

**Service Quality Influence on Patient Loyalty:
Customer Relationship Management as Mediation Variable
(Study on Private Hospital Industry in Denpasar)**

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Abstract

Private Hospital Industry has currently been advanced and prolific rapidly along with the improvement of technology and medical science. Its circumstance prompts a strong effort to achieve and satisfy consumers in order that they become loyal ones. The study aimed to identify and examine (1) service quality influence on patient loyalty; and (2) service quality influence on patient loyalty mediated by CRM. The population was patients of Private Hospitals accredited by minimum five standards, and had BOR (Bed Occupancy Rate) score of minimum 50% in Denpasar. Collecting sample of study used two levels of judgment sampling. The first level was purposive sampling to determine the means of choosing sample. The amount of sample was 100 respondents analyzed by Generalized Structured Component Analysis (GSCA). The results showed service quality positively and significantly influenced customer loyalty; Implementation of Customer Relationship Management (CRM) mediated service quality influence on customer loyalty. When customers of Private Hospital in Denpasar felt the service quality met their expectation or more, they would be satisfied and loyal. Theoretically, the study is able to enhance and complement the realm of management science particularly concepts of CRM service, Customer Loyalty, and to be beneficial for academics and practitioners.

Keywords: *Service Quality, CRM, Customer Loyalty, Mediation*

1. Introduction

Private Hospital Industry currently has been advanced and prolific rapidly along with the improvement of technology and medical science. It is reflected by the majority of more sophisticated medical equipment possessed by hospitals and more hospitals are established by the government initiative. This circumstances encourages service providers (in this case hospitals) to put a lot of efforts in order to be loyal to hospitals. Kotler and Keller (2009) state superior companies are those who satisfy and delight their customers. Also, they state within the relationship between service providers and consumers it is easier and more cost efficient to maintain the existing relationship compared to find new consumers.

Hospitals are medical service business based on principle of trust; thus, matters of service quality, patient satisfaction, and patient loyalty determine their success. Service quality will be generated by operation performance and its success is determined by some factors, namely employees, system, technology, and

customer involvement expected to provide contributions on created service quality (Kotler and Keller, 2009). Service quality significantly contributes to creations of differentiating, positioning and competitive strategy in every marketing organization, either in manufacturer or service provider. Quality measurement perspective can be classified into two types, namely internal and external ones. The internal type means appropriateness with requirement, while the external type means to understand quality based on customer perception, customer expectation, consumer satisfaction, customer behaviour, and customer delight (Sachdev and Verma, 2004). Parasuraman, Zeithaml, and Berry (1988) state service quality is a basic strategy in an attempt to attain success and sustainability in tight business competition atmosphere.

Improving service quality becomes an important objective of an organization, especially for service sector. However, Sohal (1994) argue the effort to boost service quality is the biggest challenge faced by service organizations. Studies on service quality have been performed starting from building concepts to empirical studies particularly in service industries either in private or public sector. Toner and Antony (2006) find service quality in public sector has gap between expectation and reality and there is different rating between dimensions of expectation and perception. Ratings on dimension of expectation are assurance, acceptability, tangible and reliability, fairness, and responsiveness, respectively. Whereas, in fact dimension of assurance takes fourth position and acceptability is at fifth position. The study conducted by Connely and Yoger (2001) state CRM (Customer Relationship Management) affects loyalty.

Study conducted by Bergeron (2002) reveals CRM is a dynamic process in managing relationship between customers and companies so that customers are able to opt the ongoing relationship which is commercially advantageous for both and to anticipate the opposite. In CRM practices, a company tries to maintain well communication with consumers, to provide important information, to give surprise such as giving birthday presents to please them by expecting consumers will be satisfied or loyal. Logically it can be explained there is a link between service quality and CRM practices. If the service quality, such as the availability of facility, presents for patients on their birthday, is good enough, well communication with patients will be established. The study used CRM practices as the mediation variable in relational connection between service quality and consumer loyalty.

