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# The Effect of Service Delivery Performance and Corporate Social Responsibility on Institutional Image and Competitive Advantage and its Implication on Customer Trust (A Survey of Private Hospitals in Solo Raya)

**Yadi Purwanto**

Faculty of Psychology and Social Sciences  
Muhammadiyah University Surakarta, Indonesia

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## Abstract

This paper investigates private hospitals performance measured by service delivery, corporate social responsibility, institutional image and competitive advantage with the effect towards customer trust. The data was collected from 420 patients from 21 private hospitals in Solo Raya including Solo city, and 6 regencies: Boyolali, Klaten, Sukoharjo, Wonogiri, Karanganyar, and Sragen. This study indicates that service delivery performance and corporate social responsibility is lesser and lower than patients hope for. Private hospitals in Solo Raya do not yet value image, competitive advantage, and customer trust. Service delivery performance and corporate social responsibility have positive effects towards institutional image and competitive advantage. Institutional image and competitive advantage have reciprocal effects. The effect of service delivery performance towards customer trust, but corporate social responsibility do not have direct effect towards customer trust. From suggested finding result that private hospital repairs service delivery performance, physical facilities, also personnel contact performance to increase corporate social responsibility, to increase institutional image and competitive advantage to increase customer trust.

**Keywords:** *service delivery performance, physical support, contact personnel, private hospital, corporate social responsibility, institutional image, competitive advantage, customer trust, patient trust.*

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## Introduction

Health is a prerequisite for the quality of human resources, which is one of The Millennium Development Goals targets in 2015 (UNDP, 2007) and has been

planned in the program Healthy Indonesia 2010 (*Kepmen 1202/Menkes/SK/VIII/2003*). To support the program it was required the participation of society, including private hospitals.

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Yadi Purwanto is Senior Lecturer of Philosophy of Science, Advanced Statistics, Professional Ethics, Industrial and Organisational Psychology at Master of Psychology Program, Graduate Studies, Muhammadiyah University Surakarta, Indonesia, email: [yadipurwanto@gmail.com](mailto:yadipurwanto@gmail.com)

The highest growth of private hospitals in Indonesia for the period 1989-2000 and 2000-2005 are in Central Java and East Java, which are 43.1% and 44% (Department of Health Ministry, 2006). While the largest number of hospitals is in Central Java (172 units), so it has the largest number of private hospitals (72 units).

Whereas the Solo Raya is an area with the highest hospital growth in Central Java, but the rate of its BOR (Bed Occupation Rate) is average 49.1% (much lower than ideal BOR which is 65%). On the other hand every year 75 thousand patients go to Malaysia for having treatment which more than 19 000 people came from Central Java, and 9000 of them came from the great Solo Raya.

Facts of the low of BOR, high number of who take medical treatment abroad, and pre survey outcome show low point at indicator which indicates the low trust of patients to the private hospital.

Hospitals need to continually build confidence in the patient through the means of satisfying patients and providing better services value than the competitors. Through competition strategy the companies will continue to maintain its superior position, as the nature of competition can lead to creativity and efficiency which in turn benefit the patient. Hospital as part of the community, it has a social responsibility (CSR, corporate social responsibility). Kotler and Lee (2005) state that CSR is commitment to improving the welfare of societies through the means of professional business practices and resource utilization. In the highly competitive advantages, the private hospitals are required to be able to deliver value to a patient that is

not only satisfying (superior satisfaction) but more superior than its competitors (superior customer value). When customers do not get superior value, then it will tend to lose trust in the institution of the hospital. A poor hospital image can trigger low patient trust. Trust is built from the performance of its services, institutional commitment to run a business vision and corporate social responsibility consistently and creating a good image of the institution so that bear to a superior satisfaction than its competitors. If the service delivery performance, corporate social responsibility activities and institutional image cannot produce a competitive advantage of the hospital continuously, the hospital will be difficult to maintain and enhance the patient trust. If this condition is continued, it strongly suspected will lead to loss of customer loyalty and long-term profit. Therefore, to increase patient trust through competitive advantage and institutional image is by increasing service delivery performance and corporate social responsibility so that the hospitals are able to expected to maintain the trust and profits in the long term.

## Literature Review

Sustainability of private hospital depend on long term profit. The profit can be maintained if customer takes satisfaction of service. James J. Zeboga and Clay (2006) found that customer trust and satisfaction effect on repurchase intention.

