are not overly detailed. The ultimate goal is to draw generalized conclusions from the research outcomes (Sugiyono, 2013).

### **Techniques For Population and Sampling**

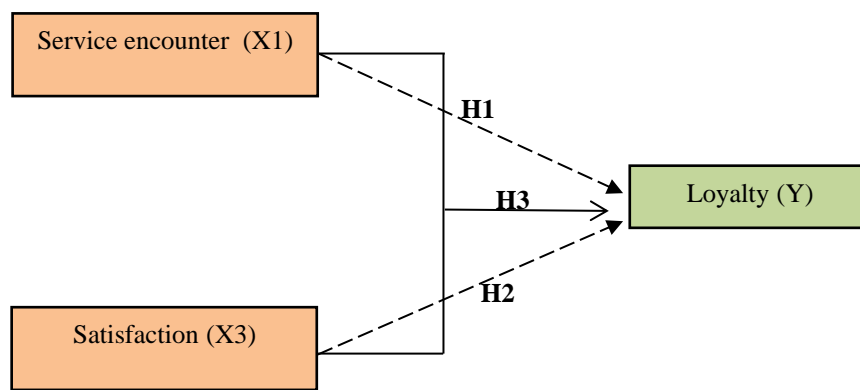
The study focuses on customers utilizing services at Balung Regional Hospital, with the exact number being undisclosed. The sampling method employed is purposive sampling. The criteria for respondents are customers who have used services at Balung Hospital more than once. Roscoe developed a method for calculating the sample size. The sample size should be at least ten times the number of variables being examined, including both independent and dependent variables, if

the study uses multivariate analysis. Four variables were included in the study's multiple linear regression analysis, which was a multivariate analysis technique. Hence, we need a minimum sample size of 60 members, which is obtained by multiplying 20 by 3 variables.

### Data Collection Techniques

The approach for gathering data involves providing respondents with a questionnaire. Questionnaires were handed out to customers of the Balung Regional Hospital for their feedback. The technique for measuring data involves utilizing a Likert scale. People's opinions, beliefs, and impressions of social events are measured using the Likert scale (Sugiyono, 2013).

### Research Design



**Figure 1. Model of Research**

Source: data processed 2024

### Data Analysis Technique

Multiple linear regression analysis is one of the data analysis methods. Siregar notes in his 2015 study that multiple regression is more advanced than simple linear regression. This analytical technique aims to demonstrate the impact of one or more independent variables on a single dependent variable.

The basic concept of multiple regression is encapsulated in the ensuing formula:

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

Information :

Y represents loyalty, Service encounter is equivalent to X1, X2 stands for Servicescape, Satisfaction = X3 a equals a constant, b is the coefficients of the independent variable in the regression, The symbol "e" represents the residual or error.

## RESULTS AND DISCUSSION

### Test for validity

Validity is all about evaluating how effectively a measuring instrument, like a questionnaire, fulfills its intended purpose of measurement accurately and reliably. The study evaluated validity by correlating Pearson validity with the product moment technique. Based on Table 1, it is evident that all the indicators utilized in the independent variables (service encounter and satisfaction) as well as the dependent variable (loyalty) show significance levels lower than 0.05. This shows that the indicators used in this research variable are suitable and dependable for gathering data. You will see the outcomes of the validity test in the table provided.

**Table 1. Validity Test Results Recapitulation**

Variable	Indicator	r count	Sig.	Information
Service encounter	X <sub>1,1</sub>	0,849	0,000	Valid
	X <sub>1,2</sub>	0,831	0,000	Valid
	X <sub>1,3</sub>	0,796	0,000	Valid
	X <sub>1,4</sub>	0,885	0,000	Valid
	X <sub>1,5</sub>	0,715	0,000	Valid
Satisfaction	X <sub>21</sub>	0,863	0,000	Valid
	X <sub>22</sub>	0,765	0,000	Valid
	X <sub>23</sub>	0,728	0,000	Valid
	X <sub>24</sub>	0,744	0,000	Valid
Loyalty	Y <sub>1</sub>	0,789	0,000	Valid
	Y <sub>2</sub>	0,716	0,000	Valid
	Y <sub>3</sub>	0,751	0,000	Valid

Source: Data processed, 2024

### Test of Reliability

This test is carried out to demonstrate the degree of consistency in a measurement result. A high-quality question is clear, easy to comprehend, and maintains a consistent interpretation across different recipients and occasions. The reliability test's findings are as follows.