A study by Zikmund (2003) finds out CRM strategy is significant for companies in creating Customer Focus—concerning customers' feeling and treating their information well; Customer Relationship—maintaining customers and building their loyalty; and Share of Customer—delighting customers directly by offering something different from what they have purchased before. For customers, however, CRM strategy is useful in Continuity—being related to the same supplier/company; Contact point—interacting with companies which offer consistent quality of product and service; and Personalization—having good relationship with companies who offer product and service.

Many studies on the linkage between CRM and Loyalty have been conducted, such as Agrawal (2003) finding out CRM affects positively and significantly to Customer Loyalty. Similar studies were also found by Ndubisi (2007); Haq, Ramay, Rehman, and Jam (2010); Tseng (2010); Reijonen and Laukkanen (2010) as well. Next, Guenzi and Pelloni (2004) discover CRM affects positively and significantly to customer loyalty. CRM are integrated sales, marketing, and service strategies (Kalakota and Robinson, 2001); consequently, implementation of CRM strategy in hospitals is expected to be able to develop good relationship with patients.

Tseng's study (2010) reveals a conceptual model relating CRM (in the form of creative value) to customer loyalty. CRM was recognized as a business 25 years ago when it became the important strategy

to make customer loyal by means of improving the adaptation to the need of consumer/customer, accepting customer feedback and criticism, responding and performing them quickly.

Based on the aforementioned details, the problems were (1) Did Service Quality affect Customer Loyalty?; and (2) Did Service Quality affect Customer Loyalty mediated by Customer Relationship Management?

From the explanation in the introduction part, the study aimed to identify and examine (1) service quality influence on patient loyalty; and (2) service quality influence on patient loyalty mediated by Customer Relationship Management.

2. Theoretical Framework

2.1 Consumer Behaviour

According to Kotler and Keller (2009), consumer behaviour is a process of decision making and individual activities which are physically involved in evaluating, obtaining, and spending or being unable to goods and services. Consumer behaviour can be explained as the process which is not only within exchanging between money and product, but also including barter which fully emphasize consumption process, in which it comprises things affecting consumers before, within and after the process of purchasing. Hence, consumer behaviour can be defined as direct individual actions to achieve and make use of economical goods and services involving earlier process of decision making and determining previous actions.

American Marketing Association written by Peter dan Olson (2000) reveals consumer behaviour is dynamic meaning that there is an interaction amongst affection and cognition, behaviour, surrounding events, and involvement of barter.

2.2 Service Quality

Quality and service are facilities to achieve satisfaction and commitment. The overall business objective is to make satisfied and loyal customers be willing to establish business with a company. Therefore, providing high quality and excellent facility is compulsory when expecting satisfied and loyal customers as the goal (Richard, 2002).

Piercy et al. (2002) exposes service is an activity or performance to create customer benefit by providing an adjustment allowing to be accepted by customer. To achieve those, however, Zeithaml (2000) states consumer service is the one raised to support the core product of a company.

Concerning service quality, Sureshcandar et al. (2002) identify five factors of significant service quality in consumer perspective, namely (1) the core of service or of product; (2) elements of service mode; (3) systematization of service mode; (4) forms of service; and (5) social responsibilities. When significant relationship between distribution and loyalty exists, it can be stated distribution perceived by consumer, mainly allowing simplicity and efficiency to consumer in obtaining product/service, will provide a distinct point in consumer's view.

2.3 Customer Relationship Management (CRM)

CRM is a business strategy using information technology to generate companies which are competent, trusted, and integrated to customers on their side so all process and interaction with customers can assist to maintain and improve profitable relationship (Zikmund, 2003). It becomes the strategy of integrated sales, marketing, and service (Kalakota and Robinson, 2001). It is a dynamic process in managing the relationship between customers and company so that they can opt either deciding to keep the

commercially mutual beneficial relationship or anticipating the relationship for company benefit (Bergeron, 2002).

