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The Influence of Leadership and Organizational Control on Hospital Service Quality

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ABSTRACT

Background: Lots of hospitals are searching for ways to improve quality of service. Considering the high level of competition among hospitals, managing the way services were delivered by hospitals' human resources is very important. **Objective:** This study examines how hospital service quality is affected by leadership and organizational control. **Methods:** The service quality studied is focused on the quality delivered by in-patient division of the hospital. The questionnaires were distributed to patients, nurses, and physicians in each 4 class of 6 hospitals in Bandung. The questionnaires filled by patients used to analyze the quality of service, while the questionnaires filled by doctors and nurses were used to analyze leadership, organizational control, job satisfaction, and organizational commitment. A total of 40 sample data were collected from 6 hospitals. **Results:** The results showed that job satisfaction is influenced by leadership, belief system, and the boundary system. Then, organizational commitment is influenced by employee's job satisfaction. Finally, the results also show that organizational commitment affects the quality of hospital services. **Conclusion:** The main contribution of this research is the examination of the influence of different control systems on job satisfaction of the employees working to deliver service in hospitals. Another important finding of this study is that different from results of previous studies, this study found that leadership has a negative influence on job satisfaction.

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INTRODUCTION

The quality of hospital services is the level of hospital capability in providing care excellently (Andaleeb, 2000). High complexity and business process of hospital involves an important role of human resources (HR), so a proper human resource management is important for the hospitals in order to assure quality of service delivered to their patients. Therefore, one of the main requirements for hospitals to improve the quality of their services, is to manage employees properly (Andaleeb, 2000). The quality of hospital services is the level of the hospital's ability to provide superior patient services (Meyer dkk., 2004). Considering the high level of competition among hospitals, managing the way services were delivered and improved by hospitals' human resources is very important (Pai and Chary, 2012).

Research on factors that affect the quality of hospital services have been carried out. Based on the study of literature, service quality is influenced by the leadership (Jabnoun and Rasasi, 2005), job satisfaction (Blankenship, 2010, Perkins, 2010), and organizational commitment (Blankenship, 2010). Quality of service is affected by organizational strategy and structure (Eleid, 2009), organizational culture (Meijers dkk., 2006; Paccioni and Scotte, 2008), the process of organizational control (Barkai, 2013), the application of information technology, and managerial effectiveness of hospital management system (Neupert and Mundie, 2009). Leaders play a role in ensuring that all of these factors are supporting the achievement of good quality services. Therefore, in the hospital's quality management systems, leadership serves as a driver (Raja dkk., 2007). The leader becomes a role model that shows how employees can behave properly at work. Leaders play a role in defining the standard to follow by employees as subordinates. Besides, to achieve a satisfactory service quality, written formal standards need to be available (Andaleeb, 2000). With the availability of written standards, leaders need to socialize and control the implementation of the standards, so that the expected quality of services can be achieved.

Beside leadership, another important factor for the achievement of a good quality of service is organizational control. Control in organization is one of the functions of management. Management control is

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the process by which the leaders get around employees of the organization to implement the organization's strategies (Anthony and Govindarajan, 2000). The system used by management to control the activities of an organization is called its management control system (Anthony and Govindarajan, 2000). Procedures, information-based routines, the formal system used by manager to maintain or alter patterns in organizational activities are called as management control system (Simons, 2000).

Model Development:

Leadership is a process by which a leader influences a group of individuals to attain a common goal (Brazier, 2005). Leader has the authority in deciding the policies regarding the level of service quality at the hospital. Leadership influences subordinate's commitment and job satisfaction (Blankenship, 2010). Organizational control may affect the goal achievement (Anthony and Govindarajan, 2000). Therefore another key factor that is often associated with the quality of service is organizational control. Control systems evolve for the need to organize performance in a specific way. A company's success depends on company's individual and organizational elements and how well they work together in a control package (Savolainen, 2013). The levers of control (LOC) framework was developed by (Simons, 2000) as factors to shape the organizational control. LOC is divided into four different types of systems: belief system, boundary system, diagnostic control system and interactive control systems. Each control system has a different characteristic, thus the role of each control system on hospital service quality will be examined in this study. The four organizational control systems and leadership influence the hospital service quality mediated by two other constructs, namely job satisfaction and organizational commitment. Job satisfaction is referred as how people think about their jobs, the different aspects of their job and how much they like or dislike their jobs (Blankenship, 2010). Organizational commitment is the level of belief in and acceptance by employee to the goals and values of the organization, willingness to give maximum effort, and an intention to remain a member of the organization (Chen, 2004). The critical dimensions of all variable in this study are presented in Table I and the conceptual framework for hospital service quality are presented in Figure 1.

