ANTECEDENTS OF CUSTOMER SATISFACTION AND CUSTOMER RETENTION IN OUTSPAN HOSPITAL IN NYERI COUNTY, KENYA

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D53/EMB/OL/38728/2017

A PROJECT SUBMITTED TO THE SCHOOL OF BUSINESS IN PARTIAL FULFILMENT OF THE REQUIREMENT FOR DEGREE IN MASTER OF BUSINESS ADMINISTRATION (MARKETING) OF KENYATTA UNIVERSITY

OCTOBER 2022

DECLARATION

I declare that this is my work and has not been presented in any other institution of learning for any academic credit.

Signature………… ....Date…………………………………………… 10th November 2022

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D53/EMB/OL/38728/2017

This project has been done by the candidate and presented for examination with my approval as the appointed supervisor.

Signature…………………………………………Date……………………………………. 10/11/2022

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DEDICATION

I first bestow my work to my parents Mr. Naftaly Mbaabu and Mrs. Priscilla Kathambi Mbaabu for all their sacrifices that have made me grow and prosper this far. This work is also dedicated to my siblings; Mercy, Joshua, and Erick. Your continued love, prayers, and moral support encouraged me to this far. I give special thanks to my best friend Sharon Kinya and my lovely daughter Adele Nkirote for being there for me throughout and being my cheerleader. God bless you all.

ACKNOWLEDGEMENT

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ABBREVIATIONS AND ACRONYMS

ABL   Almasi Beverages Limited

CRM   Customer Relationship Management

CSR   Corporate Social Responsibility

FBOs   Faith-Based Organizations

FMCG   Fast-Moving Consumer Goods

IT   Information Technology

KHF   Kenya Healthcare Federation

KMA   Kenya Medical Association

KMPDC   Kenya Medical Practitioners and Dentists Council

MOH   Ministry of Health

OAS   Online Appointment System

SPSS   Statistical Package for the Social Sciences

SSTs   Self Service Technologies

UK   United Kingdom

OPERATIONAL DEFINITION OF TERMS

Service Design: It infers to the act of planning and organizing a firm's resources to ensure that operations are run seamlessly so that the needs of the customers are met through the delivery of a unique customer experience.

System Usage: This is the use of information technology by organizations to deliver benefits to an organization through improved operational efficiency.

Corporate Image: Also referred to as brand image is the perception or reputation of an organization held by stakeholders that develop through feelings, experiences impressions, and beliefs because of interaction with the products or services of an organization.

Switching Cost: Also known as switching barriers is the cost that a customer must pay as a result of changing from one product or service to another.

Customer Retention: It refers to a company's marketing activities and tactics that are geared towards engaging customers with a brand and transforming them into repeat customers/buyers. Altogether, the activities and initiatives used for customer retention help in reducing customer defection or attrition.

Customer Satisfaction: It is the feeling that is formed in a client's mind after using a product and is concerned with whether it reached, underperformed, or exceeded the expectations that the client had about it prior to its usage or consumption.