According to Turban (2004), CRM is a sustainable service approach to consumers and able to add value for costumers/company. Temporal and Trott (2001) explains CRM is a collaboration with every consumer to create win-win situation by improving consumer's life value everyday in order to make them loyal. It keeps customer information and records all contacts existing between customers and a company, and makes customer profile for company staff requiring information about the customer (Laudon and Traver, 2002).

2.4 Customer Loyalty

The presence of strong relationship between employee satisfaction and patient perception on provided service quality is measured by intention of returning and recommendation to others about the hospital. Employee dissatisfaction can negatively affect service quality, produce reverse effect on patient loyalty, and later affect hospital profit (Atkins et al., 1996). It encourages the development of their loyalty to the organization. Next, employee loyalty will lead to productivity enhancement. Employee productivity encourages external service value creation, which later on determine external consumer satisfaction. Consumer satisfaction is one of factors determining customer loyalty (Kotler and Keller, 2009).

Griffin (2005) emphasizes customer loyalty as a more reliable measure to predict the growth of sales and finance, compared to consumer satisfaction. Many companies rely on the consumer satisfaction as guarantee of success later but then they are dissatisfied to find out their customers are satisfied to purchase competitor's products without hesitation.

Kotler and Keller (2009) express loyal customers are indeed valuable for a company and generally competitors feel difficult to snatch them. Besides, they can be company marketers, meaning they can make recommendation and contribute huge profit to the company since they affect customer purchasing pattern and free recommendation given to others.

2.5 Service Quality Influence to Customer Loyalty

Parasuraman et al. (1988) reveals a company performing good service quality can increase customer loyalty. It means customer loyalty is affected by service quality. Atkins et al. (1996) also find service quality of hospital nurses has strong relationship to patient loyalty at Midwest Hospital. Cronin et al. (2000); Guenzi and Pelloni (2004) note service quality provided by a hotel will increase the level of Tourist Loyalty.

Kang and James (2004) state company quality refers to impression related to service quality provided by a company to current customers, potential customers, and another public. Next, Al-Rousan and Badaruddin (2010) discover service quality has influence in escalating customer loyalty.

Based on details of theory and finding, a hypothesis can be formulated as follows.

H1 : Service quality positively and significantly affects Customer Loyalty

2.6 Service Quality Influence on Customer Relationship Management (CRM) and Customer Loyalty

CRM theory revealed by several expertise, Temporal and Trott (2001); Kalakota and Robinson (2001); Bergeron (2002); Zikmund (2003); Anderson et al. (2004); Turban (2004); and Buttle (2004) show implementation of CRM aims to maintain and sustain customers for the sake of loyalty profitable for the company. The implementation will not be successful without being constituted by Service Quality offered by the company. It means good Service Quality makes implementation of CRM easier to perform. If

service quality provided by the company is good, the company can improve/strengthen implementation of CRM.

Good Service Quality will contribute positive word of mouth by telling good service to closest people, family, acquaintances so that it affects Patient Loyalty. Findings on Service Quality which positively affect Customer Loyalty are discovered by Parasuraman *et al.* (1988); Atkins *et al.* (1996); Ketchand (1998), Caruana (2000), Cronin and Taylor (1992), Sureshchandar *et al.* (2002), Akbar and Parvez (2009). Offered Service Quality will be able to strengthen/improve implementation of CRM whereas Sigala (2006) who studies hotel guests' perception finds out service quality positively affects CRM. Based on this, the link between Service Quality and Customer Loyalty can occur through the implementation of CRM. CRM influence on Customer Loyalty gives positive impact on customer loyalty (Agrawal, 2003). This finding is supported by Ndubisi (2007), Haq *et al.* (2010), Tseng (2010), Reijonen and Laukkanen (2010). Thus, a proposition can be formulated as follows.

