The Effect of Excellent Service on Loyalty Through Customer Satisfaction on Arga Husada Hospital Ngadiluwih Kediri, Indonesia

Deby Santyo Rusandy¹, Arisyahidin², and Udik Jatmiko³
¹,²,³Islamic University of Kadiri, Kediri, Indonesia

Abstract: This study aims to analyze the effect of excellent service on customer satisfaction, analyze the effect of excellent service on customer loyalty, analyze the effect of customer satisfaction on customer loyalty and analyze the effect of excellent service on loyalty through customer satisfaction. The sample in this study were 118 respondents. The analysis technique uses structural equation modeling. The results of the analysis show that excellent service has an effect on customer satisfaction. Excellent service affects customer loyalty. Customer satisfaction has an effect on customer loyalty. Excellent service affects customer loyalty through customer satisfaction.

Keywords: Excellent Service, Customer Satisfaction, Customer Loyalty

I. INTRODUCTION

The hospital does not only play a role in treating the sick, but has developed into a business institution that has various business units such as providing inpatient installations, laboratories, emergency units, rehabilitation, and so on. Hospitals must be able to compete with other health service providers by improving the quality of services that are responsive, sophisticated medical equipment, a comfortable hospital atmosphere, and more informative in providing services.

The hospital will benefit from the loyalty of the patient because the patient is committed to staying and will voluntarily recommend to his relatives. Excellent service is carried out so that a company can continue to answer what consumers need in a service, besides that excellent service will continue to be able to keep the company from competing in a market that is now focused on customer oriented. The service is identical to the fee that must be paid. In the context of costs or prices, satisfaction can be obtained when the burden of health care costs is affordable and in accordance with the needs of addressing patient problems. Furthermore, Hospitals are required to always follow and develop the latest health care products with the latest treatment techniques so that patient problems can be resolved because they involve the human soul. Research result Yunanto & Mediawati. (2012), Khaerunnisa (2013), Achlam et al. (2015) and Kartikasari and Syafitri (2016) prove that excellent service has an effect on satisfaction.

Efforts that must be taken by hospital management is to determine the right offer in order to survive in the midst of competition. However, the company will experience a failure if it is not supported by both internal hospital parties and hospital external parties, which in this case are customers who always demand satisfaction with the hospital's performance. Kotler and Keller (2008:117) define customer satisfaction as the level of one's feelings as a result of a comparison between reality and expectations received from a product or service. If the perceived service performance is lower than expected, the consumer will feel disappointed. If the service perception meets or exceeds consumer expectations, consumers will feel satisfied and there is a tendency for consumers to use the service provider.

Customer satisfaction is the basis for every organization to achieve its goals. In other words, the level of customer satisfaction reflects the level of achievement of organizational
goals. Satisfied customers tend to create profitable and enjoyable relationships with the organization. Customer loyalty to the organization arises from the satisfaction received by the customer by using the product or service received from the organization. The important nature of understanding the level of customer loyalty, for an organization today is a must to create and maintain profitable relationships (Odunlami and Matthew, 2015). Research resultKim (2011), Briliana (2013), Achlam et al. (2015), Izogo & Ogba (2015), and Kartikasari and Syafitri (2016) prove that satisfaction has an effect on loyalty.

Customer satisfaction does not guarantee repurchase from customers, but plays a very important role in achieving customer loyalty (Tweneboah-Koduah and Farley, 2015). One of the benefits that can be achieved by marketers or companies by involving the feelings and emotions of their customers related to the products or services being sold is to increase customer loyalty (Andreani, 2007). Customer loyalty plays a very important role in a business organization or business being carried out. Customer loyalty includes components of attitudes and components of customer behavior. Components of customer attitudes are ideas such as intention to return to buy additional products or services from the same company, willingness to recommend the company to others, demonstration of commitment to the company by showing resistance if there is a desire to switch to another competitor and a willingness to pay a premium price. On the other hand, the behavioral aspect of customer loyalty is the actual repeat purchase of the product or service, which includes purchasing more of the same product or service or alternative products from the same company, recommending the company to others and the possibility of using the product in the long term. quality for the brand is still maintained (Saravanakumar, 2014). Customer loyalty expresses the intended behavior with regard to products or services for the company. Customer loyalty as a customer mindset holds a favorable attitude towards the company, committed to repurchase the company’s products or services and recommend products or services to others (Saravanakumar, 2014). The results of Achlam et al. (2015), Saputra et al. (2015), Kartikasari and Syafitri (2016), and Suasnawa and Spriyadinata (2017) prove that excellent service affects loyalty.

