

# The effect of a customer-centric approach towards doctors in a private hospital

**M van der Westhuizen**  
**12877212**

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Supervisor: Dr WJ Coetzer

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## **ABSTRACT**

**Key terms:** Customer service, product centricity, customer centricity, customer satisfaction, customer loyalty, private healthcare, doctor relations

Globally, trade and industry has shifted its focus from the traditional service delivery approaches to various alternative practices to be more successful, cost efficient, customer orientated, flexible and innovative. This shift in focus has led to organisations applying a customer centric approach in their business. In order to understand customer centricity, it is necessary to be familiar with the term customer service.

Customer service is the offering of services to customers before, during and after a purchase. It is a series of activities designed to enhance the level of customer satisfaction, i.e. the feeling that a product or service has met the customer's expectations. Although it seems to be difficult to create and maintain a positive service culture, the implementation and upkeep of service excellence hold numerous advantages for organisations in both the short and the long term. Excellent customer service leads to an increase in profits as well as assist organisations in achieving a competitive advantage. Organisations with a customer centric approach can expect to experience a 30% higher return on investment on their marketing efforts compared to their peers not embracing customer centricity. Moreover, exceptional customer service will lead to customer satisfaction, which in turn, may well lead to customer loyalty which is crucial in the current volatile economic market.

Recent economic instability triggered financial uncertainty in trade and industry. This causes difficulties for organisations to gain a competitive advantage and predict consumer behaviour. The organisations that will survive and outlive these uncertain circumstances will be those that maintain a customer centric focus. A customer centric focus implies that organisations place their customers first by concentrating on their needs and behaviours. These organisations will also attempt to eliminate internal factors that constrain service offerings to customers. Furthermore, customer centricity includes the alignment of resources of the organisation to successfully respond to the ever-changing needs of the customer, while building mutually profitable relationships.

The main difference between customer service and customer centricity appears to relate to meaningful changes that customer centric organisations make in addressing their customers' expectations and providing reciprocal support. Customer centricity seems to take customer service thus a step further with regards to service delivery.

The healthcare environment forms an important part of trade and industry and economic instability also affects this sphere. In this study, the focus filters to the healthcare industry in South Africa and the role and importance of a customer centric approach to doctors. The South African healthcare environment consists of two sectors, namely large public (managed by government) and smaller, higher quality private healthcare. The South African healthcare system is unique to those of other countries as it is dynamic and multifaceted. The legislative framework within the healthcare system gives South African citizens the right to access healthcare services. Due to a skewed financing system in healthcare, this framework has a major impact on both the public and private sectors. The private healthcare industry in South Africa has grown dramatically with the number of beds doubling between 1988 and 1993. This was mainly due to the international trends toward privatisation and advanced by government's policies for privatisation. This resulted in the migration of doctors from public service to private practices.

Specialists play an integral part in providing healthcare services. The private hospital industry provides admitting and treating facilities where doctors prescribe the care that hospitals should deliver to patients. This interplay between private hospitals and specialists emphasises that specialists are important customers of private hospitals. The importance of obtaining and retaining doctors is also highlighted in the vision and mission of the top three private hospital groups in South Africa, namely Mediclinic, Netcare and Life Healthcare. Many challenges exist to grow and maintain patient volumes for the private hospital sector. One thereof is to establish doctor (and their practices') support by building an optimum mix of loyal specialist and general practitioner (GP) networks for the hospital. The management and nurturing of relationships with doctors through these networks could lead to a competitive advantage for private hospitals.

A study was therefore conducted to gain insight as to how specialists define customer centricity as well as their expectations of private hospitals when applying a customer centric approach towards doctors. The research was of qualitative nature. An experimental research design was applied and included 11 participants. Semi-structured interviews with specialists from one of the top three private hospital groups were conducted in order to gather relevant data. The interviews were transcribed and coded. Results were analysed and interpreted via thorough content analysis.

Participants highlighted the following elements as important when defining customer centricity: customer focus, satisfaction, facilities and resources, accessibility, safety and cost effectiveness.

In addition, participants confirmed that the following aspects marked their expectancies of a customer centric organisation: quality patient care and services, facilities and resources, effective communication, support and cooperation, provision of sufficient and well trained staff, mutual financial gains, appreciation, resolving of problems, involvement in decision making and respect.

Conclusions and recommendations pertaining to future research were also provided.

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# CHAPTER 1: INTRODUCTION AND PROBLEM STATEMENT

## 1.1 INTRODUCTION

Customer service can be referred to as the offering of services to customers before, during and after a purchase. It is a series of activities designed to enhance the level of customer satisfaction, meaning a customer's feeling that a product or service has met his/her expectation (Boshoff & Gray, 2004:27; Turban, Lee, King, Liang & Turban, 2009:61). The health care industry provides goods and services to doctors and specialists to enable them to treat their patients with curative, preventive, rehabilitative and palliative care. When a patient comes to a medical office, facility or hospital, he or she trusts the facility not only with his or her business but also their health (Boshoff & Gray, 2004:27).

Hospitals continuously focus on growing and maintaining patient volumes. This is done by gaining the support of doctors (and their practices) through establishing a network of loyal specialists and general practitioners (GP's) that represents and ensures an optimum mix of disciplines and referrals (Du Plessis, 2011). It is however also imperative that hospitals, whilst attempting to grow and maintain patient volumes, not merely focus on keeping patients satisfied, but also clearly define their philosophy on how care is delivered (Du Plessis, 2011).

For hospitals, specifically private hospitals, to optimise their customer orientation, their boundaries need to be expanded to incorporate service recipients, i.e. medical practitioners and patients as temporary members or participants in operational matters (Bitner, Faranda, Hubbert & Zeithaml, 1997:97). In other words, it is necessary to recognise that medical practitioners contribute inputs that impact the hospital's productivity. A positive impact on productivity will only be possible through both a vast quantity and high quality of inputs which will result in a valuable output. The perception that a service is of high quality is always positively associated with the satisfaction and value that are attributed to a service transaction. A strong customer orientation also improves the satisfaction and value that are attributed to a service exchange. Ultimately, a strong customer orientation improves behavioural outcomes (Brady &

Cronin, 2009:242). Therefore, an organisation benefits from understanding their customers' perception of value and satisfaction attribution.

The fundamental question as to how a customer orientation such as customer centricity within the health industry, influences perceived performance from a customer's perspective has yet to be addressed. This mini-dissertation is therefore focused on defining customer centricity as understood by medical practitioners associated with a private hospital and identifying their expectations with regards to customer centricity.

## **1.2 PROBLEM STATEMENT**

There has been a worldwide shift in focus from the traditional service delivery approaches to various alternative means, which may be more effective, cost efficient, customer orientated, flexible and innovative (Fourie & De Jager, 2005:231). It has even been argued that the quality and level of customer service have decreased as a result of a lack of support or understanding at the executive and middle management levels and/or customer service policy (Dall & Bailine, 2004:61). As a result organisations should make more use of practices that turn good customers into great referring ones, as failing to do so could lead to a threat to the survival of an organisation (Shoemaker, 2011:50).

Fourie and De Jager (2005:232) and Li (2010) indicated that managers should track and monitor deficiencies in service delivery in order to determine the priorities in that service delivery. Providing quality that meets or exceeds customer expectations has become a major source of competitive advantage for many organisations, as it reduces price elasticity and builds loyalty and customer retention (Anderson & Fornell, 1994:242). Service quality has not only been theoretically proven as an important driver of customer satisfaction but also empirically substantiated in a variety of industries including service industries such as tourism and health care (Anderson & Sullivan, 1993:136; Boshoff & Gray, 2004:31; Churchill & Suprenant, 1982:498; Heskett, Sasser & Schlesinger, 1997:76; Woodside, Frey & Daly, 1989:10).

For service providers to remain customer oriented, organisations must strive to generate, disseminate and be responsive to customer information (Brady & Cronin,

2009:248). They should display the capacity to learn, that is to identify and adapt to the needs and wants of consumers. Within the health industry, the initial and long term impression a hospital has on a doctor, is crucial in the establishment and maintenance of a long term relationship (Crepeau, 2012:115). By nurturing these relationships, a hospital can have a competitive advantage. Brady and Cronin (2009:248) indicated that from the perspective of customers, being customer oriented enhances positive perceptions on the quality of an organisation's overall market strategy. In turn, the positive perception will increase customer loyalty, repurchase and their willingness to offer positive word-of-mouth recommendations (Brady & Cronin, 2009:248).

A hospital is a "people business" (Li, 2010). Customers within the hospital environment are not only searching for medical care, but an integrated experience. Li (2010) indicated that the presence of other service providers residing within the hospital vicinity, such as laboratories, radiologists, pathologists, cafeteria, specialists, etc., contributes to an integrated experience. Coe (2004:1324) also indicated that healthcare workers are more often than not challenged with high customer service expectations. Private hospitals therefore have to focus on a well executed service delivery.

According to data available from the Hospital Association of South Africa (HASA<sup>1</sup>) (2009), the South African private hospital industry consists of many hospitals with three distinct hospital groups and smaller independent hospitals. These hospital groups form a network of hospitals across Southern Africa of which Life Healthcare, Netcare and Mediclinic have an 80% market share (HASA, 2013). Each group has a different view on customer services relating to doctors.