**Table 2. Results of the Reliability Test**

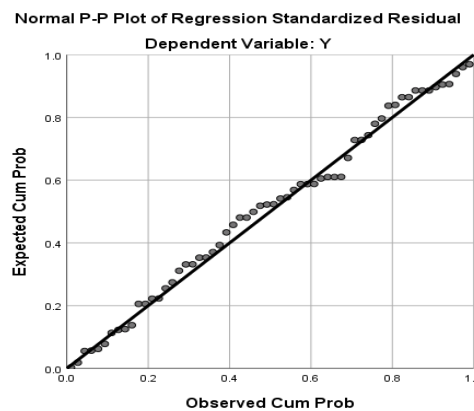
Variable	$\alpha$	Information
Service encounter	0,869	Reliable $\alpha > 0,50$
Satisfaction	0,780	
Loyalty	0,609	

Source: Data processed, 2024

Observing Table 2, we firmly establish the reliability of all variables utilized in the research, as each possesses a Cronbach Alpha ( $\alpha$ ) exceeding 0. 50.

### Uji Asumsi Klasik for normality

The normality test ensures that both the regression model's independent and dependent variables have a normal distribution. Figure 2 below displays the findings of the normalcy test.



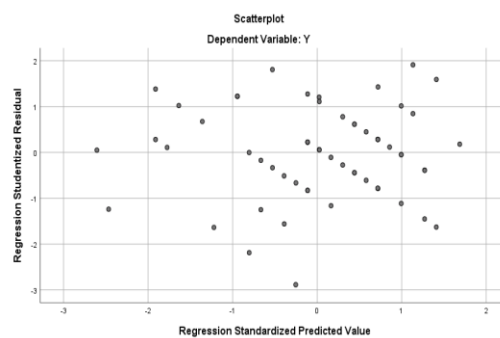
**Figure 2. Normality Test Results**

Source: Data processed, 2024

Based on Figure 2, we notice that the distribution appears to follow the pattern of the diagonal line, as indicated by the points strewn over it in the graph showing the results of the regression model's normality test. Therefore, the regression model is deemed suitable since it has met the normality assumption.

### Heteroscedasticity Test

This test was conducted to investigate if there is a discrepancy in variation among observations in a regression model. The process includes pinpointing a particular pattern in the scatter plot shown in Figure. By observing the presence or absence of this pattern, we can ascertain whether the X-axis shows the expected Y, and the studentized residual (predicted Y less true Y) is shown on the Y-axis.



**Figure 3. Heteroscedasticity Test Results**

Source: Data processed, 2024

The findings from examining the scatterplots in Figure 3 reveal that the dots are dispersed randomly, lacking a distinct pattern, and are spread across both sides of the Y axis number 0.

### Multicollinearity Test

Multicollinearity happens when independent variables are interconnected, indicating the presence of multiple significant linear relationships. If the correlation coefficient of the variable in question falls outside the designated acceptance range (critical value), it indicates a significant correlation and the presence of multicollinearity. If the correlation coefficient falls within the accepted boundaries, then it becomes insignificant, and multicollinearity is not present.

**Table 3 Collinearity Statistic**

Variable	VIF	Information
Service encounter	1,740	VIF < 10
Satisfaction	1,740	No multicollinearity

Source: Data processed, 2024

According to the findings from the Collinearity Statistics analysis, it has been determined that the model does not contain multicollinearity. In Table 3, the VIF values for each variable are below 10, indicating this observation.

### Findings from the analysis using multiple linear regression

The influence level of independent variables can be evaluated with the use of multiple linear regression analysis.(service encounter and satisfaction) on the dependent variable (loyalty). After conducting testing using the SPSS for Windows 17. 0 program, results have been generated that can be showcased in Table 4.