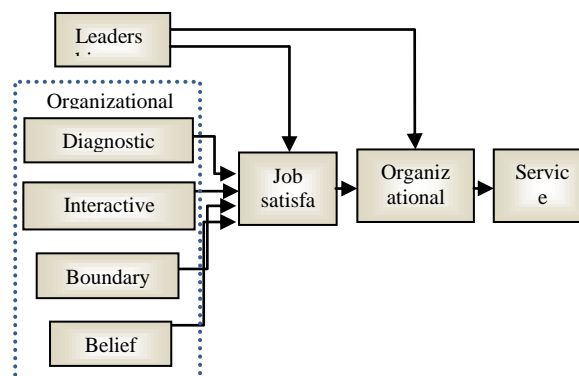


Fig. 1: A conceptual framework for hospital service quality.

Research Methods:

Data collection:

To test the developed model, a set of questionnaires were developed to operational the model. The measurement variables were developed using a four point Likert-type scale. Data collection was done through a survey executed in two years (July 2012 until September 2013).

The questionnaires were distributed to patients, nurses, and physicians in each 4 class of 6 hospitals in Bandung. The questionnaires filled by patients used to analyze the quality of service, while the questionnaires filled by doctors and nurses were used to analyze leadership, organizational control, job satisfaction, and organizational commitment. A total of 40 sample data were collected from 6 hospitals. Before the main survey was executed, the questionnaires were pre-tested in two hospitals for clarity, understandability, ambiguity, and face validity.

Results:

Measurement validation:

The model evaluation was done using structural equation modeling by the support of Partial Least Square (PLS) technique. Convergent validity, discriminant validity and internal consistency of the model were evaluated. Discriminant validity is assured when an item has an item loading greater than 0.6 on its construct (Hair dkk., 2006) and the loading score of each item on it's construct is greater than cross loading of all other constructs (Hair dkk., 2006). As can be seen in Table 1, each latent variable have a higher correlations between

the construct than the correlation with other constructs.

Convergent validity is assured if a construct has an AVE of at least 0.5 (Rose dkk., 2009). When the reliability of each measurement is > 0.6 , then Internal consistency is ensured (Rose dkk., 2009). Cronbach's alpha and composite reliability were used to assess the construct reliability. The results of convergent validity and internal consistency test are presented in Table 2.

Table 1: Variables and dimensions.

Variable	Dimension	Descriptions
Leadership	Supportive	Leaders who are caring, have concern for individuals, and are team oriented (Scott, 2010)
	Charismatic	Leaders who are not only having charisma but also energetic, and enthusiastic (Scott, 2010)
	Risk taking	Leaders who use unconventional behavior to get things done for the sake of the organization (Scott, 2010)
Organizational control	Belief system	An explicit systems of organizational definitions which include basic values, purpose and direction (Savolainen, 2013)
	Boundary system	System established to secure the organization from business risks. Business boundaries can be codes of conduct, and society law (Savolainen, 2013)
	Interactive CS	Organizational attention on strategy uncertainties. dialogue among the co-workers, which allows for organizational learning; it helps enterprises to adapt to a competitive environment (Savolainen, 2013)
	Diagnostic CS	The formal information systems used by managers to control organizational results and to correct deviations (Savolainen, 2013)
Service quality	Infrastructure	The availability and quality of physical facilities such as waiting rooms, clinical and diagnostic test rooms, pharmacy and blood banks which contribute to a higher well-being of patients (Duggirala dkk., 2008)
	Personnel quality	The care provided by doctors, nurses including their warmth, responsiveness and courtesy (Duggirala dkk., 2008)
	Process of clinical care	The experience of the patient with clinical processes (treatment processes) in the hospital (Duggirala dkk., 2008)
	Safety indicators	The patient's perception of safety assurance implemented in the hospital, such as examination of allergy or reaction to certain drugs, care for hygiene issues, and handrails in aisles (Duggirala dkk., 2008)
	Administrative procedures	This dimension examines the experience of the patient with the administrative processes (admission process) in the hospital (Duggirala dkk., 2008)
Job Satisfaction	Evaluative component	Overall satisfaction of working with the hospital (Rose dkk., 2009)
	Normative component	Perceptions, opinions, and beliefs of individuals in the organization at the cognitive level (Rose dkk., 2009)
	Affective component	Feelings towards the hospital. When employees think of something that relates to his job, he was happy or not happy, acceptable or not recognized (Rose dkk., 2009)
Organizational commitment	Continuance commitment	The outcome of individual's decision to remain with an organization because of the personal time and resources already devoted to the company (Fu dkk., 2009)
	Normative commitment	Totality of internalized normative pressures to act in a way which meets organizational goals (Rose dkk., 2009)
	Affective commitment	A strong belief in and acceptance of the organizational goals and values, a willingness to exert maximum effort on behalf of the organization and a strong desire to maintain membership in the organization (Rose dkk., 2009)

Table 2: Latent variable correlations.