Trust is the belief that service providers can be trusted, reliable and able to fulfill his promise. Trust is also a result of the overall performance of service providers, social and ethical behavior, image

and ability to satisfy customers (Shamdasani & Balakhrisna, 2000; Davenport, 2007; Barnes, 2003; Gao, 2005)

Meanwhile, hospital service delivery performance is the result of the overall system of services operation, which consists of components which are visible and not visible by the customer. Visible service operations consist of contact personnel and physical facilities. The components are the elements those also applied in the marketing mix that formed an integral whole and the services delivered to the patient (Lovelock & Wright, 2005; Kotler, 2009; Nguyen & Leblanc, 2002).

But not only the service delivery performance determine patients to choose health services, however hospital institution is part of the environment, because it is part of social capital. The company has social responsibility. The role of social accountability is expected to respond to their social environment as a manifestation of sensitivity and concern for the business entity to the community. (Kotler & Lee, 2005; Carol 1996; Branco & Rodrigues, 2006). Factor that is not less important is the consideration of patient to hospital image of its role in the welfare of society and its contribution in community development. In their mind, image and competitive advantage in providing the best service becomes an important consideration (Kotler, 2009; Nguyen & Leblanc, 2002, Foley & Kendrick, 2006). Private hospitals can be viewed as a company that requires a competitive advantage. Competitive advantage is created through its ability to provide superior customer value, namely its ability to provide the highest satisfaction than its competitors. Customer value is the ratio between the benefits

(functional and emotional, such as product, service, prestige and psychological) are perceived by the cost (money, time, effort, and psychological) to be paid by the customer. Customers will compare with any other value providers, in the gradation value of the inferior to superior. (Kotler, 2009; Bowen & Maken, 2006; Zeithaml & Bitner, 2006; Cravens & Piercy, 2009; Best 2009).

In accordance with the opinion of Kotler (2009), the clients of hospitals basically carry out a business information search, the process of evaluating the options, make choices and assessing each hospital service performance, either based on his own experience, or the others, and also including the impression gained from a series of marketing activities, relationships with patients, government and society and how the hospital presents itself as a whole in the minds of his patients, including a willingness of the hospital in doing its corporate social responsibility.

The hospital's success in providing services depend on how much the patient believes or believe the chosen hospital capable of providing satisfaction and superior value compared to other hospitals. Customer trust is a development of past experiences and the perceived action, corporate image and character, and willingness to bear the risk due to the choice, the feeling to be safe and confident on the company's services (Barnes, 2006).

Customers always assess whether service providers can be trusted or relied upon in fulfilling his promise (Sirdeshmukh et al, 2002). Therefore the company must maintain its image and no image without profitability, accountabil-

ity and sustainability efforts (Wreden, 2005). Customers are the source of profit, in other words between service providers and customers must have confidence; without confidence customers are not likely to be faithful (loyal). Trust is the belief of a party concerning the purpose and behavior of other parties (Kreitner and Kenicki, 2001). Trust is a mental construct as a mediator of satisfaction with customer loyalty (Bloemer et al, 2002).

Hospitals need to continue building trust through the efforts of satisfying patients and providing better value of services than its competitors. Through the company's competitive strategy will continue to maintain its superior position, as the nature of competition can lead to creativity and efficiency which in turn also benefit the patient. Hospitals are part of the community, so they have a social responsibility (CSR, corporate social responsibility). Kotler and Lee (2005:3-5) stated that CSR is committed to improving the welfare of surrounding communities through the efforts of professional business practices and resource utilization. A healthy company would not negatively impact the community in the form of destruction of nature, environment and social development, otherwise the company can give each other a positive contribution to the society as nearest patient.

Hospital with its service may show its existence in competition, because the quality of service is a way to be perceived by customers as well as a measure of how well the level of service provided in accordance with customer expectations (Bouman and Wiele, 1992). Quality of service is the performance of technical operation and physical support

and a touch of excellence personnel such as doctors, and paramedics. Both are the determinants of service delivery performance that directly deliver quality service itself. Stamatis (1996) stated service quality is a commitment to realize the customer-oriented concept by establishing a service performance standards, measure performance, set benchmarks, identify and provide examples of behavior and maintain customer attractiveness at all times in an effort to increase sales. Kotler (2009) stated that service delivery is the main way of differentiating a service company. Kotler (2009) also asserted that the inanimate environment and contact personnel effect on customer satisfaction. The quality of services is not based on perceptions of the service provider's point of view, but based on customer perception. The quality begins with customer needs and ends on the perception of customers (Kotler, 2009). Quality service is also the main ingredient in the formation of associations or the image of the company's reputation, as suggested by Aaker and Keller (1990), the image or reputation can be defined as an assessment of the quality associated with the name. Nguyen and Leblanc (2002) concluded the positive effects of physical support and contact personnel of the corporate image.

