

Using ‘Service Excellence’ (SE) – The KPJ Way Program To Improve Customer Satisfaction and Enhancing Business Growth

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Abstract: A retrospective study was conducted from January 2010 until December 2010, before the implementation of SE-The KPJ Way program and from January 2011 until December 2012 after the implementation of the program. Collection of data was done using customer survey forms which were distributed on daily basis to all patients admitted to KPJ Seremban Specialist Hospital. Forms were collected from patients upon discharges. Data collected will be tabulated and for this study only excellent rating was taken for analysis. In May 2012, a survey was conducted to find out the satisfaction level of employees. Questionnaires were distributed to all employees. However only 257 of employees returned the questionnaires which is 60% of the total staff strength. After tabulation and analysis of the data it was found that 79% of employees were satisfied with their current jobs and only 3% were not satisfied due to various reasons. With the positive outcome of employees satisfaction and the increase excellent rating of customers feedback after the implementation of SE-The KPJ Way program, we can see the positive growth of revenue and PBT for year 2011 and year 2012. Therefore we can conclude that satisfied staff and customers will enhance business growth.

Key Words: SE-The KPJ Way, customer satisfaction, employee satisfaction, profitability

I. Introduction

Patients' visit to hospital is a journey of experiences whether pleasant or not. At each point of 'engagement' like parking, security, registration, clinic, billing, pharmacy services etc, patients' are expecting to be treated as a special 'guest' of the hospital. A study to see the impact of customer satisfaction, productivity and profitability between goods and service industry was conducted by E.W.Anderson (1997). This research was conducted to investigate whether there are conditions under which there are tradeoffs between customer satisfaction and productivity. Database matching customer based measures of business performance such as ROI and productivity was used. The central features of the database is the set of customer satisfaction indices provided by the Swedish Customer Satisfaction Barometer (SCSB) from year 1989 to 1992, which is a customer based firm performance measures and offers unique opportunity to test the study's hypothesis. Based on the finding it was found that changes in customer satisfaction and changes in productivity is positive for goods but negative for services. In term of Return of Investment(ROI), both goods and services are positively related to ROI. Tradeoff between satisfaction and productivity is more for services. When customers are satisfied the productivity of the company will increase. Therefore it is very important for the management to focus on the customer satisfaction to ensure the growth of the new business. Beside productivity this study also revealed the positive relation between customer satisfaction and Return of Investment(ROI) which is very important for a new business. Zairi(2000) quoted the important of customers as the purpose of what we do and we are depending on them rather than they depending on us. Customer is not a source of problem but our future depending on them. This is the main reason to focus on customer satisfaction, loyalty and retention.

F. Mohsan(2011) conducted a study on impact of customer satisfaction on customer loyalty and intention to switch using banking sector of Pakistan. The data were collected using 120 customers visiting the bank counters who had bank's account. Respondents were between 19 years of age to 53 years who had been using banking services between 1 to 11 years. It was found that customers are satisfied with the services provided and are loyal customers who will not switch to another bank even though they can offer better financial services. Therefore customers satisfaction had a positive significant relationship with customer loyalty. Without satisfied and loyal customers there will be no business. A single unsatisfied customer can send away more business compared to 10 satisfied customers. Olajide(2012), conducted a study to see the effect of customer satisfaction on customer loyalty among selected bank customers in ado-ekiti metropolis, Nigeria. Self administered questionnaire were distributed to one hundred respondents selected across ten existing banks. The data collection was carried out on each of the four Fridays in the month of December 2011. Banks are usually busy on Fridays and Mondays with depositors eager to withdraw for the anticipated weekend expenses. A sample size of 100 respondents were chosen across the ten banks that have representative branch in Ado-Ekiti metropolis. By doing this, 10 respondents were purposively chosen per bank. The use of purposive sampling became necessary because it would have been out of place for the researcher to choose a customer who has not

been banking with the bank for a minimum of five years. Before distributing the questionnaire the researcher obtained a verbal consent. The data was analysed using simple percentage analysis and the hypotheses were tested using Spearman's Rank order correlation. Based on the data analysis it was found that there is a relationship between customer satisfaction and customer loyalty in the banking sector in Akure metropolis, Nigeria. The study has firmly revealed that customer satisfaction leads to customer brand loyalty and consequent retention. Employees are a significant part of the service delivery process, therefore must be integrated into the customer satisfaction process in the organization.