Pretorius (2011), Chief Executive Officer of Mediclinic Southern Africa, believes that the strength of Mediclinic lies in the recruitment and retention of top medical practitioners. Mediclinic (2013a) are committed to science-based, patient centric healthcare and strive towards providing world-class acute care. In addition, Mediclinic also focus on the importance of having medical practitioners in private practice that encompass a wide range of specialities.

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<sup>1</sup> The Hospital Association of South Africa (HASA) is a body which link private hospitals with other organisations, including government, the general public, healthcare stakeholders and the media. HASA and its members are committed to provide healthcare services to South Africa (HASA, 2013).

Life Healthcare (2013a) do not employ the doctors that work within their facilities, but opined that doctors are attracted to their hospitals, because of modern facilities, new technology, the quality of care provided by their nursing staff and management's understanding of the doctors' needs. Life Healthcare (2013a) further indicated that in order to support their doctors and maintain a first class environment, they invest money to replace, upgrade and improve their facilities into new hospitals, wards and theatres. Also much is spent on technology and equipment to expand services and capabilities. Lastly, they invest in new developments and business opportunities.

Netcare (2013a), as Life Healthcare (2013a), are of the opinion that they provide doctors with the best possible setting in which they can work. This setting includes the provision of quality nursing care, the latest technology, world-class facilities and well-trained staff. Netcare (2013a) further believe that they support doctors by providing excellent patient care to all patients. They indicated that they strive to have strong partnerships with doctors, in order for them to build their organisation and brand. Netcare (2013a) further indicated an ongoing improvement of their facilities as doctors have the opportunity to comment on all aspects of their relationship with the organisation.

Gunning (2009:57) indicated that "A customer centric organisation focuses primarily on the needs and behaviours of its customers, rather than internal drivers or internal constraints that can unnecessarily limit customer offerings". Wagner and Majchrzak (2007:19) indicated that only the customer self can articulate these needs. The perceived customer centric relationship between medical facilities and specific private hospitals and the medical practitioner is an area that still needs to be more explored within the South African context. The question can be raised whether the hospital's view regarding customer services align with that of the medical practitioner. A stronger focus on medical practitioners as customers of hospitals are therefore needed.

### **1.3 RESEARCH OBJECTIVES**

The research objectives are divided into general and specific objectives.

### **1.3.1 General Objective**

The general objective of this research was to determine medical practitioners', associated with a private hospital, understanding and expectations of customer centricity.

### **1.3.2 Specific Objectives**

The specific objectives of this research were:

- To determine how customer centricity is conceptualised in literature;
- To determine the similarities and differences between customer service and customer centricity, as described in literature;
- To determine how customer centricity is defined by medical practitioners associated with a private hospital;
- To determine the expectations of medical practitioners, associated with a private hospital, in terms of customer centricity from the hospital; and
- To make recommendations for future research.

## **1.4 RESEARCH METHOD**

This research, pertaining to the specific objectives, consists of two phases, namely a literature review and an empirical study.

### **1.4.1 Phase one: Literature review**

Phase one provides a review of the literature pertaining to the specific topic. Books (see reference list), academic journals and Internet sources were consulted to give a theoretical exposition of and to prepare for this presentation (study). Literature was derived from:

- Academic Search Premier
- Emerald
- EBSCO host

- Internet
- Google Scholar
- NWU (North-West University) Institutional Repository
- Company specific documentation of various private hospitals

## **1.4.2 Phase two: Empirical Study**

The empirical study includes the research design, participants, ethics, data gathering, research procedures and data analysis.

### **1.4.2.1 Research Design**

The purpose of the research design was to ensure that all criteria of a scientific study were met.

A qualitative approach was applied in the research design as it best serves the objectives of this study. Welman, Kruger and Mitchell (2005:188) describe qualitative research as a descriptive form and noted that qualitative research is ideal in the description of groups, communities and organisations. As insight is sought into medical practitioners' expectations of a private hospital from a customer centric viewpoint, description of their feelings and opinions were necessary. Therefore, the qualitative approach best suits the study. Furthermore, qualitative research presents the researcher the opportunity to truly understand the in-depth feelings and motivations of participants (McDaniel & Gates, 2005:109; Nuttall, Shankar, Beverland & Hooper, 2011:153). Thus, this approach enabled the researched to deeper explore each participant's point of view as the semi-structured interview was applied to gather information. This qualitative method gave scope for explorative questions from the researched and initially presented participants with open ended questions. Qualitative research further allows for theoretical insights to be tested and expose theoretical constraints (Bansal & Corley, 2012:513).

### 1.4.2.2 Participants

Considering the sample of participants, the challenge was to determine if general practitioners should be included in the sample or if the sample should only constitute specialists. Although some general practitioners (GP's) actively utilise the facilities provided by private hospitals, most GP's in larger towns or cities refer patients to specialists for treatment within a hospital environment. For this reason, this study included only specialists in the sample.

The following data, pertaining to general practitioner and specialist activity, was drawn from a data warehouse of a private hospital (Source omitted for confidentiality purposes).

**Table 1.1: Number of admissions for the period 2010 – 2012**

	2010	2011	2012	Total
<b>Specialists</b>	8556	8894	9026	26476
<b>General practitioners</b>	864	714	582	2160

A purposive sample of specialists, within various specialities was used in this study. Due to the specialist activity, the researcher envisaged to continue interviews with specialists until a saturation point was reached. A total of eleven interviews were conducted.

The study population consisted mainly of white (100%) male (81.8%) participants between the ages of 31 to 40 years (45.4%) and 51 to 60 years (54.6%). The average years in practice in total were 21.4 years and 15.3 years within a private hospital. Specialities included Ophthalmic surgery (1 participant), Gynaecology (2 participants), General surgery (2 participants), Paediatrics (2 participants), Anaesthesiology (2 participants), Orthopaedic surgery (1 participant) and Internal medicine (1 participant).

### **1.4.2.3 Ethics**

The consent of the participants was deemed a very important prerequisite for the conduction of the research study. Only participants that took part out of free will were interviewed.

Information gained from the research was dealt with anonymously and confidentially. Data originally collected from the research was not altered.

The sample was unbiased in terms of age, occupation, race, sex and level of the participants. The focus was on ascertaining a holistic view of specialists with regards to their needs and feelings related to the service they receive from private hospitals.

### **1.4.3 Data Gathering**

#### **1.4.3.1 Interviews**

Interviews allow the researcher the opportunity to achieve knowledge from participants (Doody & Noonan, 2013:31). Semi-structured interviews were conducted with specialists. These interviews were recorded on tape. The participants had the opportunity to withdraw from the interview at any stage. Welman *et al.* (2005:166) indicated that semi-structured interviews are slotted between the two extremities of unstructured and structured interviews.

The responses of the interviewees determined the flow and direction of the interviews. The interview was opened with two main questions, after which the interviewees were probed on the answers given. Probing was used to gather more information and clarity on the participant's point of view. This brought about that questions varied from one interview to another. As the semi-structured interview allows the researcher and participants more flexibility to explain complex or personal topics, participants were allowed to explain open ended and close ended questions through questions like: "Please explain what you mean by..." and "Why do you think..." (De Vos, Strydom, Fouché & Delpont, 2005:296; Doody & Noonan, 2013:30; McDaniel & Gates, 2005:133).

### **1.4.3.2 Research procedures**

All specialists were contacted telephonically to arrange the interviews at their respective consulting rooms (this was the most comfortable for the participants and interruptions were minimal). When they were contacted the purpose of the study was explained and their willingness to participate in the study was determined. The interviews were conducted by the researcher himself.

The time for completion of each interview ranged from 32 to 58 minutes. All interviews were recorded on tape and field notes were taken. After the interviews were conducted, the recordings were transcribed. These transcripts were then interpreted by way of thorough content analyses.

### **1.4.3.3 Content analyses**

Data that is relevant and accurate forms the basis of quality research (Watkins, 2006:108).

The recordings of interviews were transcribed and the field notes processed, which allowed for the analysis of raw data. As the identification of themes is one of the most crucial tasks when conducting qualitative research, themes were identified and extracted during and after conducting the interviews. (Welman *et al.*, 2005:211).

Thus, themes were drawn from the data collected. The data was coded. This allowed the researcher to convert word to numbers and symbols, leading to a less complicated data analysis (Welman *et al.*, 2005:213).

Subsequently, a report on the identified themes was written.

## **1.5 LIMITATIONS OR ANTICIPATED PROBLEMS**

Some of the medical practitioners that were contacted had busy schedules, thus finding an appropriate time for interviews was troublesome. The income of medical practitioners is dependent on the amount of time they allocate to patients. Thus an

interview ranging from 32 to 58 minutes had a rather great cost implication for the participants.

## **1.6 CHAPTER DIVISION OF THE MINI-DISSERTATION**

The chapters in this mini-dissertation are presented as follows:

Chapter 1: Introduction and problem statement.

Chapter 2: Literature Review.

Chapter 3: Empirical study.