	BIS	BDS	DCS	ICS	JS	LD	OC	HSQ
BIS	1.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
BDS	0.7419	1.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
DCS	0.6372	0.5545	1.0000	0.0000	0.0000	0.0000	0.0000	0.0000
ICS	0.7418	0.6670	0.6431	1.0000	0.0000	0.0000	0.0000	0.0000
JS	0.7543	0.6834	0.5018	0.6255	1.0000	0.0000	0.0000	0.0000
LD	-0.3682	-0.2885	-0.1223	-0.1373	-0.4430	1.0000	0.0000	0.0000
OC	0.4572	0.3210	0.3544	0.2721	0.6176	-0.3113	1.0000	0.0000
HSQ	0.1677	0.2413	0.3662	0.0235	0.2030	0.0259	0.3232	1.0000

Table 3: AVE, Composite reliability, Alpha onbach.

	AVE	Composite Reliability	R Square	Cronbachs Alpha
Belief system	0.743823	0.892452	-	0.841457
Boundary system	0.67764	0.861716	-	0.760435
Diagnostic CS	0.910754	0.953288	-	0.903051
Interactive CS	0.805298	0.892148	-	0.758283
Job satisfaction	0.800714	0.92331	0.635286	0.874953
Leadership	0.695691	0.931899	-	0.915631
Org. commitment	0.797602	0.886906	0.384839	0.766437
Service quality	0.55169	0.956294	0.104462	0.9536

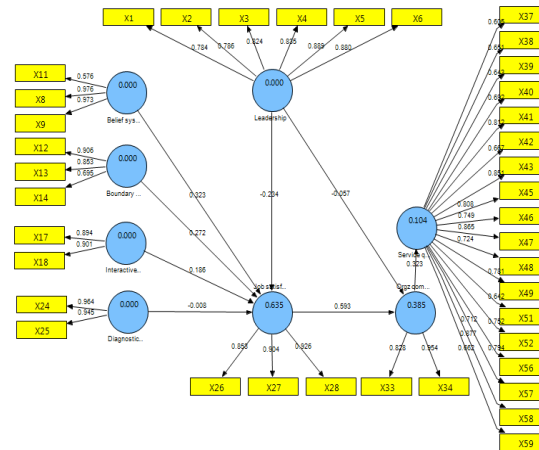


Fig. 2: Results of model testing.

Table 4: The result of hypotheses testing.

Hypotheses	Path coefficient	T-value	Conclusion	
H1	Belief system -> Job satisfaction	0.32255	2.563995	There is a positive influence of Belief system towards Job satisfaction
H2	Boundary system -> Job satisfaction	0.271528	2.119709	There is a positive influence of Boundary system towards Job satisfaction
H3	Diagnostic CS -> Job satisfaction	-0.00839	0.105170	There is no positive influence
H4	Interactive CS -> Job satisfaction	0.185955	1.397239	There is no positive influence
H5	Leadership -> Job satisfaction	-0.23356	2.796723	There is a negative influence of Leadership towards Job satisfaction
H6	Leadership -> Org. commitment	-0.05727	0.950659	There is no positive influence
H7	Job satisfaction -> Org. commitment	0.593173	7.675972	There is a positive influence of Job satisfaction towards Org. commitment
H8	Org. commitment -> Service quality	0.323205	3.872233	There is a positive influence of Org. commitment towards Service quality

Hypothesis testing:

The PLS results for hypotheses testing are presented in Figure 2. The results are summarized in Table 3. Based on the structural model test using PLS, this study found that three of the eight hypotheses were rejected because of having a t-value lower than 1.96. Leadership and belief system have a significant influence on job satisfaction. Job satisfaction also has a significant influence on the organizational commitment and organizational commitment has significantly influences hospital service quality. The influence of interactive control system, and diagnostic control system on job satisfaction was found to be not significant. So was the influence of leadership on organizational commitment.

Conclusion:

The main contribution of this research is the examination of the influence of different control systems on job satisfaction of the employees working to deliver service in hospitals. Belief system as an organization control mechanism is proved to have a positive effect on job satisfaction. Belief system can be implemented through the socialization of mission, vision, and organizational goals, and also through systematic efforts to encourage the implementation of the values, goals, and organizational objectives. These efforts are needed if the hospitals are planning to improve the quality of their services. Poor incentives and compensation systems may be the reasons for low service quality in the hospitals being studied. Another important finding of this study is that different from results of previous studies, this study found that leadership has a negative influence on job satisfaction.

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