Public awareness of the importance of CSR was also increasing willingness of people to buy and accept higher prices, as demonstrated CSR survey conducted by Deka Research and Global Market Scan International (2006) on 1,000 respondents in five major cities: Jakarta, Bandung, Semarang, Surabaya and Medan claimed 73.7% of respondents agreed to pay 10% more expensive for the products produced by socially and environmentally responsible living

(Marketing, 05/VII/Mei/2006, p.11-12).

The hospital is a social entity and part of social capital. The company should observe its social environment, among others, the community, consumers, workers, governments and other parties which become the supporters of the company operational because the company runs the business activities by accessing their social environment. The term is often called corporate social responsibility. Kotler (2005) says:

*"Corporate social responsibility is a commitment to improve community well being through discretionary business practices and contributions of corporate resources... Corporate social responsibility as a 'business' commitment contributes to sustainable economic development, working with employees, their families, the local community, and society at large to improve on their quality of life '... Corporate social responsibility as a business operating in a manner that meets or exceeds the ethical, legal, commercial, and public expectations that society has of business".*

The word "social" in corporate social responsibility refers to the notion of "social capital" (Branco and Rodrigues, 2006: 119). By the form of powerful social capital, it will bring the impact on competitive advantage in surrounding communities and also in the elements of the community, including the company. Fukuyama (2002) states that a sense of trust and mutual trust (social trust) determine the ability of a nation to build communities and institutions in it, in order to achieve progress and competitiveness. In

progressive countries which have high social trust, there is a strong social capital so that strengthen competitiveness (Nation Competitive Advantage).

Relation to CSR in health service institutions with competitiveness, was described by Wineberg and Rudolph (Info Askes, 2006:31,32) *"Corporate social responsibility program makes a company more competitive."* Companies that are able to apply CSR, basically showed corporate governance, which is management system based with internal-external focus value-based. The concept of CSR has overlap with the concept of corporate governance (CG), and business ethic. According Wineberg and Rudolph (Info Askes, 2006:32) CSR is more based on the values (value-based) and its focus to external stakeholders, while not neglecting the internal stakeholders. CSR can help the company to show obedience to the law and also can keep the company from a variety of risks lawsuits, lost business or lost a partner risks to corporate image (brand risk).

Company reputation can become a social capital, because of the popularity of a company will also raise the image of a region, the image of a region will also raise the corporate image. In this condition, Galbreath (2005: 981-982) suggested the reputational asset can be the part of the intangible assets.

According to Polonsky and Jevons (2006), CSR activities is required in order to build "a socially responsible brand" and to prevent reputation damage. This statement is reinforced by the results of research Yoon; Gurhan-Canli and Schwarz (2006) that CSR is useful to rebuild a company which has a bad reputation. Chen, Lai and Wen (2006)

examines the influence of the "Green Innovation Performance" toward the corporate advantages in Taiwan, and the result is the green innovation efforts can keep the sustainability of the company's products, because it is considered to have a competitive advantage and can gain the trust from the consumers. Competitive advantage has superiority over competitors by delivering the greater customer value. (Keegan and Green, 2008; Best, 2009). Positive image is the determinant of competitive advantage and can increase the customer trust. Thompson Teo and Liu (2007; Flavian, Guinaliu and Torres, 2005) shows that there is significant influence of the image or reputation of customer trust.

The traditional view to build competitive advantage is focused on build a positional superiority (Porter, 2003) which is based on the competition, which includes to the cost leadership or differentiating. Each type of competitive advantage can build a relationship to the market or focus on target segments. The relation with the competitive advantage based on cost leadership. Wegmiller (2006:29-33) stated that although financial stability is important at the *not-for-profit oriented* hospital but it is more important to enlarge the public trust without leaving the community benefits for the surrounding community as well as improving their whole image.