H2 : The implementation of Customer Relationship Management (CRM) mediates Service Quality influence on Customer Loyalty.

3. Research Method

Based on the characteristic of problem, the study was categorized as causality study, meaning it aimed to examine causality relationship amongst variables of total service quality, interactive marketing, and service quality. From the researcher's point of view related to object of study, the study applied explanatory research. From the process of collecting data, the study belonged to observational research with retrospective approach. It meant data was collected from existing phenomena without researcher's intervention. The study was conducted in Denpasar area.

Population of study was patients at Private Hospitals accredited by five standards (Medical Care, Emergency Care, Administration Service and Management, Nursing Care, and Medical Record Service) and had BOR score (Bed Occupancy Rate) of minimum 50% in Denpasar. The study applied two levels of judgment sampling, namely purposive sampling and accidental sampling.

It used two types of data, primary and secondary. The primary ones were directly collected from filling questionnaire by inpatients at private hospitals in Bali in which the hospitals were minimally accredited by five standards and had BOR value of minimum 50%. The questionnaire used five levels of Likert scale. The secondary data were obtained from other sources such as patients' data in private hospitals' medical records and report data of private hospitals in Health Office were used to know BOR value of each private hospital accredited by five standards of service. Validity and reliability tests of questionnaire were valid and reliable. The collected data were analyzed by Generalized Structured Component Analysis (GSCA).

4. Research Findings

Result of data analysis by GSCA in this study showed FIT score obtained from this model was 0.578, and AFIT score (Adjusted FIT) was 0.569. FIT score of study showing score > 0.50 meant variables of Service Quality, CRM implementation, and Customer Loyalty could be explained by model of 57.8%, and the remaining of 42.2% was explained by another variable outside the research model. AFIT score of 0.569 meant

variables of Service Quality and of Customer Loyalty could be explained by the model of 56.9%, and the remaining of 43.1% was affected by another variable. It meant the formed model was already good. (Table 1).

Table 1
Goodness of Fit

No	Fit Model	
1	FIT	0.578
2	AFIT	0.569
3	GFI	0.998
4	SRMR	0.075
5	NPAR	59

Source : Processed Primary Data, 2013

Direct influence hypothesis analyzed in this study was Service Quality Influence on Customer Loyalty. Coefficient estimation value of relationship between Service Quality and Customer Loyalty was 0.754 with positive direction. It meant the relationship between the two had concurrent influence, i.e. the increase of Service Quality could improve Customer Loyalty, and vice versa (Table 3). The recapitulation of factor weight value and mean, analysis result of path coefficient, diagram of path testing were presented in the following table and picture.

Table 2
Recapitulation of Factor Weight Value and Mean

Variable	Indicators	Loading Estimate	Mean	
			Indicator	Variable
Service Quality (X)	<i>Tangibility (X₁)</i>			
	Guarantee of hospital hygiene (X _{1.1})	0.700	4.11	4.14
	Appearance of medical personnel (X _{1.2})	0.667	4.32	
	Up-to-date hospital facility (X _{1.3})	0.600	3.99	
	Peace/security in hospital area (X _{1.4})	0.717*	4.14	
	<i>Reliability (X₂)</i>			
	Regularity of medical personnel to visit patients (X _{2.1})	0.803	4.27	4.21
	Service level of medical personnel (X _{2.2})	0.831*	4.28	
	Service appropriateness of laboratory personnel according to the agreement (X _{2.3})	0.692	4.11	
	Speed in handling patients (X _{2.4})	0.785	4.19	