Chapter 4: Conclusions, limitations and recommendations.

## CHAPTER 2: LITERATURE REVIEW

### 2.1 INTRODUCTION

Uncertainty in volatile economies has made the gaining of a competitive advantage and prediction in consumer behaviour near to impossible. The organisations that will survive and outlive these uncertain circumstances will be those that maintain a customer centric focus. This in turn implies that organisations should know the risks and opportunities that form part of their customer base (Tyrer, 2009:11). It also includes setting customer goals, integrating customers within the corporate strategy and implementing customer oriented activities (Burman, Meurer & Kanitz, 2011:50).

Customer centricity does not make the organisation a “doormat” for customers, but organisations that do not succeed in maintaining profitable relationships with customers, may find their existence at risk (Bailey & Jensen, 2006:3; Gummesson, 2008a:316). Customer centricity contains the full integration of the customer within all internal processes, shifting the view of customers to that of being the major stakeholder in organisations (Burman, *et al.*, 2011:50).

Shah, Rust, Parasuraman, Staelin and Day (2006:122) indicated that organisations of the 21<sup>st</sup> Century, should embrace customer centricity as a tool to survive in the marketplace. Thus, organisations should focus on the need of customers to be treated as partners within a trusted relationship. Accomplishing this, will provide organisations with the opportunity to distinguish themselves by having a loyal customer base. This will also provide more stability to the organisation in uncertain times. Successfully managing customer centricity will enable organisations to compete more intensely, act with more confidence, respond to changing market conditions and reap financial benefits (Shah *et al.*, 2006:122; Sohail, 2003:197; Tyrer, 2009:12).

The commitment of many organisations towards their customers is reflected in annual reports. The focus however, remains product centred, with customer focus merely acting as a window dressing tactic. Shah *et al.* (2006:114) have distinguished between organisations that are product centred and organisations that are customer centred (refer to Table 2.1).

**Table 2.1: A comparison of the product centric and customer centric approaches**  
(Shah *et al.*, 2006:115)

	<b>Product centric approach</b>	<b>Customer centric approach</b>
<b>Basic philosophy</b>	The sale of products, irrespective of who the customers may be.	The serving of customers, the opportunity for advantage and the customer are the starting points.
<b>Organisation orientation</b>	Based on transactions	Based on relationships
<b>Product positioning</b>	Product features and advantages are highlighted.	The way in which a specific product meets the needs of a customer is highlighted.
<b>Organisational structure</b>	Internally focused on operations, e.g. new products, market growth, obtaining new accounts etc. Customer services are left to the marketing department.	Externally focused on the customer, e.g. development of customer relations, profitability is obtained from customer loyalty, employees are the advocates of customers.
<b>Performance metrics</b>	New product outputs, market share, product profitability.	Value to customers, customer retention, satisfaction of customers.
<b>Management criteria</b>	Product portfolio	Customer portfolio
<b>Selling approach</b>	The number of customers the products can be sold to.	The number of products that can be sold to a customer.
<b>Customer knowledge</b>	Customer data are used as a control mechanism.	Knowledge of customer is deemed an asset.

Organisations that focus on customer centricity, place their customers first by focusing on their needs and behaviours. These organisations will also attempt to eliminate those internal factors that constrain service offerings to customers (Gunning, 2009:57).

In the South African context, the three largest hospital groups implicitly express their commitment to a customer centric approach through their vision and mission statements. Life Healthcare (2013b) envisages its organisation “...as a world class provider of quality healthcare for all”. In their culture statement they indicate that they will achieve the vision through close collaboration with doctors. This will provide doctors with the opportunity to deliver high quality and excellent clinical services to patients and their families. Mediclinic (2013b) strives to “...be regarded as the most respected and trusted provider of hospital services by patients, doctors and funders of healthcare”.

Netcare (2013b) has the following, more comprehensive vision statement: “Develop and implement successful solutions to provide quality, affordable healthcare to the people of South Africa and globally by inspiring our people, creating new healthcare horizons and delivering value to all stakeholders; be a leading corporate citizen, proud of our heritage and what we give to society; strive for excellence in a unique brand of patient care delivered by people who are passionate about the sanctity of life, personal respect and dignity; and invest in people, infrastructure and technology and establish lasting partnerships with healthcare professionals”.

From the various statements, patients are perceived as the primary customer of private hospitals. However, doctors have a direct impact on the income stream of private hospitals and are therefore regarded as equally important customers (Kohli, Piontek, Ellington, Van Osdol, Shepard & Brazel, 2001:173). The current research is focused on the health practitioner, and specifically specialists as customer and their perception towards customer centricity. To fully comprehend how private hospitals, such as indicated, will be able to achieve their set vision statement, it is important to understand customer services and the difference or similarity with customer centricity.

## **2.2 CUSTOMER SERVICE**

Customer service is the provision of services to customers before, during and after a purchase. It is a series of activities designed to enhance the level of customer satisfaction, i.e. the feeling that a product or service has met the customer’s expectations (Boshoff & Gray, 2004:27; Turban, Lee, King, Liang & Turban, 2009:61). Investopedia (2013:1) defines customer service as “the process of ensuring customer satisfaction with a product or service. Often, customer service takes place while performing a transaction for the customer, such as making a sale or returning an item. Customer service can take the form of an in-person interaction, a phone call, self-service systems, or by other means”.

Research indicated that there is scepticism towards customer service initiatives and that the achievement of excellence and the sustaining of gains from such initiatives are difficult to achieve (Carrick, 2010:55; Scott, 2013:64). The scepticism seems to result from failures in the past, where some of the customer service efforts were only focused

on front-line training, which was perceived as “charm school” or “band aid” efforts. Support from top management was lacking and in some cases non-compliance resulted in little to no consequences. Individuals did not accept accountability and some managers were not equipped with the necessary tools or infrastructure to improve service delivery within their functional areas (Scott, 2013:64). It has even been argued that the quality and level of customer service have decreased because of a lack of support or understanding at the executive and middle management levels and/or customer service policy (Dall & Bailine, 2004:61).

It seems complicated to create and maintain a positive service culture, but the implementation and upkeep of service excellence hold numerous advantages for organisations in the short and the long term (Scott, 2013:67). Not only does excellent customer service lead to an increase in profits, but it also assists organisations in achieving a competitive advantage (Band, 1988:16; Boshoff & Gray, 2004:27; Carrick, 2010:55; Heskett, Jones, Loveman, Sasser & Schlesinger, 1994:164; Price, 2012:16). Bourne (2012:64) makes this even more evident by noting that although the effect of quality and price on customer behaviour is important, the biggest differentiating factor is friendly, excellent and efficient customer service. Heskett *et al.* (1994:164) also indicated that when customers are satisfied with the services received that their loyalty towards the organisation will increase. There appears to be a direct link between customer loyalty and customer satisfaction (Homburg & Giering, 2001:43).

For organisations to benefit from the competitive advantage gained from excellent customer service, they need to firstly understand customer service from the customer’s point of view. This will enable the organisation to deliver effective customer service that stands out in a customer’s mind, which will distinguish the organisation when compared to poor customer service delivered by many organisations (Price, 2012:17).

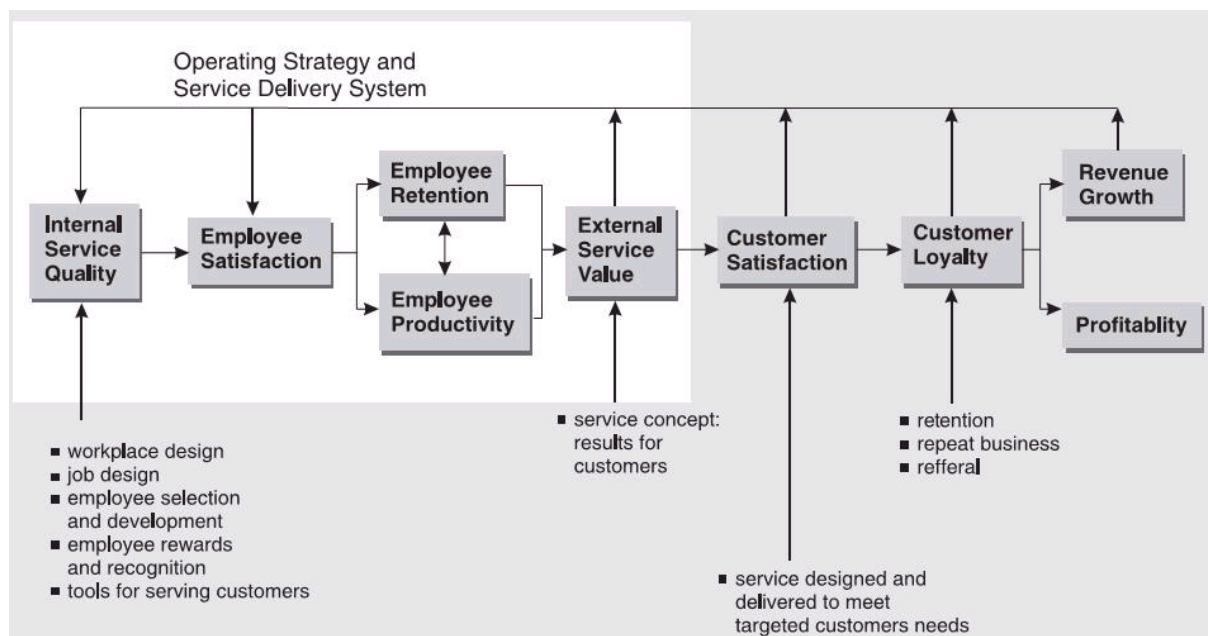
In order to have a spirit for service in an organisation, a system for service is needed. This is even more evident within the private healthcare industry where doctors prescribe the care to patients and hospitals deliver the care as prescribed. According to Scott (2013:64-65) a service culture in healthcare organisations can be created if leaders within the industry pay attention to the following:

- Raise awareness of customer service and create the correct mindset towards it within the organisation;
- Set service expectations and standards of behaviour. These standards of behaviour should be set and reinforced, and should not merely be a “wish list”. Price (2012:18) indicated that the mission statement of an organisation should be aligned with clear, concise, observable, measurable and realistic service expectations. Employees should also understand that compliance to service expectations will be measured on a regular basis;
- Identify and eliminate barriers and obstacles, including policies, procedures, norms and protocols that inhibit the delivery of satisfying customer care;
- Listen to customers through measurement and feedback techniques, which provide valuable data to rectify non-compliance with set service expectations. This can serve as a basis to empower and train staff and create a platform where set service expectations can be reviewed and adapted. Band (1988:16) noted that management should ensure that platforms for feedback are created for customers and that staff members should be rewarded for complying with set expectations;
- Learn and develop skills of staff members at all levels, by making use of all learning opportunities to engage staff in this process and ultimately making them responsible for the delivery of good customer services. It is also important to equip leaders with the necessary tools to lead their teams to service excellence. This is as important as financial growth and viability. Continuous improvement should be reinforced and supported, as it is difficult to keep energy, learning initiatives, improvement and commitment alive. Management should also reflect service excellence at all times, as this may lead to an increase in staff members reflecting the same type of behaviour. Price (2012:16) agrees with this statement and is of the opinion that customer service is a leadership matter. It is therefore important for leaders to model and reward good customer service.

Heskett *et al.* (1994:165) indicated that customer service requires a special type of leadership, where leaders of an organisation place emphasis on the importance of employees and customers. In their research they developed a service-profit chain through the analyses of successful service organisations. Within this service-profit chain relationships between profitability, customer loyalty, and employee satisfaction, loyalty

and productivity were established. Heskett *et al.* (1994:165) indicated that the specific linkages in the service-profit chain are (See Figure 2.1):

- Customer loyalty drives profitability and growth;
- Customer satisfaction drives customer loyalty;
- Value drives customer satisfaction;
- Employee productivity drives value;
- Employee loyalty drives productivity;
- Employee satisfaction drives loyalty;
- Internal quality drives employee satisfaction; and
- Leadership underlies the chain's success.



**Figure 2.1: The links in the service-profit chain (Heskett et al., 1994:166)**

Homburg and Giering (2000:57) acknowledge and support the research and model of Heskett *et al.* (1994), but are of the opinion that previous research has neglected the moderator effects on the relationship between satisfaction and loyalty. Other important moderators in the satisfaction-loyalty link seem to be age and income of the customer. Shah *et al.* (2006:113) noted that: “it is the customer who determines what a business is, what it produces, and whether it will prosper”. The role of the customer, inclusive of age, income, gender and other demographic elements, plays a vital role in organisations when defining customer service and service expectations.

## 2.3 CUSTOMER CENTRICITY

Shah *et al.* (2006:113) indicated that customer centricity is not a modern term, but noted that it has only been in recent years that organisations have truly embraced this concept. A simplistic definition of customer centricity is placing the customer at the centre of a company's marketing effort, focusing on customers rather than sales (Dictionary.com, 2013). It is a specific approach in doing business that focus on the customer (Investopedia, 2013). Organisations focused on customer centricity ensure that the customer is at the centre of the organisation's philosophy, operations or ideas and they operate from the belief that their customers are the only reason they exist. These organisations will use every mean possible to keep the customer happy and satisfied (Investopedia, 2013).

JL Watson Consulting (2012) indicated that a customer centric focus, in its simplest and most pure sense, means making the customer's life easy. It involves designing processes that are focused on delivering a positive experience to the customer, making it extremely easy for the customer to learn about the organisation, do business with the organisation and get support from the organisation when it is needed. Customer centricity is the alignment of an organisation's resources to effectively respond to the ever-changing needs of the customer, while building mutually profitable relationships (Bailey & Jensen, 2006:3).

In order for organisations to sustain performance in uncertain market conditions, organisations need to be conscious that customer profiles are becoming more diverse with ever changing needs whilst customer loyalty is also on the decrease (Tyrer, 2009:11). With the change in the complexity of customer expectations it is becoming more difficult and challenging for organisations to fulfil the expectations of the customer and still make a profit (Millstein, 2007:2A; Tyrer, 2009:11). Adding to the challenge, Shah *et al.* (2006:114) indicated that executives continuously add pressure on marketing departments to realise increased productivity, competition in the majority of industries are increasing, customers and consumers are becoming more informed and demanding, and technology is advancing.

Organisations therefore have to truly understand who their customer is and what their needs are. Information of customers should be gathered by means of customer

surveys, interviews with customers and observation of customers' behaviour, where customer involvement plays a vital role (Bailey & Jensen, 2006:6). Organisations, having this knowledge, can provide the right service to the customer at the right time and place (Womack & Daniel, 2005:61). Gummesson (2008a:323) concur with the above and opined that organisations and people are brought together through the establishment and maintenance of relationships. Organisations should therefore interact with customers in these relationships and not merely manage the relationship with the customer. A balanced centrality should therefore be achieved with mutually beneficial relationships with all stakeholders inclusive of customers.

Shah *et al.* (2006:113) noted that organisations which are truly customer centric can experience a 30% higher return on investment (ROI) on marketing efforts than their peers not embracing customer centrality. Customer centrality is becoming imperative for the gaining of a competitive advantage in a crowded marketplace (Evans, 2008:22).

Taking a holistic view of the organisation and all stakeholders will result in the provision of quality services to the end customer in line with their needs. Gummesson (2008b:16) indicated that improvement even in other operational areas such as production within an organisation may lead to improved customer service. Not denying the need for proper customer relationship management, Tyrer (2009:13) indicated that organisations seem to shift their focus more to customer experience management. This implies utilising the knowledge gained of the customer through customer analysis and segmentation to reach the right customer at the right time by means of effective channels whilst remaining focused on the solution and forming effective partnerships. Through customer segmentation and predictive analyses, organisations can identify market opportunities, risks in competition, invest in accurate business and market intelligence and have knowledge of the exact factors that influence the buy behaviour of customers (Tyrer, 2009:13).

Burman, *et al.* (2011:50) indicated that customer programmes are generally set under the notion of customer relationship management and that they tend to usually focus on the technical aspects. They further opined that customer relationship management does not incorporate the actual needs and expectations of customers and the way in which these needs and expectations should be addressed. Customer centrality

therefore closes the evolving gap through a systematic approach of managing customer needs (Shah, *et al.*, 2006:122).

Organisations that are customer centred realise and acknowledge the value that their customers add to their specific organisation (Jacobson, 2002:20). These organisations will also stay close to their customers in uncertain times and will constantly ascertain the needs of their customers and their performance against expectancies. Customer centric organisations provide customer experiences that are relevant. These experiences should be designed in such a way that the organisation places itself in the position to capitalise on opportunities, which will ensure profitable growth. These opportunities should be tailored to the preferences of targeted customers or customer segments (Tyrer, 2009:15).

Whilst customer centric organisations explore ways to satisfy the needs of their customers with delivering greater value, making it easier and a more delightful experience, customer focused organisations only fulfil customer needs in so far as they are self-serving and address the organisation's imperatives (Finkelstein, 2013). The main difference between customer service and customer centricity appears to relate to meaningful changes that customer centric organisations make in addressing their customers' expectations and providing reciprocal support. Customer centricity seems to take customer service thus a step further with regards to service delivery.

In order to assist hospitals in providing a customer orientation that is in line with the expectations of the consumers, i.e. medical practitioners as per this research, and that also embraces the principles of customer centricity, a strong focus on medical practitioners as customers of a hospital is needed. In other words, recognising that customers, and specifically medical practitioners, contribute inputs to the hospital, much like employees, which impact the hospital's productivity both via the quantity and quality of those inputs and the resulting quality of output generated (Bitner *et al.* 1997:97).

However, to understand how hospitals, specifically within the private sector, need to review and adjust their customer orientation, it is imperative to understand the healthcare industry within the South African context.