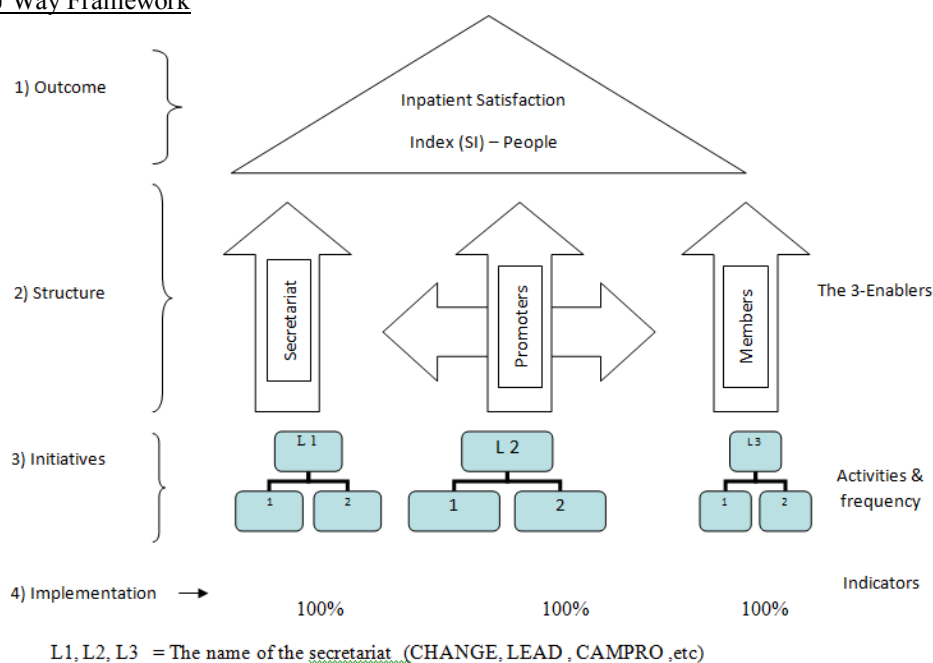
Satisfaction influences repurchase intentions where dissatisfaction was the main reason for customers defection of discontinuation of purchase. According to Hoyer and MacInnis(2001) , customer satisfaction does have a positive effect on an organisation's profitability. Non satisfied customers can cause many consequences such as discontinue from purchasing the good or service, complain to the company or to a third party and perhaps return the item, engage in negative word of mouth communication. A study published in the New England Journal of Medicine found that amenities have increased in importance because patients now have more say in selecting hospitals. Almost one third of general practitioners would honor a patient's request to be treated at a hospital that provided a superior nonclinical experience but care that was clinically inferior to that of other nearby hospitals. According to patients , the nonclinical experience is twice as important as the clinical reputation in making hospital choices. Half of the organizations surveyed had launched a comprehensive patient experience strategy based on the survey of 200 hospitals and healthcare providers conducted by Beryl Institute, (2010). Centers for Medicare and Medicaid Services (CMS) has been tracking hospital performance and patient satisfaction on its Hospital Compare website since 2008, and beginning October 2012, hospitals will have the potential to receive bonuses based on the results of the standardized HCAHPS survey. Thirty percent of hospitals' overall HCAHPS scores are based on patient satisfaction ratings.

H. Evanschitsky (2011) conducted a study to see the impact of employees satisfaction on customer satisfaction and he found that customer satisfaction is fully mediated by front-line employee satisfaction. Even without direct contact with them , managers of a service outlet can strongly impact the satisfaction and behavioral intentions of their customer base. Employee satisfaction at an outlet mediated customer satisfaction and purchase intention. The link between customer satisfaction and customer purchase intentions is almost twice as strong when employees are satisfied than when they are not. In service industry, Customer satisfaction is the key to success in the service industry. A positive relationship exists between customer satisfaction, employee satisfaction and perceived service quality. Customer perceived service quality completely intercedes between job satisfaction of employees and customer satisfaction. Employees who are satisfied can be more productive than those employees who are less satisfied (P.Brown, 2011). Firm profitability is closely related to service quality and customer satisfaction. Service quality has a positive persuade on customer satisfaction. Besides this, firm profitability has a reasonable non-recursive effect on employee satisfaction. Firm profitability and improving operational performance of organizations and quality of goods and services is enhanced by employee satisfaction. There is no doubt in it that employee satisfaction is critical to attain quality and profitability in service industry especially. Employee satisfaction impacts quality at industry through satisfaction-quality-profit cycle. In service industry, to achieve quality and profitability at organization, employee satisfaction is fundamental and without it, service industry cannot think of being successful (W.Y.Yee, 2011).