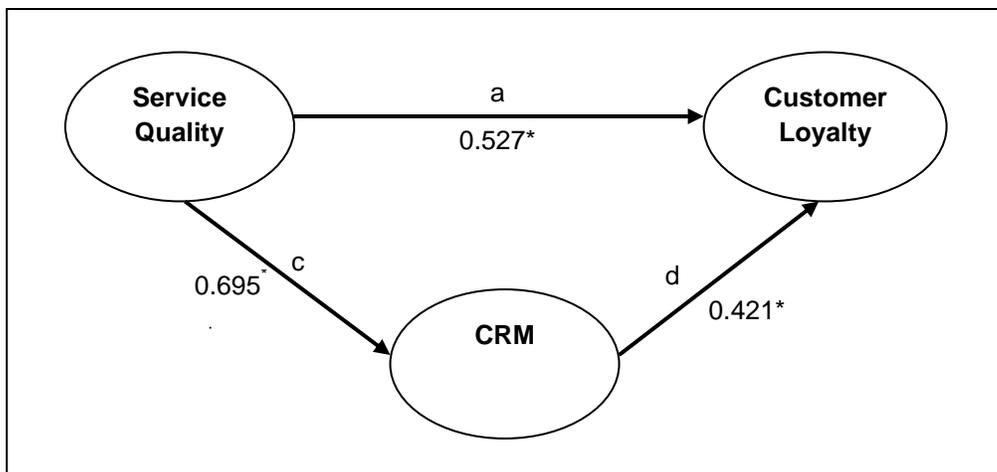
Variable	Indicators	Loading Estimate	Mean	
			Indicator	Variable
	<i>Responsiveness (X₃)</i>			
	Medical personnel ability to provide information required by patients (X _{3.1})	0.787	4.14	4.12
	Readiness of medical personnel ability to always provide service when required (X _{3.2})	0.834*	4.22	
	Medical personnel ability to not always respond patient's request immediately (X _{3.3})	0.825	4.03	
Willingness of medical personnel ability to assist in handling hospital administration (X _{3.4})	0.773	4.07		
	<i>Assurance (X₄)</i>			
	Medical personnel experience in handling disease (X _{4.1})	0.717	4.12	4.15
	Medical personnel support to perform task according to applicable procedure (X _{4.2})	0.775*	4.06	
	Reliability of medical personnel ability (X _{4.3})	0.772	4.21	
Patient's trust in medical personnel performance (X _{4.4})	0.760	4.20		
	<i>Empathy (X₅)</i>			
	Medical personnel ability to greet and self-introduce according to the task (X _{5.1})	0.686	4.10	4.05
	Medical personnel ability to encourage patient to face a disease (X _{5.2})	0.776*	4.02	
	Medical personnel ability to provide secure feeling to patient (X _{5.3})	0.663	3.96	
Medical personnel ability to understand and be perceptive on patient's complaint (X _{5.4})	0.725	4.10		
CRM (Y ₁)	Information about treatment and further medication provided by hospital (Y _{1.1})	0.754	4.10	3.67
	Complete patients' data availability in hospital (Y _{1.2})	0.846*	4.06	
	Good hospital communication with patients after checking out (Y _{1.3})	0.796	3.41	
	Surprise given by hospitals on patients' important days (X _{1.4})	0.666	3.12	
Customer Loyalty (Y ₂)	Recommendations to particular hospitals to another person (Y _{2.1})	0.880	3.95	4.04
	Returning to particular hospitals when requiring health care	0.903	4.06	

Variable	Indicators	Loading Estimate	Mean	
			Indicator	Variable
(Y _{2.2})	Consideration on particular hospitals as the first choice (Y _{2.3}); Reference on particular hospitals to family (Y _{2.4})	0.950* 0.895	4.08 4.06	

Table 3
Result Analysis of Path Coefficient

Model	Relationship between variables	Path Coefficient	CR (T-test)	Notes	
Without Variable of Mediation	Service Quality → Customer Loyalty	0.754	9.8*	Significant	-
With Variable of Mediation	Service Quality → Customer Loyalty	0.527	4.88*	Significant	Partial Mediation
	Service Quality → CRM	0.695	7.55*	Significant	
	CRM → Customer Loyalty	0.421	3.93*	Significant	