## 2.4 HEALTHCARE IN THE SOUTH AFRICAN CONTEXT

The South African healthcare environment consists of two sectors, namely large public (managed by government) and smaller, higher quality private healthcare. Individuals and entities that form part of the South African healthcare system are healthcare providers (which include doctors, pharmacists and allied professionals, such as physiotherapists and dieticians), pharmaceutical companies, hospitals, health insurers and healthcare suppliers (Boshoff & Gray, 2004:27; Centre for Development and Enterprise (CDE<sup>2</sup>), 2011:38; Expatica, 2012; Medpages, 2013). “The South African health care system is the sum of all the organisations, institutions, resources, people and actions whose primary intent is to promote, restore and maintain health” (Department of Higher Education and Training (DHET), 2013:1).

The South African healthcare system is unique to those of other countries. It is dynamic and multifaceted. The legislative framework within the healthcare system gives South African citizens the right to access healthcare services. This framework has a major impact on both the public and private sectors, due to a skewed financing system in healthcare (Department of Health (DOH), 2013; DHET, 2013:1).

Coovadia, Jewkes, Barron, Sanders and McIntyre (2009:826) estimate that only 15% of the South African population make use of private medical schemes for the funding of healthcare services provided by the private sector. However, 46% of total healthcare expenditure is offered by these medical schemes. Another 21% of the population make use of the private sector by means of private payments, although they mainly make use of the public sector for the provision of healthcare services. The remainder of the population (64%) make solely use of public health services that are made available to them. Private hospitals and specialists constitute for 56% of medical aid expenditure (Coovadia *et al.*, 2009:826). Kohli *et al.* (2001:173) indicated that patients rely on doctors to determine the hospital in which they will be treated.

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<sup>2</sup> CDE is an advocacy agency which conducts research on policies. The focus of CDE is on how critical development issues impact democratic consolidation and economic growth. Policy recommendations are made on the basis of research in international as well as South African contexts. Economic and social issues are addressed in these recommendations (CDE, 2013).

The current Ministry of Health is known for relatively fair policy making. However, the execution, monitoring and evaluation of these policies are not receiving the attention it should (CDE, 2011:32; Coovadia *et al.*, 2009:831). The variability in the quality of healthcare provision of the public sector highlights less than adequate productivity, leadership, management and stewardship within this sector. Well managed public hospitals obtain better financial and clinical results, with the contrary also being true (CDE, 2011:32; Coovadia *et al.*, 2009:831). The management of private healthcare organisations distinguish them from the public organisations because of their knowledge and experience in the provision of high quality and cost effective healthcare services (CDE, 2011:33). Thus, the majority of South African citizens currently do not have access to high quality healthcare services (DOH, 2013). General practitioners and specialists concur with this view in a recent study conducted by Medical Chronicle (a medical publication) and Lifechoice, which is an advisory company (Good, 2012). A mere 12.4% of the respondents expressed optimism towards the future of South African healthcare (Good, 2012). Furthermore, the Department of Health itself, confessed to the public that South African healthcare outcomes are sub-standard when compared to peer countries, as indicated by increased infant and maternal mortalities (CDE, 2011:32).

Mediclinic, Netcare and Life Healthcare are members of The Hospital Association of South Africa (HASA) and together with National Health Network (NHN) facilities constitute for 80% of the South African private hospital industry, with a contribution of R110 billion to the economy of South Africa in 2010, resulting in an increase in competition for the attraction of patients (Boshoff & Gray, 2004:28; HASA, 2013). Econex (2012:3) highlighted the economic importance of the private HASA member hospitals. These hospitals contribute to the Gross Domestic Product (GDP) and employment of South Africa and provide significant labour income and tax revenue.

The private healthcare industry in South Africa has grown dramatically, with the number of beds doubling between 1988 and 1993. This was mainly due to the international trends toward privatisation and further advanced by the government's policies of privatisation. This resulted in the migration of doctors from public service to private practices (Coovadia *et al.*, 2009:826). During the 1990's, 62% of general practitioners and 66% of specialists settled their practices within private hospitals. This resulted in

admitting their patients to these hospitals. In 2011, it was estimated that the amount of medical practitioners in private practice increased to 76.2% (Strachan, Zabow & Van der Spuy, 2011:524).

Doctors have increasing options regarding healthcare facilities in both the public and private sector, which they can utilise. Hospitals, both in the public and private sector, have to initiate and maintain relationships with doctors with specific focus on those factors that increase the doctors' satisfaction (Kohli *et al.*, 2001:173) for long term sustainability and return on investment. Healthcare facilities therefore have to ensure that their customer orientation to medical practitioners and their patients are aligned with the expectations of and the quality services required from medical practitioners.

## **2.5 DOCTOR RELATIONS**

Healthcare providers attempt to align with doctors for various strategic reasons, such as increase in revenue, enhancement of quality healthcare services, cost control and effective managed care<sup>3</sup>. However, research indicated that the majority of these attempts have failed in the past (Burns, Alexander, Shortell, Zuckerman, Budetti, Gillies & Waters, 2001:10).

Research has indicated a general worldwide decline in the morale of doctors, although the reasons for this are not generally known (Edwards, Kornacki & Silversin, 2002:835). Accountability is on the increase and independence on the decrease. Doctors feel that regulations, policies and protocols by government and healthcare managers, place boundaries around their professional lives. The benefits of these regulations are recognised, however it has a direct impact on the satisfaction of doctors (Edwards *et al.*, 2002:836). Practicing medicine is an emotionally draining and complicated profession. This attributed with a self critical personality trait, has increased work stress amongst doctors (Edwards *et al.*, 2002:836).

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<sup>3</sup> Definition of managed care: "Any arrangement for health care in which an organisation, such as an HMO, another type of doctor-hospital network, or an insurance company, acts as intermediate between the person seeking care and the physician." (Medical Dictionary, 2013)

Doctors should be equipped with the resources to effectively perform their duties. A participative approach towards doctors, in the setting of goals and improvement of clinical outcomes are necessary to improve their morale. Mutual support and respect are pre-requisites for ensuring a successful relationship between doctors and healthcare providers (Edwards *et al.*, 2002:837).

Pretorius (2011), Chief Executive Officer of Mediclinic Southern Africa, believes that the strength of Mediclinic remains in the recruitment and retention of top medical practitioners. Mediclinic (2013a) are committed to science-based patient centric healthcare and strive towards providing world-class acute care, but is also focused on the importance of having medical practitioners in private practice that encompass a wide range of specialities.

Life Healthcare (2013a) does not employ the doctors that work within its facilities but opined that doctors are attracted to their hospitals, because of modern facilities, new technology, quality care provided by their nursing staff and management's understanding of the doctors' needs. Life Healthcare (2013a) further indicated that in order to support their doctors and maintain a first class environment, they invest money to replace, upgrade and improve their facilities; invest in new hospitals, wards and theatres, technology and equipment; expand services and capabilities; and invest in new developments and business opportunities.

Netcare (2013a), as Life Healthcare (2013a), is of the opinion that it provide doctors with the best possible setting in which they can work as they provide quality nursing care, the latest technology, world-class facilities and well-trained staff. Netcare (2013a) further believe that they support doctors by providing excellent patient care to all patients. They indicated that they strive to have strong partnerships with doctors to build their organisation and brand. Netcare (2013a) further specified that the opportunity given to doctors to comment on all aspects of their relationship with the group, has lead to an ongoing improvement at their facilities.

## 2.6 CHAPTER SUMMARY

Customer centricity is placing the customer at the centre of a company's marketing effort (Dictionary.com, 2013). It is a specific approach in doing business that focus on the customer (Investopedia, 2013). Where customer focused organisations mainly fulfil customer needs in so far as they are self-serving and address the organisation's imperatives, customer centricity is aimed at exploring various ways to satisfy the needs of customers with greater value deliverance and a more delightful experience (Finkelstein, 2013).

Within the private healthcare industry, the challenge remains to create and maintain a positive service culture that continuously embraces an ever changing customer profile. The implementation and upkeep of service excellence hold numerous advantages for this industry in both the short and the long term (Scott, 2013:67). Shah *et al.* (2006:122) indicated that in general organisations of the 21<sup>st</sup> Century should embrace customer centricity as a tool to survive in the marketplace. Thus, private hospitals should also focus on the need of their customers (the practicing specialists as the focus of this study) to be treated as partners within a trusted relationship. Accomplishing this, will provide the private hospitals with the opportunity to distinguish themselves with loyal specialists and will also provide more stability to them as a business in uncertain times.

The successful management of customer centricity will enable the private hospital to compete more intensely, act with more confidence, respond to changing market conditions and reap financial benefits (Shah *et al.*, 2006:122; Sohail, 2003:197; Tyrer, 2009:12). It is evident from the literature that modern organisations should embrace customer centricity as a contrivance for survival, growth, realising and increasing profits and the gaining of a competitive advantage.

Within this chapter a distinction was made between customer service and customer centricity, an overview was given of the health sector within South Africa and doctor's relations within private hospitals. Chapter 3 follows with details and explanation of the empirical study.

## **CHAPTER 3: EMPIRICAL STUDY**

In this chapter the results of the empirical research is reported and discussed in terms of the qualitative results. The results are presented based on the proposed research questions as indicated in Chapter 1.