In addition to the delivery of services, hospitals also need to develop communication with the surrounding community, however institutions may not be able to live safely, comfortably and prospectively in the future if these institutions do not build mutual relationships with the surrounding environment. Especially this social vision has become a global

trend since the 1990s, such as the BET (The Business Enterprise Trust) Award, as was reported by Trevino and Katherine (1999), the BET Awards are given to companies that gave birth to an activity or product CSR-oriented and philanthropic projects that have the "courage, integrity and social vision." CSR activities with many variety to enhance the company image. The company's reputation is not only determined by the fame of products and the service itself, but also because the public perception of ethical standards in business, one of which is business ethics in the form of social responsibility. CSR can be viewed as a form of nonverbal communication companies in establishing a system for communication with the outside world. In fact, CSR can be a means of formal and informal communications for the company to the surrounding community. Formal communication is communication through mass media such as press releases in newspapers, radio and television and other advertising, whereas informal communication is more of "The Grapevine" which is rather to describe what was happening, and what can be felt directly. Trevino and Katherine (1999) adds that the informal communication can become news, rumors, impression or perceptions, which in some degree directly to enhance the credibility of the company.

Patients in the selection of the hospital will consider bids that provide the highest value. They want maximum value, with minimal cost, both monetary, time, energy and physical cost. Kotler (2009) stated the value of customers is the difference or ratio of total customer benefit and total customer cost. Total customer benefits is a set of benefits perceived by customers of certain products and ser-

vices. Total customer cost is a set fee that was sacrificed by the customer to evaluate, acquire, use, and dispose of the product or service. Consumers are not easy to choose the hospital services because not all hospitals may be tried one by one. Consumers will gather information and select various alternatives, including comparing his experience with the experience of others. Consumers will be helped to understand the hospital services offered through a set of institutional characteristics that make up the image of the institution. Institutional image is defined as beliefs, attitudes, stereotypes, ideas, and behaviors relevant to a person against an object, person or organization (Belanger, Mount, and Wilson, 2002). So institutional image a result of various institutional activities to be communicated to the public either through verbal communication, non-verbal, formal, informal, direct and indirect thus forming the perception of the institution. Institutional image is the individual's perception of the institution in the form of associations inherent in consumer memory. Customer perception can be determined by the image or reputation of the institution (Zeithaml, Bitner, 1996: 114).

Consumers will tend to use the product or service institutions which they say have a good image or images that are consistent with their expectations. Personal experience, information received from others, and promotion conducted by institutions all have an impact on customer perception of the image of institution (Kurtz, Clow, 1998:24).

Institutional image can be described as an overall condition of the institution in the minds of audiences associated with such physical attributes as well as organ-

izational behavior, such as business name, architecture, variety of products and or services, traditions, ideologies, and also a picture of quality communicated by each person who interacts with client organizations (Kotler, Bowen and Makens, 2006). Institutional image can also become an important icon in the competition, because consumers know the products and services through the image. In the field of hospital services Cooper (1997) described the positive influence the quality of physicians, care facilities and technology, diagnostic facilities, the quality of overall care, interpersonal relationships, employee awareness of personal needs of patients, maintenance of patient experiences of hospital services suggests, location and rates of hospital image.

### **Research Methods**

This research is a verification or explanatory surveys, which is a type of research to find out the relationship between variables by testing the hypothesis. Research design is *ex post fact*.

### **Data Sources and Methods of Data Determination**

The primary data source is the patients, while the secondary data source obtained from the hospital management annual report of Department of Health and Hospital Association of Indonesia.

The collected data is cross section data during 2008. This study uses 420 respondents of patients from 23 private hospitals of Solo Raya, with VIP stratification, Class I, II, and III. And was used random sampling with weighting complex sample. Data obtained by using (a) Interviews, (b) Observations, and (c)

Questionnaire, and follow up result by using Focus Group Discussion.

Operational definition of variables, dimensions, indicators, measures and scales used are shown in Table 1.