ABSTRACT

The rate at which private hospitals are failing to satisfy and retain their customers is becoming a concern for hospital managers. The private health sector is important because it contributes to the well-being of people despite there being other players such as public hospitals and Faith-Based Hospitals (FBOs). Customer satisfaction and retention issues have affected most private hospitals leading to customer defection. In order for organizations to have a competitive edge over their competitors, they need to focus on customer satisfaction and retention to reduce customer defections, especially for organizations in the healthcare sector. The main objective of the study was to evaluate the antecedents of satisfaction and retention of customers in Outspan Hospital in Nyeri County, Kenya. The specific objectives of the study were; to evaluate the effect of system usage on customer satisfaction and customer retention in Outspan Hospital in Nyeri County, Kenya, and to determine the effect of service design on customer satisfaction and customer retention in Outspan Hospital in Nyeri County, Kenya, to establish the effect of corporate image on customer satisfaction and customer retention in Outspan Hospital in Nyeri County, Kenya and to evaluate the effect of customer switching costs on customer satisfaction and customer retention in Outspan Hospital in Nyeri County, Kenya. The scope of the study was Outspan Hospital. The study was guided by the Service Quality Gap Model. The Leaky Bucket Theory and Commitment-Trust theory of Relationship Marketing were also anchored in the study. The study used a descriptive research design. 70 respondents acting as heads and deputies of the various departments of Outspan Hospital consisted of the target population. A census method was used hence the assumption of 70 respondents as the sample size. Structured questionnaires were used to collect data and their construct validity was ensured through a pretest or pilot of 10 questionnaires with the neighboring Karatina Nursing Home. Content validity was ensured through consultations and discussions with the supervisor, experienced graduates, and research professionals. The coefficient alpha helped to measure reliability. Mean, percentages, frequency distribution, and standard deviation were used as descriptive statistics for data analysis. Additionally, inferential statistics which included variance, regression, and correlation analysis were used to measure the existence of a relationship between the independent variables (service design, system usage, corporate image, and switching cost) and the dependent variable (satisfaction and retention of customers). Study results were demonstrated through the use of tables. The study findings established that three independent variables namely; service design, system usage, and customer switching cost were significantly associated with customer satisfaction and retention in Outspan hospital. Therefore, the management of Outspan Hospital should enhance customer satisfaction and retention based on key study recommendations. These recommendations include; improving the external appearance of the institution, focusing on improving complaints handling programs, improving utilization of self-service technology (SST), and retaining customers through switching barriers that provide customers with superior customer value. Further research was recommended to be carried out in a public hospital to evaluate whether divergent findings may be realized regarding the antecedents of customer satisfaction and retention.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Customer satisfaction and customer retention are crucial constructs in an organization used to power customer loyalty and help businesses maintain sustainability. Stiehler-Mulder, Roberts-Lombard, and Hlefana (2020) indicate that the continuation of a business is founded on the relationship that an organization establishes with its customers through the provision of offerings that align with the customers' needs thus transforming them into loyal customers. The private healthcare industry is among the most dynamic and competitive sectors with private hospitals not only competing with each other; but also, with the public and FBO hospitals (Nyamu, Namusonge, and Dache, 2018). Most of the healthcare services in private hospitals are easily replicable and competition increases when hospitals provide closely matching healthcare services. For private hospitals to distinguish themselves from other competitors, they need to embark on enhancing customer satisfaction and retention. Therefore, hospitals can potentially use customer satisfaction and retention to gain a strategic advantage and come out on top in today's competitive healthcare environment.

A global perspective of Southeast Asia, specifically in Thailand, shows that the healthcare industry has experienced a change that brought intense competition among hospitals. The market value of the Thai healthcare industry is high, and this has attracted more private hospitals to compete for increased market share as much as possible (Laohasirichaikul, Chaipoopirutana, & Combs, 2011). The market value of Thailand's private hospitals was 49,000 million baht as of 2006, a number that is growing rapidly with the business globalizing (Laohasirichaikul et al., 2011). What remains

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of these hospitals is to attract and retain customers to remain viable and successful in improving their competitive position. Laohasirichaikul et al., (2011) add that for customer satisfaction and retention to be realized, corporate image and delivery of superior service quality must be enhanced, and this adds to the success of an organization in the long run.

A local perspective of the Kenyan private healthcare sector shows that private hospitals have significantly grown over the last 20 years. The potential factors for growth include major factors of satisfaction and retention in the healthcare sector which include the lack of quality services from the public hospitals, and the introduction of user fees by public hospitals hence making the services costly (Kenya Healthcare Federation, 2018). Further, the competition for healthcare services from private hospitals has seen close to 47% of Kenyans seek services from private hospitals (KHF, 2018). In a nutshell, the private healthcare sector which consists of commerce-based hospitals, and FBOs owns and manages approximately two-thirds of Kenya's health infrastructure. Besides, with the increase in the number of private healthcare insurances, many Kenyans are obliged to seek healthcare services from private healthcare providers.

With such competition, private hospitals in Kenya ought to focus on satisfying and retaining their customers by closing the gaps that lead to customer attrition or defection. Some of these drivers of customer defection include low-quality services, poor communication, and costly services (Thompson, 2005). Due to the challenges in customer preferences, private hospitals should realign their strategic marketing activities not only to satisfy new clients but also to retain them. This can also help them cut marketing costs because recruitment of new clients costs five times more than retaining the existing ones (Grion, 2002). Hospital management teams in private hospitals should consequently become pivotal and eliminate any drivers of customer defection that prevent customers from being satisfied and loyal. The evaluation and tracking of satisfaction and retention

rates can have a huge effect on the hospitals' performance. Therefore, it is from this context that this paper seeks to explore how customer satisfaction and retention can be developed between private hospitals in Kenya and their clients.