### **3.1 RESEARCH DESIGN**

For the purpose of the objectives of this study, a qualitative approach in the form of interviews was used. Welman, *et al.* (2005:188) describe qualitative research as a descriptive form and is ideal in the description of groups, communities and organisations. Qualitative research allows the researcher the opportunity to truly understand the in-depth feelings and motivations of participants (McDaniel & Gates, 2005:109; Nuttall, *et al.*, 2011:153). Qualitative research allows for theoretical insights to be tested and expose theoretical constraints (Bansal & Corley, 2012:513).

### **3.2 PARTICIPANTS**

A purposeful sample of specialists practicing predominantly in a private hospital was applied. Interviews were conducted until saturation point was reached. In total eleven interviews were carried out. Descriptive information of the sample is given in Table 3.1.

**Table 3.1: Characteristics of the participants**

Description	Range	Sample (n=11) Frequency	Frequency (Percentage)
<b>Age</b>	20 – 30	0	0.00%
	31 – 40	5	45.45%
	41 – 50	0	0.00%
	51 – 60	6	54.55%
	61 +	0	0.00%
<b>Gender</b>	Male	9	81.82%
	Female	2	18.18%
<b>Total practical years experience</b>	0 – 10	4	36.36%
	11 – 20	1	9.09%
	21 – 30	2	18.18%
	31 – 40	4	36.36%
<b>Experience within a private hospital environment</b>	0 – 10	5	45.45%
	11 – 20	0	0.00%
	21 – 30	6	54.55%
	31 – 40	0	0.00%
<b>Speciality</b>	Ophthalmic surgery	1	9.09%
	Gynaecology	2	18.18%
	General surgery	2	18.18%
	Paediatrics	2	18.18%
	Anaesthesiology	2	18.18%
	Orthopaedic surgery	1	9.09%
	Internal medicine	1	9.09%

The study population consisted mainly of White (100%), male (81.8%) participants between the ages of 31 to 40 years (45.4%) and 51 and 60 years (54.6%). The average years in practice in total were 21.4 years whereof 15.3 years were spent in a private hospital. Specialities included Ophthalmic surgery (1 participant), Gynaecology (2 participants), General surgery (2 participants), Paediatrics (2 participants), Anaesthesiology (2 participants), Orthopaedic surgery (1 participant) and Internal medicine (1 participant).

### 3.3 RESEARCH RESULTS

The interviews started off with two main questions, after which the interviewees were probed to expand on the answers and responses they presented. These questions aspired to give a better indication of how specialists define customer centricity and what their expectations are from private hospitals in terms of customer centricity.

The first question focused on how the participants define and/or conceptualise customer centricity. The themes that were extracted are indicated in Table 3.2.

**Table 3.2: Defining customer centricity**

Theme	Frequency (n)	Percentage
a) Customer focus	16	27.59%
b) Satisfaction	14	24.14%
c) Quality service	10	17.24%
d) Facility and resources	5	8.62%
e) Accessibility	5	8.62%
f) Safety	4	6.90%
g) Cost effective	4	6.90%

#### a) Customer focus

Customer centricity involves all activities and operations to place the customer at the centre of a company's marketing effort with the objective to focus on customers rather than sales (Dictionary.com, 2013). It is a specific approach in doing business that focus on the customer (Investopedia, 2013).

Participants indicated that centralising service delivery and resources around the customer is an important part of customer centricity. Typical responses included: "*Die kliënt is jou primêre verantwoordelikheid*"; "*Om die kliënt die fokus van die dienslewering te maak*" and "*'n Pasiënt is dan vir daai oomblik my enigste kliënt en my hele praktyk wentel om basies daai pasiënt*". Results confirmed that 27.59% of the responses support customer focus.

## **b) Satisfaction**

With the change in the complexity of customer expectations it is becoming more difficult and challenging for organisations to fulfil the expectations of the customer, and still make a profit (Millstein, 2007:2A; Tyrer, 2009:11). Heskett *et al.* (1994:164) also indicated that when customers are satisfied with the services they receive that their loyalty towards the organisation will increase. Organisations having knowledge of customers' needs can provide the right service to the customer at the right time and place (Womack & Daniel, 2005:61).

Participants also highlighted the following elements of customer satisfaction: focusing on the satisfaction of the customer, creating a feeling that the customer is an important asset of the organisation, providing effective services and adequate service outcomes. 24.14% of the responses of participants pointed to satisfaction as an important part of customer centricity when considering service delivery. Typical responses included: *“Effektiewe diens wat hy mee tevrede is en waavor hy bereid is om te betaal”*; *“Die diens wat jy lewer, moet gelewer word teen ‘n baie hoë standaard, op ‘n koste effektiewe manier, sonder vermorsing van tyd, met pasiënt tevredeheid as einddoel”* and *“effektiewe diens wat hy mee tevrede is en waavor hy bereid is om te betaal”*.

## **c) Quality service**

It has been argued that the quality and level of customer service has decreased and that this can be attributed to a lack of support or understanding at the executive and middle management levels and/or customer service policy (Dall & Bailine, 2004:61). Not only does excellent customer service lead to an increase in profits, it also assist organisations in achieving a competitive advantage (Band, 1988:16; Boshoff & Gray, 2004:27; Carrick, 2010:55; Heskett, Jones, Loveman, Sasser & Schlesinger, 1994:164; Price, 2012:16). Bourne (2012:64) makes this even more evident by noting that although the effect of quality and price on customer behaviour is important, the biggest differentiating factor is friendly, excellent and efficient customer service.

Addressing this theme with the respondents, 17.24% of the responses of participants acknowledged that quality service delivery has a positive effect on both the customer and the organisation. They referred to quality service initiatives, a focus on quality outcomes, the inclusion of cost effectiveness and the providing of a value-for-money

proposition as elements of quality service. The participants opined that the provision of quality services, will ultimately lead to customer satisfaction. Typical responses included: *“Jou diens wat jy moet lewer moet optimaal wees aan jou kliënt”*; *“Goed genoeg wees, sy behoeftes bevredig en kostegewys vir hom aanvaarbaar wees”* and *“Jou diens wat jy moet lewer moet optimaal wees aan jou kliënt”*.

#### **d) Facility and resources**

Customer centricity is the alignment of resources of the organisation to effectively respond to the ever-changing needs of the customer, while building mutually profitable relationships (Bailey & Jensen, 2006:3).

The provision of facilities and resources (i.e. equipment and human resources) were some of the elements highlighted as part of the obligation of customer centric organisations. 8.62% of the responses of participants specified that investment in and maintenance of facilities and resources lead to an increase in customer centricity. Typical responses included: *“Voldoende dienste daarstel, personeel daarstel”* and *“Sentrale plek waar kliënte alles kan ontvang. All in one service”*.

#### **e) Accessibility**

According to the participants, accessibility includes service availability and the location of an organisation. Accessibility to services was highlighted in 8.62% of the responses. Typical responses included: *“n Instansie wat dit toeganklik maak vir die kliënte, so daar moet maklike toegang wees...”*.

#### **f) Safety**

The participants feel that organisations should provide a safe environment for customers, where they can receive the service they need. Safety is a theme that was highlighted by participants in 6.90% of the responses. Typical responses included: *“Dit gaan maar suiwer vir my praktyk oor ‘n veilige plek waar my pasiënte kan afklim”* and *“Dit moet veilig wees...vir my pasiënte”*.

### **g) Cost effectiveness**

Tyrer (2009:15) is of the opinion that an organisation will experience success if it assists customers in reaching their long term aspirations as opposed to convincing them to increase their purchases.

Participants believe that if an organisation provides effective services customers will be persuaded that they received value for their money. In turn, they will be willing to pay a specific amount for that service. Participants are thus convinced that effective services which persuade customers that a cost effective deal was delivered, is an important trait of a customer centric organisation.

6.90% of the responses indicated the necessity for organisations to be cost effective. Typical responses included: *“Ek sou sê dat jy die diens wat jy lewer, lewer teen ‘n baie hoë standaard, op ‘n koste effektiewe manier, sonder vermorsing van tyd met pasiënt tevredenheid as ‘n einddoel”* and *“effektiewe diens wat hy mee tevrede is en waavor hy bereid is om te betaal”*.

The second question focused on the expectations of doctors with regards to customer centricity. The themes extracted are indicated in Table 3.3.

**Table 3.3: Medical practitioners’ expectations regarding customer centricity**

<b>Theme</b>	<b>Frequency (n)</b>	<b>Percentage</b>
<b>a) Quality patient care and services</b>	103	18.36%
<b>b) Facility and equipment</b>	78	13.90%
<b>c) Effective communication</b>	71	12.66%
<b>d) Support and cooperation</b>	60	10.70%
<b>e) Provision of sufficient and well trained staff</b>	59	10.52%
<b>f) Mutual financial gains</b>	54	9.63%
<b>g) Appreciation</b>	42	7.49%
<b>h) Resolving problems</b>	40	7.13%
<b>i) Involvement in decision making</b>	30	5.35%
<b>j) Respect</b>	24	4.28%

#### **a) Quality patient care and services**

The management of private healthcare organisations distinguish them from the public organisations, because of their knowledge and experience in providing high quality and

cost effective healthcare services (CDE, 2011:33). Thus unfortunately, currently the majority of South African citizens do not have access to high quality healthcare services (DOH, 2013).