**Table 1. Operational Definition of Variables**

Variable/ Sub Variable	The Concept of Variable/ Sub Variable/ Dimension	Indicator	Scale
<b>Service Delivery Performance</b> ( $\xi_1$ )	A performance that consists of physical support and contact personnel	The elements that consist of physical support and personnel contact	Ordinal
<b>Physical support</b>	Physical facilities, ambient condition and servicescape which measured by availability, convenience and attractiveness	Availability and quality of physical facilities, technology and environment	Ordinal
Nguyen and Leblance (2002)	Availability ( $X_{-1,1}$ )	Availability / completeness and the easy of using facilities	Ordinal
Pires (2005), Ozcan (2007), Gustafon (2007)	Convenience ( $X_{-2,1}$ )	Leisure, feasibility, safety, tranquility, cleanliness, beauty, sufficient of light, and air	Ordinal
Johnston and Clark (2008) Zeithmal (2006)	Attractiveness ( $X_{-3,1}$ )	Attractiveness, strategic, prestige, new, and the uniqueness of the supporting facilities	Ordinal
<b>Contact Personnel</b>	Service delivery process and make direct contact with patients	appearances of Medical labor, paramedic and non-medic in providing services	Ordinal
Nguyen and Leblance (2002)	Appearance ( $X_{-4,1}$ )	tidiness of medics appearance (external appearance, clothing, tidiness, uniformity), paramedical and non-medic in providing services	Ordinal
Pires (2005), Ozcan (2007), Gustafon (2007)	Competence ( $X_{-5,1}$ )	Competence of expertise and experience of medic, paramedic and non-medic when providing services	Ordinal
Johnston and Clark (2008) Zeithmal (2006)	Profesionalism ( $X_{-6,1}$ )	Speed, responsiveness, friendliness, timeliness, simplicity of the process, ease encountered, and clarity of information	Ordinal
<b>Corporate Social Responsibility</b> ( $\xi_2$ )	Patients's perceptions about hospital responsibilities	Patient's views on hospital's responsibilities to the community around them	Ordinal



**Table 1. (continued)**

Kotler and Lee (2005), Frank (2007), Schreck (2009)	Concern for the promotion of social issues such issues -issues and increase public awareness around the hospital (X <sub>7,2</sub> )	Patient's view about hospital's care on the campaign of dangerous social issues, and increasing the awareness of positive behavior to the community around the hospital	Ordinal
	The involvement of hospitals in the social problems prevention (X <sub>8,2</sub> )	Patient's view about the hospital's involvement in the response to the problem which is happening in the surrounding community	Ordinal
	Personnel help/ volunteers to get involved in social-society programs (X <sub>9,2</sub> )	The patient's view on personnel/ volunteers aid to engage in social-society program	Ordinal
	Material help/ donations and social facilities in an effort of community development (X <sub>10,2</sub> )	The amount of material donations (funds, goods, and drugs); personnel; infrastructure facilities, provision of community empowerment programs	Ordinal
<b>Institutional Image</b> ( $\eta_{-1}$ )	Perceptions about a hospital institution that reflected like the existing associations in memory, feelings of patients	Introduction, the reputation of personnel competence, technology, moral-ethical and overall	Ordinal
Hall (2000)	Popularity (y <sub>1,1</sub> )	Introduction to the hospital	Ordinal
Foley and Kendrik (2006)	Competence reputation (y <sub>2,1</sub> )	The view about the reputation for competence of medic, paramedic and non-medic	Ordinal
Frombun (1996)	The reputation of health technology (y <sub>2,1</sub> )	The view about the reputation for technology mastery owned by the hospital	Ordinal
	Reputation for moral and ethical codes (y <sub>4,1</sub> )	The view of moral-ethical reputation within the health practices	Ordinal
	Reputation of the recovery rate of patients (y <sub>5,1</sub> )	The view about the reputation of recovery rate of patients	Ordinal
	The patient's perception that a hospital outperformed other hospitals in providing value (customer value)	Suitability of the benefits gained by patient's sacrificial compared with other hospitals	Ordinal
<b>Benefits</b>	All benefits derived from the services, personnel and image	Benefits of facilities, services, personnel and prestige obtained by the patients compared to competitors'	Ordinal
Kotler (2009), Kotler, Bowen and Maken (2006)	Product's benefits/ facilities (y <sub>6,2</sub> )	The benefits of the facility which is perceived compared to competitors'	Ordinal