Picture 1
Diagram of Path Testing Involving Variable of Mediation

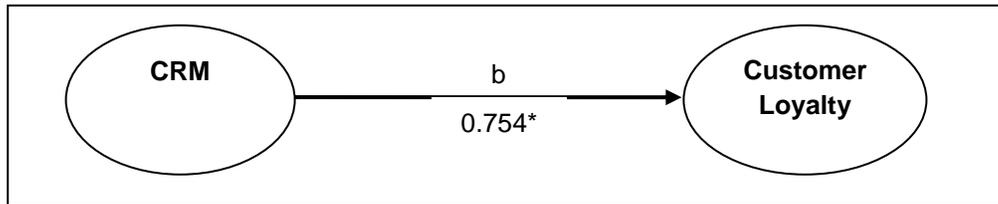


Source: Processed Primary Data, 2012

significant at 0.05 level

Picture 2

Diagram of Path Testing without Involving Variable of Mediation



Source: Processed Primary Data, 2012

significant at 0.05 level

Service Quality directly gave positive and significant impact on Customer Loyalty (in line with Hypothesis 1). Based on Picture 1 and 2 models, it could be noticed path coefficient values of (c) and (d) were significant. (a) was significant, where coefficient of (a) was smaller than (b), so implementation of CRM was claimed as the variable of partial mediation. It meant implementation of CRM influenced directly or indirectly on Customer Loyalty. Therefore, hypothesis stating implementation of CRM mediated the influence of Service Quality on Customer Loyalty was empirically proved or acceptable.

5. Discussion

5.1 Service Quality Influence on Customer Loyalty

Hospitals are social oriented service industries. Service Quality has significant role to improve their Patient Loyalty. Since private hospitals in Denpasar in this current era have very tight competitive level, they should always attempt to improve their Service Quality in order to increase their Patient Loyalty and finally are able to increase profits. Even though hospitals are social organizations, profit is definitely necessary for business sustainability and up-to-date medical equipment provision.

The study found Service Quality positively and significantly affected Customer Loyalty. It confirmed better Service Quality resulted in higher Customer Loyalty. It indicated Service Quality was able to explain the changing variable on Patient Loyalty of Private Hospitals in Denpasar. When hospitals always kept hygiene, medical personnel served well and were ready to serve patients in need, were trustworthy, were able to encourage patients in facing disease and be perceptive on their complaints, it assured there would be patients' unwell family/acquaintances willing to opt the Private Hospital.

This finding empirically confirmed the concept of Customer Loyalty based on Parasuraman et al. (1988), the previous researcher whose objects of study were in hotel. Facts showed service quality directly affected customer loyalty. It implied the relationship between service quality and customer loyalty existed in another industry sector.

The study was consistent with several previous researches, (Cronin et al., 2000), who conducted the study on Service Quality related to Loyalty. They find out Service Quality directly and significantly affect

Loyalty. Cronin et al.'s finding (2000) supports the study by Atkins et al. (1996) stating Service Quality of hospital nurses has strong relationship with Patient Loyalty in Midwest Hospital. Akbar and Parvez's (2009) study note Service Quality has significant influence on Customer Loyalty in telecommunication industry.

Ladhari (2009) finds positive relationship between Service Quality and desirability to recommend a company to others. Moreover, Al-Rousan and Badaruddin (2010) learn Service Quality influence the improvement of Customer Loyalty.

Based on theoretical foundation and empirical facts, when management of private hospitals in Denpasar aimed to improve their patients' loyalty reflected by recommending particular hospitals to others, returning to particular hospitals as the first choice, and referring particular hospitals to family, it was necessary to improve Service Quality formed by dimensions of Tangible, Reliability, Responsiveness, Assurance, and Empathy.