Doctors ranked the provision of quality patient care and services, in the form of nursing care, customer services and administration assistance, first in their expectancies of private hospitals. 18.36% of the responses indicated that quality patient care and services will lead to doctors experiencing an increased customer centricity towards them. Typical responses include: *“As die dienslewering aan die pasiënt op ‘n hoogstaande standaard is, met min rompslomp dan is ek tevrede”*; *“Met my werk gaan dit suiwer oor pasiëntsorg”*; *“Die hele ervaring moet goed wees”*; *“So daar is mediese sorg, daar is die pasiënt se gemak, sy hele belewenis met die opname proses, die magtigings en dan die updates op ‘n gereelde grondslag is baie belangrik vir die pasiënt en die dokter om dit makliker te maak”*; *“Primêr, sal ek sê dat my geluk hang af van hoe die pasiënte gehanteer word”* and *“Die prioriteit is altyd goeie mediese diens”*.

#### **b) Facility and equipment**

The private healthcare industry in South Africa has grown dramatically with the doubling of the number of beds between 1988 and 1993. This growth is a direct result of international trends toward privatisation and advanced by privatisation policies of government. This resulted in the migration of doctors from public service to private practices (Coovadia *et al.*, 2009:826). Customer centricity refers to the alignment of an organisation's resources to effectively respond to the ever-changing needs of the customer and at the same time to build mutually profitable relationships (Bailey & Jensen, 2006:3). For the purpose of this study, it is therefore imperative that doctors should be equipped with the necessary resources to perform their duties successfully (Edwards *et al.*, 2002:837).

In the contexts of this study, participants included the following in their responses pertaining to facilities and equipment, which have an impact on them as the hospital's customer: buildings, relevant ward and theatre equipment and consulting rooms. The provision of appropriate and sufficient facilities and resources, as an element of customer centricity towards doctors, was highlighted in 13.90% of the responses. Typical responses included: *“Daar moet ‘n fasiliteit wees vir my om te werk, daar moet*

*beddens wees vir my pasiënte, daar moet teatertyd wees”; “Daar moet in die teater die beste beskikbare toerusting wees” and “Dat ‘n ou die nodige fasiliteit het, personeel het, nodige apparaat het om ‘n mens se werk te kan doen”.*

### **c) Effective communication**

Organisations have to truly understand who their customers are and what their needs are. Information of customers should be gathered by means of customer surveys, interviews with customers and observation of customers' behaviour where customer involvement plays a vital role (Bailey & Jensen, 2006:6). Organisations, having this knowledge, can provide the right service to the customer at the right time and place (Womack & Daniel, 2005:61). Gummesson (2008a:323) opined that organisations and people are brought together through the establishment and upholding of relationships. Organisations should therefore interact with customers in these relationships and not merely manage the relationship with the customer. A balanced customer centricity should therefore be achieved with mutually beneficial relationships with all stakeholders inclusive of customers.

Participants were of the opinion that important elements of customer centricity include to communicate any/all decisions that have been made in/for the hospital, to implement communication methods and to apply honest communication. A total of 12.66% of the responses emphasised the necessity of effective communication as a prerequisite for customer centricity. Typical responses included: *“Die ideaal is eintlik as daar meer kontak kan wees tussen die besluitnemers, en die soldate op die grond wat maar eintlik die werk doen en wat die effekte dra van dikwels die besluite wat geneem word en wat nie altyd die agtergrond van die besluit verstaan nie”* and *“Daar kan miskien bietjie beter, vriendeliker kommunikasie wees en gedebatteer word”.*

### **d) Support and cooperation**

JL Watson Consulting (2012) identified that a customer centric focus, in its simplest and most pure sense, means to make the customer's life easy. It involves designing processes that are focused on delivering a positive experience to the customer. This would involve providing an effortless way for the customer to learn about the organisation, do business with the organisation and get support from the organisation when it is needed. Mutual support and respect are fundamentals in ensuring a

successful relationship between doctors and healthcare providers (Edwards *et al.*, 2002:837).

Doctors want to experience a sense that private hospitals protect their interests on multiple levels. Some participants also expressed a need for partnering with private hospitals within interdependent relationships. Support and cooperation were highlighted in 10.70% of the responses. Typical responses included: *“Ons het die hospitaal nodig en die hospitaal het ons ook nodig, dit is ‘n sinergisme”*; *“Die hospitaal moet my bystaan”* and *“Dit is vir my belangrik dat mens nie in isolasie werk nie”*.

#### **e) Provision of sufficient and well trained staff**

Doctors are attracted to hospitals because of modern facilities, new technology, considerate and supportive management and quality of care through nursing staff.

Well trained and sufficient nursing staff formed the primary element for this theme. Also included were all support services such as administration, pharmacy services, marketing and technical staff. 10.52% of the responses of participants confirmed that providing sufficient well trained staff would lead to an increased customer centric experience. Typical responses included: *“Genoeg personeel in die eerste plek, en in die tweede plek opgeleide personeel”*; *“Dit skep nie ‘n lekker indruk as ‘n gevoel bestaan dat die verpleegpersoneel nie lekker seker is wat aangaan nie”* and *“‘n Personeelkorps wat die uitdaging van moderne medisyne verstaan en wat op pasiënt dienslewering gefokus is”*.

#### **f) Mutual financial gains**

Customer centricity is the alignment of resources of the organisation to effectively respond to the ever-changing needs of the customer, while building mutually profitable relationships (Bailey & Jensen, 2006:3). Healthcare providers attempt to align with doctors for various strategic reasons such as increase in revenue, enhancement of quality healthcare services, cost control and effective managed care (Burns, *et al.*, 2001:10).

This theme includes contract negotiations with medical aids, profit for all parties in services that are provided and the distribution of shares. The participants also

confirmed that a hospital's delivery of quality service to patients will have a direct impact on the number of patients they admit in a specific hospital. Mutual financial gains are highlighted as an element of customer centricity in 9.63% of the responses. Typical responses encompassed: *“'n Privaat hospitaal is in die bedryf om een rede, en dit is geldmaak. Ek is ook in die bedryf om geld te maak en iewerste moet ons mekaar langs die pad net ontmoet”* and *“Ek glo dat aandele wat aan dokters verkoop word 'n goeie ding is”*.

#### **g) Appreciation**

The participants remarked that doctors should be appreciated as income generators and customers of the hospital. They would like to be acknowledged as important role players within a hospital. 7.49% of the responses showed that appreciation for the work doctors do is an expectation of customer centricity. Typical responses were: *“Regtig moeite doen om die dokters te laat voel hulle is 'n belangrike deel van die span en dat jy nie voel die hospitaal kan sonder jou klaarkom nie”* and *“Baie keer word dokters hanteer asof hulle 'n werknemer is en in diens van die instansie is”*.

#### **h) Resolving problems**

Results proved that frustration and dissatisfaction are caused when private hospitals do not attentively listen to doctors and do not resolve the problems they may have, as highlighted in some of the responses. Participants also highlighted that they need to get feedback on problems that were communicated and addressed. 7.13% of the responses indicated that the participants would feel that private hospitals are more customer centric if the problems they experience are resolved. Typical responses comprised: *“As probleme glad nie aangespreek word nie, dan sal mens uit die aard van die saak ongelukkig wees. As jy voel die bestuur en so aan kry nie die probleem opgelos nie dan gaan dit mens frustreer”* and *“Wat ek gewoonlik waardeer is as probleme vinnig uitgesorteer word en ek vinnig terugvoer kry”*.

#### **i) Involvement in decision making**

Participants mentioned that when decisions, such as the procurement of equipment and availability of certain medication, directly affect doctors they would like to provide private hospitals with inputs before final decisions are made. Involvement in decision making was highlighted as an expectation of customer centricity in 5.35% of the

responses. Typical responses included: *“Dokters moet insette hê as daar personeel aangestel word”*.

#### **j) Respect**

The participants indicated that doctors would like to be respected as independent practitioners and they should be respected for the value they add to hospitals, irrespective of their speciality. Mutual support and respect are prerequisites for ensuring a successful relationship between doctors and healthcare providers (Edwards *et al.*, 2002:837). In accordance with the literature, 4.28% of the responses highlighted that respect is certainly an expectation of customer centricity. One of the responses that confirms this viewpoint was: *“Daar moet wedersydse respek wees”*.

### **3.4 CHAPTER SUMMARY**

A simplistic definition of customer centricity is placing the customer at the centre of a company’s marketing effort, focusing on customers rather than sales (Dictionary.com, 2013). It is a specific approach to do business by focusing on the customer (Investopedia, 2013).

Customer centricity also involves designing processes that are focused on delivering a positive experience to the customer, making it extremely easy for the customer to learn about the organisation, do business with the organisation and get support from the organisation when it is needed (Investopedia, 2013). A customer focused organisation, focus on the factors which improves the experience and the life of customers (JL Watson Consulting, 2012). Participants mainly defined customer centricity as being a focus on the customer (27.59%).