**Table 1. (continued)**

Lovelock (2005)	Benefits of the services (y <sub>7.2</sub> )	The benefits of the services which is perceived compared to competitors'	Ordinal
Best (2009)	Personnel benefits (y <sub>8.2</sub> )	The benefits of the personnel which is perceived compared to competitors'	Ordinal
	Prestige benefits (y <sub>9.2</sub> )	The benefits of the prestige which is perceived compared to competitors'	Ordinal
	<b>Cost</b> All costs incurred by the patient's sacrifice to obtain services	The perceptions about the sacrifices in the service cost, time, energy and psychic than the competitors	Ordinal
Kotler (2009) Bowen, and Maken (2006)	Cost of money (y <sub>10.2</sub> )	Perceptions of determining the cost of patients compared to competitors'	Ordinal
Lovelock (2005)	Cost of time (y <sub>11.2</sub> )	Perception of time which is sacrificed in running the service compared to competitors	Ordinal
Best (2009)	Cost of energy (y <sub>12.2</sub> )	Perception of energy which is sacrificed in running the service compared to competitors	Ordinal
	Cost of psychic (y <sub>13.2</sub> )	Perception of psychic which is sacrificed in running the service compared to competitors	Ordinal
<b>Patient trust</b> ( $\eta_{3-}$ )	Patient trust is the conviction of the patient to the hospital's integrity and reliability	The trust of patients to the reliability of technological equipment, and personnel to achieve the level of recovery	Ordinal
Shamdasani and Balakhrisna (2000)	Trust in the reliability (y <sub>14.3</sub> )	Trust in the reliability of the hospital in patient care	Ordinal
Andreassen and Lindestad (1998)	Trust on the quality of equipment (y <sub>15.3</sub> )	Trust in the quality of hospital technology equipment	Ordinal
Teo, Thompson dan Liu (2007)	Trust in the professionalism of the personnel (y <sub>16.3</sub> )	Trust in the professionalism of the personnel in helping the healing	Ordinal
	Confidence in hospital services will help the healing (y <sub>17.3</sub> )	Trust in hospital services will help the healing	Ordinal
	Trust in hospital communication message content (y <sub>18.3</sub> )	Trust in the promise that has been communicated to the hospital to provide the best services	Ordinal

### Research Model

To analyze the relationship among variables is used Structural Equation Modeling (SEM), so it can be analyzed on the measurement equation, structural equation,

and reciprocal.

The framework of the flow of inter-variable relationship is shown in the following picture:

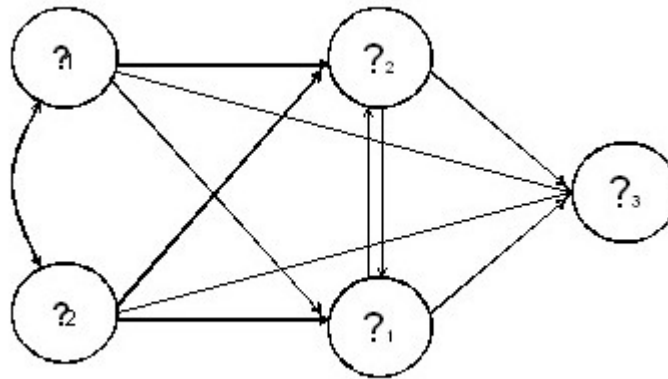


Figure 1. Variables Correlation

Description:

- $\xi_{-1}$  : (Service delivery performance)
- $\xi_{-2}$  : (Corporate social responsibility/ CSR)
- $\eta_1$  : (Institutional image)
- $\eta_2$  : (Competitive advantage)
- $\eta_3$  : (Patient trust)

The mathematical model equation is:

$$\text{Model 1: } \eta_1 = \gamma_{1.1} \xi_1 + \gamma_{2.1} \xi_2 + \beta_2 \eta_2 + \zeta_1$$

$$\text{Model 2: } \eta_2 = \gamma_{2.2} \xi_2 + \gamma_{1.2} \xi_1 + \beta_1 \eta_1 + \zeta_2$$

$$\text{Model 3: } \eta_3 = \gamma_{1.3} \xi_1 + \gamma_{2.3} \xi_2 + \beta_1 \eta_1 + \beta_2 \eta_2 + \zeta_3$$

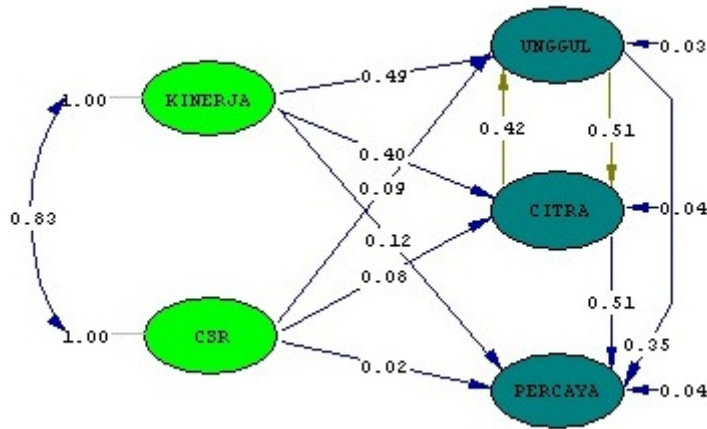
The criterion used is that the hypothesis is accepted if the value of student's statistical analysis  $t$  was greater than 1.96 and is rejected if less than or equal to 1.96.