The advantage of having loyal customers is very large for the development of the hospital. In the fierce business competition, tightening the bonds of loyalty with existing customers is more important than ever. Customer satisfaction alone cannot achieve the goal of retaining customers, because satisfaction is a passive customer condition; while loyalty is an active or proactive relationship with customers.

II. LITERATURE REVIEW

2.1. Excellent Service

According to Maddy (2009:8) Excellent service that meets quality standards is a service that is in accordance with customer or community expectations. Suwithi (2008:4) defines excellent service as a person’s maximum ability in dealing with other people in terms of service. Excellent service is the best service provided to customers, both internal and external customers based on service standards and procedures. Furthermore, Rahmayanty (2013: 18) argues that excellent service is service with high quality standards and always follows the development of customer needs at all times, consistently and accurately.

2.2. Customer Satisfaction

Customer satisfaction is associated with the degree to which products and services meet customer needs and wants. Customer satisfaction is a comparison between customer perceptions of a product with customer expectations. Customer satisfaction is an important key to be able to retain customers. Without customer satisfaction, companies will find it
difficult to survive in the face of competition. This is in accordance with the definition put forward by Kotler (2012: 18), namely, "The key to customer retention is customer satisfaction". Can be interpreted for customer retention is customer satisfaction. According to Engel et al. (2005) revealed that customer satisfaction is an after-purchase evaluation where the chosen alternative at least gives the same results or exceeds customer expectations.

2.3. Customer Loyalty
Loyalty according to Griffin (2010:4) is loyalty is defined as non random purchase expressed over time by some decision making unit (loyalty is more shown to a behavior, which is indicated by routine purchases, based on the decision-making unit). Hermawan (2003:126) argues that loyalty is a manifestation of the fundamental human need to have, support, gain a sense of security and build attachment and create service quality attachments. Customer loyalty tends to be closer to behavior than attitude. Thus, if a customer has purchased the same product two or three times, it will automatically be entered as a loyal customer. In general, Loyalty is defined as a customer's commitment to consistently subscribe or repurchase selected products/services. True customer loyalty can be created if customers become advocates for the company without even incentives (Selang, 2013). Furthermore, Kartajaya & Setiawan (2014) stated that the highest loyalty was seen from the activeness of customers in recommending brands.

2.4. Hypothesis
H₁ : Excellent service variable has a significant effect on customer satisfaction.
H₂ : Excellent service has a significant effect on customer loyalty.
H₃ : Satisfaction has a significant effect on customer loyalty.
H₄ : Excellent service variable has an effect on loyalty mediated by customer satisfaction.

III. RESEARCH METHODS
3.1. Variable Operational Definition
1) Excellent service
   Excellent service is doing the best possible service to customers, so that customers are satisfied. The indicators of excellent service: attitude, attention, action, ability, appearance and responsibility.
2) Customer satisfaction
   Satisfaction is an attitude that arises from feelings after using hospital services. The customer satisfaction variable uses the following indicators suitability of expectations, interest in revisiting and willingness to recommend.
3) Customer loyalty
   Customer loyalty is the extent to which a customer shows a positive attitude towards a hospital, has a commitment to a particular hospital and intends to continue to use it in the future. The indicators used are making repeat purchases on a regular basis, making repeat purchases outside the product/service line, recommending and showing immunity from the attractiveness of similar products from competitors.

3.2. Population and Sampling Techniques
   The population in this study were outpatients at the Arga Husada Hospital Ngadiluwih Kediri of 1,182 patients. Samples were taken 10% of 1.182 so that the total number of samples was 118 patients. The sampling technique used is the Accidental Sampling method, which is a sampling method based on the coincidence of consumers who are outpatients.
3.3. Data Analysis Technique
The data analysis technique used is structural equation modeling. The analysis of this research uses the help of the AMOS 18 for Windows program to answer the proposed research hypothesis.