**Table 4 Results of Regression with Multiple Linears Calculations**

Variable	Regression Coefficient	T <sub>count</sub>	Sig.	Information
Constant	3,607	3,914	0,000	-

Service encounter	0,157	3,063	0,003	Significant
Satisfaction	0,315	4,498	0,000	Significant

Source: Data processed, 2024

### The Outcoms of Test F

The purpose of this test is to examine the cumulative influence of service encounter variables and satisfaction on loyalty. The investigation was conducted with a significance level set at 0. If the probability is equal to or lower than 0. By examining service encounter and satisfaction variables together in unison, it will become evident in 05 that they significantly influence loyalty. If the chance is greater than zero. In 05, it suggests that the variables related to service interaction and satisfaction do not exert a substantial influence on loyalty. The results of the F test are available in Table 5.

**Table 5 Results of Calculation of Test F**

Dependent Variable	Independent Variable	R Square	F <sub>count</sub>	F <sub>table</sub>	Sig.
Y	X <sub>1</sub> , X <sub>2</sub>	0,592	41,402	3,150	0,000

Source: Data processed, 2024

According to Table 4. 6, the probability value of the F test shows that it is less than 0. 05 (0. 000 < 0. 05). This implies that both service encounter and satisfaction variables have a significant impact on loyalty at the same time, leading to the rejection of H<sub>0</sub> in this scenario. Thus, the validation of the hypothesis that both service encounters and satisfaction have a simultaneous impact on loyalty at Balung Hospital confirms the acceptance of H<sub>3</sub>.

### Multiple Determination Coefficient (R<sup>2</sup>)

The multiple determination coefficient (R<sup>2</sup>) is utilized to evaluate The degree of influence that the independent variable has on the dependent one. The determination coefficient varies between 0 and 1. If R square or R<sup>2</sup> equals 1, the regression line of the model accounts for 100% of the variation in the dependent variable. If R<sup>2</sup> equals 0, then the model has no impact or ability to affect the alteration of the variable that is reliant. The model's fit will improve further as it gets closer to a value of one. From the data shown in Table 5, it is evident that the multiple determination coefficient (R<sup>2</sup>) stands at 0. 592. This indicates that about 59. 2% of the loyalty variations can be attributed to service encounter and satisfaction variables, while the rest, 40. 8%, can be linked to additional factors like service quality, image, trust, among others that were not considered in the regression analysis.

### Partial Testing (t-Test)

Examining the effects of each independent variable on the dependent variables is the goal of this test. The t-test's findings analysis performed with the SPSS for Windows software are presented in Table 4. By examining the table, we can gain insight into how much Every independent variable has an impact on the dependent one.

1. The impact of the service encounter variable (X<sub>1</sub>) on loyalty (Y) is evident from Table 4, with a significance level of 0. 003 which is less than 0. 05, highlighting its importance. Due to the probability level being below 5%, H<sub>0</sub> is declined, signaling that the service encounter variable (X<sub>1</sub>) noticeably impacts loyalty at Balung Hospital (Y). Hence, the assumption that the service encounter influences loyalty at Balung Hospital has been confirmed, indicating the acceptance of hypothesis H<sub>1</sub>.
2. The impact of customer satisfaction (X<sub>2</sub>) on loyalty (Y) is indicated by Table 4, showing a significant value of <  $\alpha$  equal to 0. 000, which is less than 0. 05. As the likelihood is under 5%, the null hypothesis (H<sub>0</sub>) is declined. It shows that the level of satisfaction (X<sub>2</sub>) significantly influences loyalty at Balung Hospital (Y). Consequently, the hypothesis positing that satisfaction impacts loyalty at Balung Hospital is indeed supported, affirming the acceptance of H<sub>2</sub>.