1.1.1 Customer Satisfaction and Customer Retention

Today, the key goal of most organizations is to create a high level of satisfaction among their customers. Customer satisfaction has been found to influence organizational performance. Researchers and scientists have come up with different definitions of customer satisfaction. Nevertheless, the description of client satisfaction is pegged on the customer's evaluation. Biesok and Wyród-Wróbel (2011) postulate that it is the feeling that a customer develops in the process of buying a service or a product. In addition, it is the fulfilling atmosphere that a customer develops before and after the purchase process. Therefore, customers oversee the establishment of satisfaction criteria and they also conduct a comparison of products and services to assess their level of pleasurable fulfillment.

Suhaniya and Thusyanthy (2016) underscore that client satisfaction is the measure or evaluation of an offering's performance by a customer over a period. This implies that a customer will evaluate a product or service after a certain period and will gauge the level of gratification. Once customers feel that an offering caters to their needs and wants, a reaction emanates and this can be through repurchase intentions, increased referrals, and positive reviews (Mwangi, 2020). The definitions of customer satisfaction are based on the evaluation process or a response or reaction to the evaluation process. Worth noting is that the extent of satisfaction communicates the gap that exists between the client's vision of the expected offering and the impression of what is eventually

delivered. Therefore, companies should build long-term success by ongoing satisfaction of the needs and wants of the customers.

Ibojo (2015) points out that customer retention and customer satisfaction are closely related because the satisfaction of a customer's needs thereby allows an organization to retain the client and transform them into loyal customers. Customer retention is a concept that has quickly become a business norm and has been termed a key indicator of a healthy business. Traditionally, firms focused their marketing activities on increasing their market share by attracting new customers. However, with the advent of relationship marketing, firms have realized that the best and most profitable customer for a business is the returning one. Magatef and Tomalieh (2015) emphasize that retention of clients is a company's ability to retain its clients over a longer duration meaning that the customers tend to return and continue transacting with a business. Due to the ever-increasing competition in the market, marketers and business managers are becoming concerned with the significance of aligning their business activities with customer-centricity to remain competitively advantaged and enhance customer retention.

Marandi and Robson (2008) opine that the concept of customer retention has gained a wider following because of the shift from the transactional era of marketing to the era of relationship marketing hence the significance of enhancing the rates of customer retention. A small investment in client retention strategies can boost a firm's profits by more than 25% (Singh & Khan, 2012). This is because it saves money on marketing and increases profitability through repeat profits and premium prices. In a nutshell, there is a correlation between satisfaction and retention. That is, while the former focuses on meeting the needs and handling the problems that the customers experience with the products or services, the latter deals with getting the clients to return after their first purchase and transforming them into regular customers.

1.1.2   Antecedents of Customer Satisfaction and Customer Retention

Several factors influence the satisfaction and retention of customers with examples including service design, system usage, corporate image, and switching cost. Service design is the act of planning and organizing resources, which include processes, physical artifacts, and people so that the operations of the organization can be run seamlessly to deliver a unique customer experience during a client's interaction with a service. Lynn Shostack coined the term service designed in 1982 (Shostack, 1993), and underpinned that organizations have ignored the act of designing services hence leading to the delivery of services in an approach that overlooks the needs of the customers and opportunities in the market. Further, the components of service design should be designed correctly and integrated to create holistic experiences at various touchpoints along a customer's journey (Teixeira, Patrício, Nunes, Nóbrega, Fisk, & Constantine, 2012). The major service design elements affecting customer satisfaction and retention include complaint handling, service recovery, service quality practices, hospitality, and physical environment or servicescape.

According to Bere and Brijlal (2014), system usage refers to the incorporation of information technology (IT) by organizations to deliver benefits to the organization through improved efficiency in operations. Mapesa (2016) cites that despite the benefits delivered by using information technology, hospitals' adoption of information technology remains relatively low in comparison to other industries. Even with the adoption of information technologies in the healthcare sector, most technologies tend not to be customer-focused hence failing in delivering a seamless customer experience. As a result of this underinvestment in IT, the needs of the patients have not been effectively met and the overall effect has been patient dissatisfaction, which is a function of customer defection. System usage or rather the utilization of information technology

in hospitals implies the incorporation of practices such as self-service technology, electronic marketing, using an online appointment system (OAS), and operationalization of telemedicine.