The Service Excellence (SE) – The KPJ Way program was implemented at KPJ Seremban in year 2011. This program provided guidelines for ten basic courtesy explaining the standard ways of engaging with customers at every point of engagement. Through practical and standard communication in routine activities, its increases image by providing excellence services .By following the ten basic courtesy in dealing with customers it will increase customer satisfactions through quality culture of working environment for the whole organization. A framework was developed to evaluate the effectiveness of the program by measuring the secretariat initiatives team scoreboard consisting of CHANGE Management team, Learning and Development training (LEAD), Campaign and promotion team (CAMPRO), Tracking and Assessment (TRACK) and Guest Experience team (GUEST). Second liners were appointed as Promoters to promote the program to all staff. Promoters also act as enablers and facilitators and their performances were also measured using scorecards. The performances of staff will be assessed using the 'Ten Basic Courtesy' guideline.

This program explores some basic healing behaviors adopted by the professionals when engaging with the patients to produce pleasant memories to the patients which can then be shared with others. This program will create Customer driven organization, improved customer services satisfaction index, provide outstanding care excellence and improved quality of services to enhance business growth.

SE-The KPJ Way Framework



Objectives

1. To see whether the SE-The KPJ Way program has significant impact on the hospital customer satisfaction index?
2. Does satisfied employees produce impact in improving customers satisfaction?
3. To see the impact of the program on business performance?

II. Methodology

A retrospective study was conducted from January 2010 to December 2012. All patients admitted to KPJ Seremban will be given feedback's form upon discharge. Forms were collected on daily basis and were analyzed at the end of the month to find the rating of customer services The effectiveness of the SE –The KPJ Way program will be based on the Excellence rating. Data were compared between year 2010, before the implementation of the program with year 2011 and year 2012 after the implementation of the program. To find out the satisfaction of staff, satisfaction survey was conducted to find out the level of satisfaction among employees. Questionnaires were developed and distributed to all employees in May 2012 and 257 of them had responded. All employees participating in the survey remain anonymous without using the names of employees to protect and to ensure the confidentiality of employees.

To see the business growth of the hospital, financial report for year 2010 ,year 2011 and year 2012 were analyzed .

III. Results

Table 1: SPP activities assessment for the secretariat, promoters and members for year 2011 and year 2012

SPP Assessment	Average performance (%)			Var (%)
	Yr 2010	Yr 2011	Yr 2012	
Secretariat Initiatives	-	68	87	9%
Promoters Initiatives	-	71	75	4%
Members Assessment	-	76	84	8%

SPP = standard people practices which are the ten basic courtesy to handle customers
 Secretariat activities= activities of CHANGE ,LEAD,CAMPRO,TRACK and GUEST
 Members assessment =activities of staff

Table 2: excellence rating from year 2010 to year 2012 to see the impact of SE-The KPJ Way on customer satisfaction

	Year 2010	Year 2011	Year 2012
N	15,958	15,229	15,873
n	45%	65%	80%
Mean	38%	52%	62%
Max	50%	59%	74%
Min	28%	45%	59%

N=number of inpatients admitted (forms distributed)

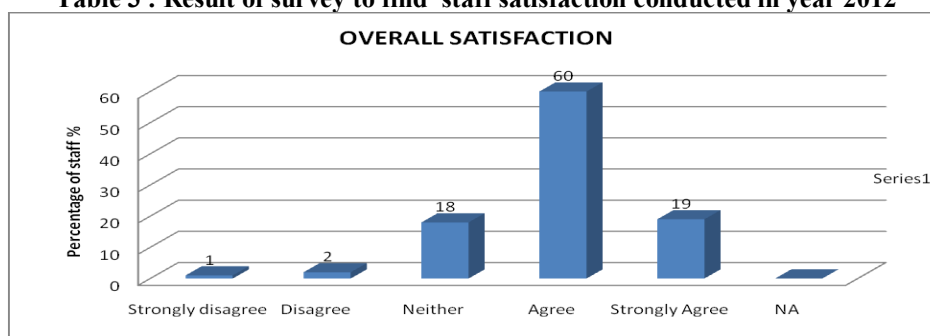
n= number of feedback forms returned

mean = excellence rating for services provided

max = excellence rating for services provided

min = excellence rating for services provided

Table 3 : Result of survey to find staff satisfaction conducted in year 2012



Types of questiones ask in the questionnaires:

- i. Overall, I am very satisfied in my job
- ii. The way I am required to work takes reasonable account of my personal / family life
- iii. I enjoy my work
- iv. My job makes full use of my skills and abilities
- v. I would proudly recommend this organisation as a good place to work

Table 4 : Hospital performance (REVENUE & PROFIT BEFORE TAX)

	Yr 2010 RM	Yr 2011 RM	Var (%)	Yr 2012 RM	Var (%)
Revenue	96,651,977	104,380,122	8%	114,315,468	10%
Profit Before Tax (PBT)	10,816,684	11,761,115	9%	14,250,479	21%

IV. Discussion

The implementation of SE-The KPJ Way was monitored through the activities of secretariat consisting of CHANGE team , LEAD team , CAMPRO team ,TRACK team and GUEST team. Form table 1 , it was found that the secretariat activities were 68% for year 2011 and the activities increased to 87% in year 2012. Therefore there was an increase of 9% for year 2012 compared to year 2011. Secretariat are the committees that conduct training, promote the program, track the compliance of staff and planning for activities to enhance the program . Promoter activities increase from 71% in year 2011 to 75% in year 2012 with a different of 4%. Promoters are selected trainers to promote the program to all staff so that staff will comply with the ten basic courtesy tools in the SE-The KPJ way program. Members assessment were the assessment done by the promoters based on the compliance of staff to ten basic courtesy tools. It was found that for year 2011 the compliance was 76% . However it increased to 84% in year 2012 with a different of 8% .