5.2 Service Quality Influence on Customer loyalty Mediated by Implementation of Customer Relationship Management (CRM)

The study found out Service Quality positively and significantly affected Customer Loyalty and Quality Service positively affected the implementation of CRM. However, it noticed implementation of CRM significantly affected Customer Loyalty. It meant Service Quality could advance Customer Loyalty mediated by the implementation of CRM. Correspondingly, implementation of CRM directly and significantly affected Service Loyalty. When implementation of CRM mediated the relationship between Service Quality and Customer Loyalty, the relationship became significantly positive. These findings indicated implementation of CRM was able to play positive role in the relationship between Service Quality and Customer Loyalty.

In reality, it could be explained Service Quality formed by Tangibility, Reliability, Responsiveness, Assurance, and Empathy offered by Private Hospitals in Denpasar was able to give positive word of mouth by recommending particular hospitals to others, returning to particular hospitals when requiring health care, considering particular hospitals as the first choice, and referring particular hospitals to family. These conditions reflected Patient Loyalty. Then, Service Quality offered by Private Hospitals in Denpasar was able to improve the implementation of CRM reflected by information provided by hospitals about care and further medication, availability of patients' complete data in hospitals, good communication between hospital and patient after checking-out, surprises given by hospitals on patients' important days. However, implementation of CRM was significantly unable to directly boost Patient loyalty. When it was linked to Service Quality and Patient Loyalty, implementation of CRM could mediate the relationship to be real.

From the result test of mediation characteristic, it showed implementation of CRM was variable of partial mediation between Service Quality and Customer Loyalty. The role of CRM implementation in mediating Service Quality relationship could enhance Customer Loyalty.

Derived from those findings, it could be stated the study was able to provide empirical evidence that implementation of CRM was an intervening variable serving to perfectly mediate the relationship between Service Quality and Customer Loyalty. Further, decision makers who concern about improving their patient Loyalty at private hospitals in Denpasar should constantly increase their Patient Satisfaction since it gives positive outcome on the escalation of Patient Loyalty.

Also, the study found Service Quality positively and significantly affected Customer Loyalty, supporting previous findings performed by Parasuraman et al. (1988), Ketchand (1998), Caruana (2000), Cronin *et al.* (2000), Sureshchandar et al. (2002), and Akbar and Parvez (2009). Then, Service Quality positively influenced the implementation of CRM supported by findings performed by offered Service Quality which would be able to strengthen/increase implementation of CRM. Sigala (2006) who studies perceptions of hotel guests finds service quality positively affects CRM.

Moreover, findings of this study enlarged studies conducted by Caruana (2000); Cronin *et al.* (2000); Guenzi and Pelloni (2004); and Kerti Yasa (2011) who find Service Quality affects Customer Loyalty through Consumer Satisfaction. The study enlarged findings on Relationship between Service Quality and Customer loyalty not only through Consumer Satisfaction, but also implementation of CRM. It exposed that implementation of CRM could increase Consumer Satisfaction and had positive role in the relationship between Service Quality and Customer Loyalty.

Founded on theoretical foundation and empirical facts, when management of Private Hospitals in Denpasar have concern to improve their Patient Loyalty, it is necessary to increase Service Quality and intensify the implementation of CRM.

5.3 Implication of Study

The results of study were expected to contribute several implications as follows, (1) developing Parasuraman et al. theory (1988). It suggested well performance of Service Quality can improve Customer Loyalty. It also found out good Service Quality improves not only Customer Loyalty, but also more intensive CRM implementation, (2) reinforcing Service Quality Theory from Parasuraman et al. (1988). It stated good Service Quality through Tangible, Reliability, Responsiveness, Assurance, and Empathy could directly enhance Customer loyalty; (3) enlarging the study conducted by Caruana (2000); Cronin *et al.* (2000); Guenzi and Pelloni (2004); and Kerti Yasa (2011). This study suggested the relationship between Service Quality and Customer Loyalty could be attained through implementation of CRM. The implementation was claimed to have positive role in the relationship between Service Quality and Customer Loyalty.