IV. Results and Discussion
4.1. SEM Assumption Test Results
Based on the results of data processing, the multivariate CR value is 1.079 which is between 2.58 to 2.58, so it is concluded that the assumption of multivariate normality has been fulfilled, thus the assumption of normality required by SEM analysis has been fulfilled. Mahalanobis distance squared shows that statistically there are observations that are detected as outliers, namely observations that have a Mahalanobis distance greater than the chi square table (df = 13, = 0.001) which is 34.53 from the analysis results it is known that the 13 indicators used in this study do not exist. containing outliers.

4.2. Confirmatory Analysis
Confirmatory analysis of exogenous, intervening and endogenous variables was carried out to confirm whether the observed variables could reflect the analyzed factors, namely having a model suitability test - goodness of fit test, significant factor weights and lambda or factor loading values.

Table 1
<table>
<thead>
<tr>
<th>Indicator</th>
<th>Latent Variables</th>
<th>Factor Loading</th>
<th>CR</th>
<th>P value</th>
<th>Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>X11</td>
<td>Excellent service</td>
<td>0.61</td>
<td>Fixed</td>
<td>0.000</td>
<td>Valid</td>
</tr>
<tr>
<td>X12</td>
<td>Excellent service</td>
<td>0.54</td>
<td>5,397</td>
<td>0.000</td>
<td>Valid</td>
</tr>
<tr>
<td>X13</td>
<td>Excellent service</td>
<td>0.60</td>
<td>5,878</td>
<td>0.000</td>
<td>Valid</td>
</tr>
<tr>
<td>X14</td>
<td>Excellent service</td>
<td>0.67</td>
<td>6,433</td>
<td>0.000</td>
<td>Valid</td>
</tr>
<tr>
<td>X15</td>
<td>Excellent service</td>
<td>0.63</td>
<td>6,15</td>
<td>0.000</td>
<td>Valid</td>
</tr>
<tr>
<td>X16</td>
<td>Excellent service</td>
<td>0.67</td>
<td>6,42</td>
<td>0.000</td>
<td>Valid</td>
</tr>
<tr>
<td>Y11</td>
<td>Customer satisfaction</td>
<td>0.57</td>
<td>6,376</td>
<td>0.000</td>
<td>Valid</td>
</tr>
<tr>
<td>Y12</td>
<td>Customer satisfaction</td>
<td>0.71</td>
<td>Fixed</td>
<td>0.000</td>
<td>Valid</td>
</tr>
<tr>
<td>Y13</td>
<td>Customer satisfaction</td>
<td>0.70</td>
<td>7,801</td>
<td>0.000</td>
<td>Valid</td>
</tr>
<tr>
<td>Y21</td>
<td>Customer satisfaction</td>
<td>0.69</td>
<td>7,917</td>
<td>0.000</td>
<td>Valid</td>
</tr>
<tr>
<td>Y22</td>
<td>Customer loyalty</td>
<td>0.67</td>
<td>7,615</td>
<td>0.000</td>
<td>Valid</td>
</tr>
<tr>
<td>Y23</td>
<td>Customer loyalty</td>
<td>0.69</td>
<td>Fixed</td>
<td>0.000</td>
<td>Valid</td>
</tr>
<tr>
<td>Y24</td>
<td>Customer loyalty</td>
<td>0.63</td>
<td>7,176</td>
<td>0.000</td>
<td>Valid</td>
</tr>
</tbody>
</table>

Reliability Construct = 0.903 (cut-off value = 0.7) Reliable
Variance Extract = 0.519 (cut-off value = 0.5) Reliable

Source: Primary data processed.

Based on the information in Table 1, it shows that the factor loading value of each indicator exceeds the cut-off value of 0.5, the probability value (p) is less than or equal to 0.05, the Reliability Construct value of 0.903 is greater than the cut-off value of 0.7 and the Variance Extract value of 0.519 is greater than the cut-off value of 0.5. The results of this test
indicate that the tested indicators have good reliability in forming and operating latent variables of excellent service, customer satisfaction and customer loyalty.