### Finding and Discussion

It is got from the statistical model as shown in Figure 2 and 3.

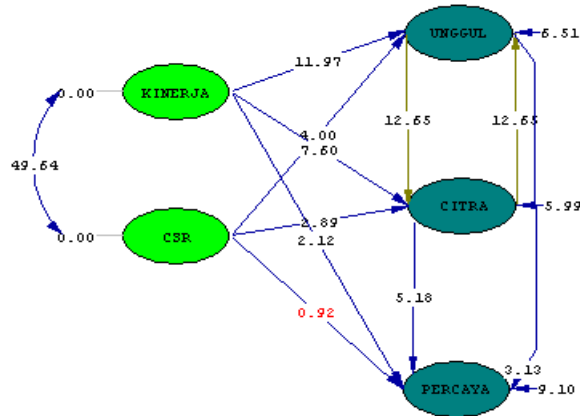
Based on data from Table 2 we concluded that the model has met several fit models criteria.

Based on the value of  $\lambda$ , it is known that Service Delivery Performance is a variable that has the greatest influence on competitive advantage (0.49), institutional image (0.40) and patient trust (0.12) compared with the influence of corporate social responsibility (CSR) to competitive advantage (0.08), institutional image (0.09) and patient trust (0.02).



Chi-Square=1548.82, df=340, P-value=0.00342, RMSEA=0.072

**Figure 2**  
**Structural Model of Estimation Value in Research Paradigm Model**



Chi-Square=1548.82, df=340, P-value=0.00342, RMSEA=0.072

**Figure 3**  
**T-Value Structural of the Paradigm Research Model**

From the computational model of SEM, it obtained the value of direct and indirect effects, as summarized in Table 3.

The total effect of service delivery performance, and competitive advantage to

institutional image amounted to 24.70%. The total effect of service delivery performance, corporate social responsibility, and institutional image to competitive advantage are at 33.75%. While the total effect of service delivery perform-

**Table 2. Testing of Research Model**

Db	340
Normal Chi Square	1548,82
RMSEA	0,072
p-value	0,00342
Goodness of Fit Index (GFI)	0,93
Adjusted Goodness of Fit Index (GFI)	0,91

**Table 3. Direct and Indirect Effect**

VARIABLE		EFFECTS		
Influence	Influenced	Direct	Indirect	Total
Service Delivery Performance		5,76%	0,64%	6,40%
Corporate social responsibility	Institutional Image	1,44%	0,04%	1,48%
Competitive Advantage		16,81%	0,01%	16,82%
	Total	24,01%	0,69%	24,70%
Service Delivery Performance		31,36%	0,16%	31,52%
Corporate Social Responsibility	Competitive Advantage	1,00%	0,01%	1,01%
Institutional Image		1,21%	0,01%	1,22%
	Total	33,57%	0,18%	33,75%
Service Delivery Performance		5,29%	2,56%	7,85%
Corporate Social Responsibility	Patient Trust	0,09%	0,16%	0,25%
Institutional Image		10,89%	0,01%	10,90%
Competitive Advantage		4,41%	1,21%	5,62%
	Total	20,68%	3,94%	24,62%

ance, corporate social responsibility, institutional image and competitive advantage to patient trust amounted to 24.62%.

A variable with insignificant effect is only on corporate social responsibility (CSR) to patient trust, whereas other variables have a significant effect. Strategy to improve patient trust is more sig-

nificant through increasing institutional image by improving competitive advantages through service delivery performance optimizing. While the corporate social responsibility variable is a catalyst for improving institutional image and enhancing competitive advantage through social policy.

Corporate social responsibility is a so-

cial responsibility which may be one variable that has a positive impact on trust, but the research facts of patients of private hospitals in Solo Raya shows that corporate social responsibility has not yet had a significant positive effect. CSR of private hospitals in Solo Raya has not become a strategic policy.