5.4 Theoretical Contribution

Theoretical contributions are for development of Marketing Management Science, specifically on Customer Relationship Management (CRM), Service Quality Management attempting to advance Customer Loyalty. It can be described in details as follows, (1) contributing the development of Service Quality Theory by Parasuraman et al. (1988). Good Service Quality can improve not only Consumer Satisfaction and Customer Loyalty, but also the implementation of CRM; (2) contributing the development of Service Quality Theory stating good Service Quality through Tangible, Reliability, Responsiveness, Assurance, and Empathy can improve Customer Loyalty; and (3) contributing on the implementation of CRM which is able to play positive role in mediating the relationship between Service Quality and Customer Loyalty.

5.4 Practical Contribution

Practical contribution of this study is expected to provide managerial implication as the basis of decision making related to the Implementation of CRM and of Service Quality in order to augment Customer Loyalty. This result provide knowledge and comprehension exceptionally for Private Hospital Management about the importance of Service Quality formed by Tangible, Reliability, Responsiveness, Assurance, and Empathy. Additionally, these findings provide information that the implementation of CRM is

able to mediate the relationship between Service Quality and Patient Loyalty, meaning that the Implementation of CRM plays a positive role to improve the relationship between Service Quality and Patient Loyalty.

5.5 Research Findings

Based on the analysis result and discussion, theoretical and empirical studies, the originality of research as follows, (1) it gave evidence on the presence of integrated conceptual model amongst Service Quality, Customer Relationship Management (CRM), and Customer Loyalty, (2) it presented empirical evidence not only on the direct relationship between Service Quality and Customer Loyalty, but also the role of Customer Relationship Management (CRM) Implementation in which it was proven to play a positive role on Customer Loyalty.

5.6 Delimitation of Study

Even though the study had been optimally conducted, it still had a limit explained as follows, (1) the objects of study were only Private Hospitals so that it limited the capability of generalizing the result of research finding in Hospital Management; (2) respondents were limited to conscious inpatients who were able to fill in the questionnaire by the assistance of their family in charge, inpatients under treatment for two to three days with minimum age of 17 to more than 60 years.

6. Conclusion

Derived from aforementioned details of previous sections, the conclusion can be drawn as follows, (1) service quality positively and significantly affected customer loyalty. It indicated higher service quality could add to customer loyalty; (2) the implementation of Customer Relationship Management (CRM) mediated Service Quality influence on Customer Loyalty. It indicated the implementation of CRM could play a positive role in the relationship between Service Quality and Customer Loyalty.

6.1 Suggestion

Due to delimitation of study, it is suggested to future researchers as follows, (1) the object of study was limited in Private Hospitals. Future researchers can conduct similar study by comparing State Hospitals to Private Ones. It is intended to generalize the result of study specially in Hospital Management; (2) the study was limited to review interrelationship amongst Service Quality, implementation of CRM, and Customer Loyalty. Further researchers need to add variables of Financial Performance and Customer Value as endogenous additional variables. Even though Hospitals are social orienting service organizations, financial performance and customer value are necessary to sustain business and up-to-date medical equipment provision.

The management, Hospital Management in particular, can be recommended as follows, (1) the result of study showed service quality positively affected Customer Loyalty. Therefore, Management of Private Hospitals focuses more on service quality formed by Tangible, Reliability, Responsiveness, Assurance, and Empathy; (2) Tangible as one of Service Quality indicators contributed the least. Hence, Management of Private Hospital focuses more on Tangible to boost service quality reflected by the guarantee of hospital hygiene, appearance of medical personnel, up-to-date hospital facility, and peace/security in hospital area; (3) the availability of complete patients' data in hospitals in the vital indicator reflects the implementation of CRM, whereas empirical evidences showed it did not become the main interest. As a result, it should be of interest to Management of Private Hospitals in order to maintain good relationship with patients and to increase their loyalty.

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