4.3 Model Suitability Test (Goodness Of Fit)

In accordance with the literature review and research objectives, an overall structural model was developed as follows:

Based on the AMOS 18 computation for this SEM model, the goodness of fit indices are generated, which are presented in Table 2. Then these index values are compared with the cut-off value of each index. A good model is expected to have goodness of fit indices that are greater than or equal to the critical value.

Table 2

<table>
<thead>
<tr>
<th>Goodness Of Fit Test Results for Modified Structural Models</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goodness Of Fit Index</td>
</tr>
<tr>
<td>-----------------------</td>
</tr>
<tr>
<td>Chi-Square (df = 62)</td>
</tr>
<tr>
<td>Probability Chi-Square</td>
</tr>
<tr>
<td>CMIN/DF</td>
</tr>
<tr>
<td>RMSEA</td>
</tr>
<tr>
<td>GFI</td>
</tr>
<tr>
<td>AGFI</td>
</tr>
<tr>
<td>CFI</td>
</tr>
<tr>
<td>TLI</td>
</tr>
</tbody>
</table>

Source: Primary data processed.

Based on the results of the evaluation of the Goodness of Fit Indices criteria in Table 2, it shows that the overall model evaluation has met, then the model can be accepted.
### Table 3
Hypothesis Test

<table>
<thead>
<tr>
<th>Hyp</th>
<th>Variable</th>
<th>Exogenous</th>
<th>Intervention</th>
<th>Endogenous</th>
<th>Direct Influence</th>
<th>Indirect Influence</th>
<th>Total Influence</th>
<th>Information</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Coef.</td>
<td>Prob.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>H1</td>
<td>Excellent service</td>
<td>Customer satisfaction</td>
<td>-</td>
<td></td>
<td>1.08</td>
<td>0.000*</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>H2</td>
<td>Excellent service</td>
<td>-</td>
<td>Customer loyalty</td>
<td></td>
<td>0.61</td>
<td>0.015*</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>H3</td>
<td>-</td>
<td>Customer satisfaction</td>
<td>Customer loyalty</td>
<td></td>
<td>0.50</td>
<td>0.032*</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>H4</td>
<td>Excellent service</td>
<td>Customer satisfaction</td>
<td>Customer loyalty</td>
<td></td>
<td>0.61</td>
<td>-</td>
<td>0.54</td>
<td>1.15</td>
</tr>
</tbody>
</table>

*significant at = 5%.

Source: Primary data processed.

### 4.4. Discussion

#### 4.4.1. The Effect of Excellent Service on Satisfaction

Excellent service has an effect on customer loyalty, which means that the better the excellent service there is a tendency to increase satisfaction. The indicator of excellent service that gives the biggest contribution to increasing satisfaction is the ability of the hospital to be reflected accurately in recording patient data. As opinion Suwithi (2008:4) which states that excellent service is a person's maximum ability in dealing with others in terms of service. In order to increase satisfaction, excellent service is needed. In principle, the company's goal is to create customer satisfaction. The higher the level of satisfaction, the greater the profit for the company, because customers can repurchase the company's services. However, if the level of satisfaction felt by the customer is small, then there is a possibility that the customer will switch to the services of the company's competitors. The results of this study are in accordance with the opinion of Lupiyoadi (2013:158) that one of the factors that influence satisfaction is the quality of service, especially for the service industry, customers will feel satisfied if they get good service or what is expected. The results of this study are consistent with Yunanto & Mediawati. (2012), Khaerunnisa (2013), Achlam et al. (2015) and Kartikasari and Syafitri (2016) which state that excellent service affects satisfaction.

#### 4.4.2. The Effect of Excellent Service on Customer Loyalty

Excellent service has an effect on customer loyalty, which means that the higher the quality of the excellent service provided by the hospital to customers, the more customer loyalty. The indicator of excellent service that gives the biggest contribution to increasing satisfaction is the ability of the hospital to be reflected accurately in recording patient data. As opinion Rahmayanty (2013: 18) states that excellent service is service with high quality standards and always follows the development of customer needs at all times, consistently and accurately. Customer loyalty is built because of the expectation that the other party will act in accordance with the needs and desires of consumers. The results of this study are in accordance with the opinion of Hasan (2014) which states that one of the factors that influence loyalty is service.