From table 2, it was found that for year 2010, the number of forms distributed was 15,958 of which 45% of those forms were collected. The Mean of the excellent rating was 38%, Maximum rating was 50% and Minimum rating was 28%. For year 2011, the number of forms distributed was 15,229 and 65% of those forms were collected. Based on the analysis, it was found that the Mean of excellent rating was 52% which is 14% better than the previous year. The maximum rating for excellent was 59% which is 9% better than year 2010 and the Minimum rating for excellent was 45% which is 17% better than the previous year. In year 2012 the number of forms distributed were 15,873 of which 80% were collected. The Mean for excellent rating was 62% which is

10% better, the Maximum for excellent rating was 74% which is 15% better and the Minimum rating was 59% which is 14% better than the previous year. From the result it was found that there was a continuous improvement for Mean, Max and Min from year 2010 to year 2012 which reflect the satisfaction of customers in KPJ Seremban Specialist Hospital.

Table 3 shown the result of survey on staff satisfaction. It was found that 79% of staff were satisfied with their job and happy working in this company. Only 3% of staff were not satisfied with their job due to salary and too many paperwork. Based on the survey, staff had given the following comments: too many paper work, sometimes felt stress, required more training, allowances provided were not sufficient, unnecessary work load and not satisfied with the salary.

Many studies had shown a strong positive relationship between employee satisfaction and customer satisfaction and positive changes in employee attitudes lead to positive changes in customer satisfaction (Bulgarella 2005). A study at Sears Roebuck & Co. showed that a five-point improvement in employee attitudes led to a 1.3 rise in customer satisfaction which, in turn, generated a 0.5 increase in revenues. In another study, Berhardt, Donthu, and Kennett (2000) measured the relationship between employee satisfaction, customer satisfaction, and profit longitudinally showing that, although the effects of employee satisfaction and customer satisfaction on business profit at a given point in time might not be detectable, they become visible and prominent over time. There was a positive relationship between change in customer satisfaction and change in profit/sales, a positive relationship between change in employee satisfaction and change in business profit, and a strong relationship between employee satisfaction and customer satisfaction at any point in time.

Revenue generated for year 2010 before the implementation of SE-The KPJ Way was RM 96,651,977. The revenue increased by 8% in year 2011 after the implementation of SE-The KPJ Way to RM 104,380,122. In year 2012 the revenue increased to RM 114,315,468 which is 10% better than 2011. Profit before tax (PBT) for year 2010 was RM 10,816,684 and increased to RM 11,761,115 in year 2011 which is 9% better than the previous year. In year 2012 the PBT improved further to RM 14,250,479 which is 21% better than year 2011. The increase in revenue and PBT was in line with the increase of customer satisfaction. Based on the study conducted by Sun K.A (2009), it was found that the impact of customer satisfaction is reflected in the return on equity (ROE) which is proxy of a firm's profitability. Nelson et. al (1992) quoted the link between patient perceptions of quality and financial measures, particularly profit margins. In a study of 82 hospitals, a 1% standard deviation change in the quality score resulted in a 2% increase in operating margin. In another study of 51 hospitals it was found that approximately 30% of the variance in hospital profitability can be attributed to patient perceptions of the quality of care.

V. Conclusion

Satisfied employees will deliver their best to provide services to customers. Based on the survey conducted in year 2012, it was found that 79% of the employees are satisfied with their current duties. Therefore when employees are satisfied it is much easier to facilitate them to further enhance the services provided to customers. In year 2010, before the implementation of SE-The KPJ program, excellent rating given by customers was 38%. However after the implementation of the special program where the employees were trained with the ten basic courtesy tools, the excellent rating increased to 52% in year 2011 and further increased to 62% in year 2012. Therefore the program had significant impact in term of services improvement. As quoted by a few literatures, the satisfied customers will facilitate the company to increase growth and profitability and this can be seen in the growth of revenue by 8% in year 2011 and 10% in year 2012. The same trending can be seen in term of PBT where year 2011 had recorded a growth of 9% and a bigger growth of 21% was achieved in year 2012.

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