Realising profit, whilst meeting the expectations of customers is posing a greater challenge for organisations than before. This is because of customer expectations becoming more complex (Millstein, 2007:2A; Tyrer, 2009:11). However, organisations that place their focus on determining and meeting the expectations of customers will be able to provide the right service at the right time and place to customers (Womack & Daniel, 2005:61). Customer loyalty is a reward for organisations that succeed in obtaining customer satisfaction (Heskett *et al.*, 1994:164). Participants indicated that

focusing on customer satisfaction (24.14%), is an important element of customer centricity.

The delivery of quality services holds certain advantages, including an increase in profits and a competitive advantage (Band, 1988:16; Boshoff & Gray, 2004:27; Carrick, 2010:55; Heskett, Jones, Loveman, Sasser & Schlesinger, 1994:164; Price, 2012:16). Bourne (2012:64) makes this even more evident by noting that although the effect of quality and price on customer behaviour is important, the major differentiating factor is friendly, excellent and efficient customer service. Participants (17.24%) acknowledged that high quality service is of great importance and also has numerous advantages for both the customer and the organisation.

Participants noted that their expectations pertaining to customer centricity include the provision of quality care and services to their respective patients (18.36%). They opined that an increase in patient satisfaction with regards to the service and care provided to them would result in an increased feeling of customer centricity on the part of the medical practitioner.

Participants (13.90%) highlighted another expectation, namely that private hospitals should ensure that appropriate facilities and resources are available to enable doctors to deliver the needed healthcare services. Participants focused on the provision of safe and accessible facilities where the necessary resources and equipment are made available. This will enable them to provide medical care to their patients. It was further indicated that effective communication (12.66%), inclusive of truthful and effective communication methods and the involvement in and communication of operational decisions, will result in a higher sense of customer centricity.

Chapter 4 follows with a discussion of the conclusions, recommendations and limitations of the study.

## **CHAPTER 4: CONCLUSIONS, LIMITATIONS AND RECOMMENDATIONS**

The purpose of this chapter is to provide conclusions regarding the results obtained in the empirical study of this research. Conclusions are drawn with regards to the research objectives. Furthermore, limitations that have been identified throughout the course of the study are discussed. Finally, recommendations for private hospitals are made and research opportunities that emanate from this research are presented for future research.

### **4.1 CONCLUSIONS**

The general objective of this research was to determine medical practitioners', associated with a private hospital, understanding and expectations of customer centricity. The following conclusions can be drawn, based on questions posed in the research.

The first objective was to determine how customer centricity is conceptualised in the literature. A simplistic definition of customer centricity is placing the customer at the centre of a company's marketing effort, focusing on customers rather than sales (Dictionary.com, 2013). It is a specific approach to do business that focus on the customer (Investopedia, 2013).

Organisations focused on customer centricity ensure that the customer is at the centre of an organisation's philosophy, operations or ideas and they operate from the belief that their clients are the only reason they exist. These organisations will use every mean possible to keep the client/customer happy and satisfied (Investopedia, 2013). JL Watson Consulting (2012) indicated that a customer centric focus, in its simplest and most pure sense, means making the customer's life easy. It involves designing processes that are focused on delivering a positive experience to the customer; making it extremely easy for the customer to learn about the organisation, do business with the organisation and get support from the organisation when it is needed. Customer centricity is also the alignment of an organisation's resources to effectively respond to

the ever-changing needs of the customer and at the same time build mutually profitable relationships (Bailey & Jensen, 2006:3).

The second objective was to determine the differences and similarities between customer services and customer centricity, as described in literature. Customer service is the provision of services to customers before, during and after a purchase. It is a series of activities designed to enhance the level of customer satisfaction, i.e. the feeling that a product or service has met the customer expectation (Boshoff & Gray, 2004:27; Turban, Lee, King, Liang & Turban, 2009:61).

Whilst customer centric organisations explore ways to satisfy the needs of their customers with delivering greater value, making it easier and a more delightful experience, customer focused organisations only fulfil customer needs in so far as they are self-serving and address the organisation's imperatives (Finkelstein, 2013). The main difference between customer service and customer centricity appears to relate to meaningful changes that customer centric organisations make in addressing their customers' expectations and providing reciprocal support. Customer centricity seems to take customer service thus a step further with regards to service delivery.

The third objective was to determine how customer centricity is defined by medical practitioners associated with a private hospital. Customer centricity was defined by the participants as comprising a focus on the customer (27.59%), where service delivery and resources are centralised around the customer whilst focusing on the customer as an important asset of the organisation. They also noted that aligned with customer centricity is the satisfaction with the provision of effective services and satisfactory service outcomes (24.14%). Participants (17.24%) further indicated that customer centricity is the positive effect of providing quality service for both the customer and the organisation. Also, the quality service initiatives should focus on quality outcomes inclusive of cost effectiveness and a value-for-money proposition. 6.90% of the responses indicated that the provision of effective services should result in a feeling of value for money and for which customers are willing to pay. Participants also conceptualised customer centricity as the provision of resources and facilities (8.62%) that is accessible to patients (8.62%), and that is safe (6.90%).

The fourth objective was to determine the expectations of medical practitioners, associated with a private hospital, in terms of customer centricity from the hospital. The study results prove that quality patient care and services (clinical and non-clinical) will lead to an increased feeling of customer centricity with doctors (18.36%) along with the provision of appropriate and sufficient facilities and resources (13.90%), which include safe and accessible facilities and appropriate equipment and resources. Participants indicated that effective communication (12.66%) is an important expectation of experiencing customer centricity. They further noted receiving support and cooperation from the hospital (10.70%); having well trained staff members (10.52%), with specific focus on nursing personnel, and experiencing mutual financial gains (9.63%) in the form of medical aid negotiations and shareholding, will increase their perception of customer centricity. Doctors would also like to be appreciated (7.49%) for the value they add to the private hospital industry, feeling that they are respected (4.28%) and have their problems resolved as they arise (7.13%). Participants further indicated involvement in decision making (5.35%), with regards to operational matters that directly concern them and the appointment of employees as an expectation of a customer centric hospital.

## **4.2 LIMITATIONS**

Due to the busy schedules of specialists, finding an appropriate time for interviews posed a challenge. Some of the interviews had to be rescheduled due to unforeseen circumstances. For specialists, time is literally money.

As the researcher is an employee of a private hospital, some of the participants used the interviews as an opportunity to raise operational issues. The participants had to be reminded that the study is referring to private hospitals in general and not only issues that can be addressed by the researcher.

Little research was done in the past, specifically with regard to a customer centric approach toward doctors as customers in the private hospital industry. Thus, limited literature on this topic is available.

Doctors involved with a private hospital over a longer term, expressed more negative aspects. This was mainly due to negative experiences in the past.

Lastly, all respondents were Afrikaans, and English terminology posed a challenge in some of the interviews. The responses were not translated to English, but were quoted in Afrikaans. This was to ensure that the essence of the responses was not lost in translation. Some specialists are only focused on clinical matters and operational issues and terminology, specifically those aspects addressed in the study, were experienced as unfamiliar territory to some of the participants.

### **4.3 RECOMMENDATIONS**

The fourth objective of this study was to make recommendations for future research. This section therefore suggests recommendations for management members in the private hospital industry and recommendations for future research.

#### **4.3.1 Recommendations for management members in the private hospital industry**

A vast majority of the participants indicated that should quality care be provided to their patients (private hospitals placing their patients at the centre of operations and care), it will lead to an increased feeling of customer centricity within themselves.

Some of the participants indicated scepticism towards the customer service, customer centricity and partnering efforts of private hospitals or private hospital groups. They have indicated that they are not convinced that their welfare will be protected by these private hospitals or private hospital groups and that these efforts are merely tactics to enhance the interest of these private hospitals or private hospital groups. Therefore it is recommended that the organisation should investigate tactics that are necessary to recover and establish trust relationships with health practitioners.

Shah *et al.* (2006:113) noted that organisations which are truly customer centric can experience a 30% higher return on investment (ROI) on marketing efforts than their peers not embracing customer centricity. Customer centricity is becoming imperative for the gaining of a competitive advantage in a crowded marketplace (Evans, 2008:22). The organisation should thus focus on customer centricity as a tool for the realisation of financial advantages.

### **4.3.2 Recommendations for future research**

The view of customer centricity by specialists and the elements that create a feeling of a private hospital placing the doctor at the centre of its operations need to enjoy further research.

The study can be enlarged to include general practitioners who refer patients to specialists. Their stance on the topic can serve as valuable inputs. Quantitative research on specific elements of customer research can be conducted. The study can also be done qualitatively and/or quantitatively (or in combination of approaches) at other private hospitals, managed by different hospital groups and other geographical areas. This will provide data for comparative analysis.

Some of the participants indicated their need for partnering more with private hospitals in providing quality clinical care. Future research on the establishment of partnerships between doctors and private hospitals, and not merely treating the doctor as a customer of private hospitals, can be considered.

Some of the participants indicated scepticism towards the customer service, customer centricity and partnering efforts of private hospitals or private hospital groups. They have indicated that they are not convinced that their welfare will be protected by these private hospitals or private hospital groups and that these efforts are merely tactics to enhance the interest of these private hospitals or private hospital groups. Future research is recommended to determine the elements that lead to an increased feeling of trust between doctors and private hospitals.

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