Service is strongly related to customer loyalty. Quality increases sales and increases market share, and directs/leads consumers towards loyalty. Customer loyalty is the belief of one party about the intentions and behavior of the other party. Thus, customer loyalty is an expectation that service providers can be trusted or relied on in keeping their promises. Customer loyalty to the hospital's ability to meet customer expectations in providing...
excellent service to hospital services. The results of this study support Achlam et al. (2015), Saputra et al. (2015), Kartikasari and Syafitri (2016), and Suasnawa and Spryadinata (2017) which state that excellent service affects loyalty.

4.4.3. The Effect of Satisfaction on Customer Loyalty

Satisfaction has an effect on customer loyalty, which means that the higher the level of satisfaction can increase customer loyalty. The satisfaction indicator that gives the biggest contribution to increasing customer loyalty is the interest in revisiting which is reflected in coming back to use the hospital. As opinion Engel et al. (2005) which states that customer satisfaction is an after-purchase evaluation where the chosen alternative at least gives the same results or exceeds customer expectations, while dissatisfaction arises if the results obtained do not meet customer expectations. Consumer satisfaction with purchases depends on the actual product performance, so that it is in line with buyer expectations. If the existence of a product is below the buyer's expectations, then the buyer is not satisfied. If it is in line with expectations, the consumer will be satisfied. Consumer satisfaction is the level of consumer feelings after comparing with expectations. The results of this study are in accordance with the opinion of Hasan (2014) which states that one of the factors that influence loyalty is customer satisfaction. Customer satisfaction is considered as a strong predictor of customer loyalty including positive recommendation, repurchase intention and others.

Customer loyalty is the effect arising from the suitability of expectations, ease of obtaining and willingness to recommend. If customers are satisfied after using hospital services, then there is a tendency to feel satisfied with the company's products. The creation of customer loyalty is one of the successes of the marketing process, because basically good customer loyalty can be considered as recognition and appreciation from customers in utilizing the services offered by the company in accordance with expectations. The results of this study are supported by the answers of respondents who mostly agree about being satisfied with the services provided by the hospital, satisfied with the suitability of the departure time with a predetermined schedule, will come back to use the hospital, The results of this study support Kim (2011), Briliana (2013), Achlam et al. (2015), Izogo & Ogba (2015), and Kartikasari and Syafitri (2016) which stated that satisfaction had an effect on customer loyalty.

4.4.4. The Effect of Excellent Service on Customer Loyalty Through Satisfaction

Satisfaction mediates the effect of excellent service on customer loyalty. This shows that excellent service can increase customer loyalty if supported by customers who are satisfied with after using hospital services. Excellent service is the hospital's concern for its customers by trying to provide the best possible service in meeting customer expectations and needs, based on service standards and procedures to create customer trust so that customers are always satisfied, thus realizing customers who have high loyalty. As opinion Barata (2003) which states that excellent service is the company's concern in providing the best service to facilitate the fulfillment of needs and realize customer satisfaction, so that they are always loyal to the company.
V. Conclusions and Suggestions

5.1. Conclusion

Based on the results of research and discussion conducted, the following conclusions can be drawn:

1) Excellent service has an effect on satisfaction, which means that the more excellent service quality can increase hospital customer satisfaction.

2) Excellent service has an effect on customer loyalty, which means that the higher the quality of the excellent service provided by the hospital, the greater the loyalty of hospital customers.

3) Satisfaction has an effect on customer loyalty, which means that the higher the level of satisfaction can increase hospital customer loyalty.

4) Satisfaction mediates the effect of excellent service on customer loyalty, which means that customer loyalty can be built if the hospital provides excellent service to customers to increase customer satisfaction.

5.2. Suggestion

In connection with the things described above, the following suggestions can be given for the hospital to maintain the existing excellent service so that customers do not switch to other hospital services. To increase customer loyalty, hospitals should provide rewards such as discounts as a form of appreciation to customers so that customers are more loyal and recommend hospital services.

REFERENCES