From tables 3 above, the solution variables which is suggested is to improve service delivery performance, corporate social responsibility, institutional image and competitive advantage. Institutional image effect (10.89%), followed by service delivery performance (5.29%), competitive advantage (4.41%), and 0.09% corporate social responsibility. While institutional image and competitive advantage have a reciprocal effect, both are influenced by service delivery performance .

The descriptive research also shows that the level of patient perception of the variables are all relatively moderate, and the gap between level of importance and reality is at a great value (PointGap <(-1)), thus indicating that the suggested improvements are comprehensive and simultaneously involving all indicators. But as a logical step, realistic solutions have been designed with a priority ranking to see 5 (five) indicator variable with the largest PointGap, namely:

(a) Performance Indicators of Submission Services (1) Professionalism such as increase: friendliness, responsiveness, speed, ease encountered, accuracy, ease of procedure and the clarity of information. (2) Attractiveness such as the increase: the unique interior and exterior, distinctiveness support facilities, facilities information and communication as well as variety and uniqueness of the

food menu. (3) Competence as improve their skill specialization and experience and flying hours.

(b) Indicators of corporate social responsibility (1) Involvement in preventing social problems that are happening such as helping the event is happening as the victims of flooding in areas along the banks of the Bangawan Solo river, landslide of Karanganyar, and lack of clean water. (2) Aids of social facilities for community development such as improving rural roads, social facilities, public toilets, and mosquito fogging.

In order to deepen the understanding of the phenomenon the writer held FGD involving the hospital managerial, the result shows: the patient trust is a dynamic variable as the result a dynamic interaction of institutional image, competitive advantage, service delivery performance and corporate social responsibility. Fixation strategy can be started from service delivery through contact of personnel and physical support. And through the corporate social responsibility strategy can be concerned on the social activity and hospital involvement in the infrastructure around its environment and community development. But it will be difficult to carry because of the lack of fund resource and cultural factor shares important significance although it is not involved as variable. Along with hospitals in developing countries, the fund lacks significance factor. Private hospitals in Solo Raya are loaded by social and religious organizations which are mostly social oriented regardless to the economic motive.

The investigations found that the private hospitals in Solo Raya based on all indicators of service delivery performance,

corporate social responsibility, institutional image, competitive advantage and patient trust have not fulfilled the expectations of patients. Professionalism is an indicator as the most important one.

This investigation focused on public hospitals and yet research on the unit of analysis involves both individual patients and the unit of analysis on all types of hospital institutions (such as government hospitals, special hospitals, maternity hospitals, hospitals), making generalizations which are limited to privatised public hospitals in the Solo Raya region.

This investigation only focused on the influence of selected variables to variable of patient trust, namely service delivery performance, corporate social responsibility, institutional image and competitive advantage, and based on research results, there are still other variables not examined the influence of such internal environmental conditions of patients another patient the external environment, as well as conditions micro-system.

Study of the hospital in Solo Raya has a uniqueness, namely the level of BOR (Bed Occupation Rate) is low, whereas when looking at the ratio of the number of beds to population is small. It means that the number of available hospitals have not been categorized saturated. This is possible because of low purchasing power of Solo Raya. Meanwhile, the government general hospital (Hospital, Military General Hospital) is relatively used by patients, especially in class of subsidy of local government insurance either, and public health insurance program.

## **Conclusion**

Patient trust is influenced positively by the competitive advantage, institutional image, and service delivery performance, but is not influenced directly by corporate social responsibility. Competitive advantage has a mutual positive influence on institution image, but competitive advantage has a greater influence on institutional image rather than vice versa. Private hospitals are advised to improve both service delivery performance improvement of physical facilities and personnel performance and increase social responsibility activities to enhance the institutional image and competitive advantage that is expected to increase patient trust.

## **Limitations**

The weakness of the study was that the level of generalization is limited. For the purposes of generalization, the next research needs to relate to the broader area of research and involves a large area, and type of hospital such as government hospitals, maternity hospitals, military hospitals, and specialized hospitals. In addition, also to be considered is the inclusion of non-hospitalized patients for both causal and comparative research that has not been performed in this investigation.

## **Further Research**

This research is based on the customer's perspective as a primary data source. To find a more dynamic relationship, a study needs to be done from the company perspective, using both employee and management as a source of primary data.

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