## Discussion

### Customer loyalty and customer service interactions

The results of the regression analysis indicate that the service encounter variable positively and significantly influences loyalty, as denoted by a coefficient of 0.157. This indicates that at Balung Hospital, employees are prompt in resolving service system errors, cater to individual customer needs, offer spontaneous responses during customer interactions, comprehend customer issues, and exhibit friendly and polite phone etiquette, all contributing to customer loyalty.

Tjiptono (2015) A Service Encounter is defined as a moment when a customer engages directly with a service. Service encounters are often known as the "Moment of truth," reflecting the outcomes of interactions between company staff and customers. "Moment of truth" (MOT) represents the cornerstone for customer satisfaction and service quality (Zeithaml dkk, 2009). The primary social interactions that influence consumers' judgments of service quality are service encounters, which are typically based on an assessment of the customer's individual experience. The primary factor influencing how customers behave toward service is their service interaction.

One important measure of the service industry's success is the number of satisfied customers. High levels of client loyalty and the development of consumer recommendations are the outcomes of this. Businesses are encouraged to be more customer-focused by intense competition (Kotler, 2016). Good client connection will help the service business expand and survive. This motivates service marketers to recognize that the greatest way to retain customers is through positive service encounters. Because of the intense rivalry in the service sector, there is now greater emphasis on analyzing service interactions to assess the quality of the services and how it relates to client loyalty and satisfaction (Rashid *et al.*, 2021).

### The Effect of Satisfaction on Loyalty

Regression analysis revealed that loyalty was substantially and positively influenced by the satisfaction variable, with a coefficient of 0.315. It suggests that the satisfaction of customers at Balung Hospital is evident in their inclination to revisit the hospital for its services in the future. This also indicates that the hospital's services align with customers' expectations, needs, and preferences and that the satisfaction factor is a determinant of loyalty to the hospital. A key idea in marketing and achieving objectives that are significant for organizations is customer happiness. Customer happiness is seen as a success tool in today's competitive market (Kotler, 2016). Perceptions of customers are crucial in determining their satisfaction levels within the service sector. Measuring customer satisfaction is seen as the most reliable method of gathering feedback that captures customer preferences and expectations in a direct, effective, meaningful, and objective manner. The connection between customer loyalty and organizational performance is closely tied to profitability (Vijay *et al.*, 2019). Customer loyalty programs assist organizations in effectively rewarding their most valuable or potentially significant customers. The significance of customer satisfaction in influencing repurchase intent and the beneficial impacts of word-of-mouth or recommendations are well acknowledged in the field of marketing (Kotler & Keller, 2016). Because of the increasing competition in the service marketing sector, the focus is shifting from attracting customers to retaining them. This perspective suggests that putting resources into initiatives focused on enhancing customer retention, such as enhancing customer satisfaction, offering improved value, or expanding service offerings, is typically more cost-effective than the expenses involved in acquiring new customers (Carranza *et al.*, 2018).

### The impact on loyalty of concurrent service encounter and satisfaction

The presence of both service encounter and satisfaction variables strongly influences customer loyalty at Balung Hospital. The outcome revealed a determination coefficient ( $R^2$ ) of 0.592, indicating that 59.2% of the loyalty variation was impacted by service encounter and satisfaction variables, with the remaining 40.8% being attributed to factors like service quality, brand image, trust, and other unaccounted elements in the regression equation used.

## CONCLUSION

After analyzing the results, we can draw several conclusions. The loyalty of clients at Balung Hospital is influenced by their experiences with the services provided. So, Balung Hospital has effectively delivered excellent service quality to customers during their service interactions. Satisfaction plays a significant role in determining loyalty levels at Balung Hospital. This indicates that customers of RSD Balung have successfully met expectations for service quality, fostering customer loyalty. Service encounter and satisfaction have a simultaneous effect on loyalty at Balung Hospital. This means that service encounter and satisfaction together are able to create customer loyalty. Based on the results of the research, the advice that can be given to the Balung Regional Hospital is to continue to provide the best service by responding quickly to customer complaints and immediately repairing inadequate facilities. The suggestion for the next study is to add variables that were not studied in this study, enlarging the number of samples and different research objects.

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