Agyei and Kilika (2014) define a corporate image, also sometimes referred to as a brand image, as the impression that exists in a customer's mind about a firm. Kim and Lee (2010) opine that corporate or brand image is a firm's perception as held in the minds of the clients, and is used to perceive or reflect on the overall reputation and prestige of the company. Usually, most customers may not have enough information to create an image or reputation of a firm or its services. However, the information derived from various platforms such as commercial adverts, reviews, CSR, and word of mouth contributes to the process of formation of a company's brand or corporate image. Since brand image is an attitudinal element that affects the behavior of customers, firms must focus on the creation of frameworks for nurturing positive images or reputations that will enhance the satisfaction and retention of customers. This research will focus on CSR, innovation, brand awareness, and brand experience as means of enhancing corporate image.

Stan, Caemmerer, and Cattan-Jallet (2013) opine that switching cost is a type of cost incurred by buyers because of changing from one supplier to another. According to Porter (2005), switching cost is a one-time transaction cost that a client incurs because of changing from one offering to another. Switching cost has been associated with several strategic benefits which include higher profitability, a barrier to the prevention of competitor entry in the markets, an increase in offering preannouncements, and an inelastic response to the price of a commodity (Stan et al., 2013). These benefits ensure a sustainable strategic advantage for a company while customers tend to maintain relationships with existing products or services to economize on various switching costs. Switching costs can take two dimensions; that is high or low. Where the switching costs are high, some dissatisfied clients may decide to retain the service provider despite the wanting service

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quality. This is because of the risk of losing their investment in terms of time, energy, and money. Some approaches to enhancing customer satisfaction and retention by creating a barrier to switching include ensuring relational benefits and attractiveness of the service, implementing a loyalty program, adherence to customer religion and culture, and provision of superior customer value.

1.1.3 The Outspan Hospital

According to the County Government of Nyeri (2021), there are six private hospitals in Nyeri County. Three of them are FBOs and they include Consolata Mathari Mission Hospital, PCEA Tumutumu Hospital, and Mary Immaculate Hospital. The other three are private for-profit and they include Outspan Hospital, Jamii Hospital, and Karatina Nursing Home. Out of the three private hospitals for profit, Outspan Hospital is the only approved teaching hospital and internship training center by KMA and KMPDC. Besides, it is the only private hospital in level 3 with a referral status. The hospital which began in 2001 has grown and is a one-stop facility for all health care services equivalent to those provided at national referral hospitals. The core function of hospitals today is to provide the population with affordable and quality healthcare.

Despite the performance of Outspan Hospital regarding the provision of healthcare services, it still faces stiff competition from other private and public hospitals and clinics that are relatively cheap. Besides, the competition is even stiffer in the public health sector where the government spends close to 6% of its Gross Domestic Product (GDP) on healthcare (Kenya Healthcare Federation, 2018). This means that private hospitals such as Outspan Hospital will lose clients to public hospitals where healthcare services are relatively cheap. Customer demands are also changing, and

Outspan Hospital needs to keep up with the changes and incorporate modern technology to ensure that they satisfy and retain their customers.

1.2 Statement of the Problem

In Kenya, the private healthcare industry tops the list of the best industries and is most developed in Sub-Saharan Africa (Barnes & Decker, 2010). It accounts for approximately 62% of the nation's healthcare expenditure, implying that its market share is ever-increasing. The sector has over time grown from a monopolistic competition industry. Today, the industry comprises many entrants meaning that private hospitals are faced with stiff competition, which causes client defection to other private hospitals. Kimalu, Nafula, Manda, Bedi, Mwabu, and Kimenyi (2004) opine that because of the Kenyan government's policy to ensure increased access to healthcare, the number of private hospitals has grown over the years. Nyamu, Namusonge, and Dache (2018) add that private hospitals are facing competition from both FBOs, public hospitals, and other private hospitals. This has led to a very competitive environment with most hospitals losing clients to competitor hospitals, thus a challenge to customer satisfaction and retention.

Statistics from the retail industry indicate that a business will lose 20% of its existing customers annually to a competitor (Singh, & Khan, 2012). Hawkins and Hoon (2019) add that approximately 11-20% of first-time customers fail to return to the business if they are not satisfied with the service. It is prudent for businesses such as private hospitals to focus on customer retention because according to Nasır (2017), returning customers are likely to spend close to 33% more than newly acquired customers. Besides, customer satisfaction and retention are cheaper than customer acquisition because customer acquisition costs five times more compared to retaining existing customers. Further, the benefits associated with customer satisfaction are increased reputation,

reduced marketing expenses, increased customer loyalty, and increased profitability. Customers seeking services from hospitals today have dynamic needs ranging from high quality to cost-effective healthcare services which are the cornerstone for customer satisfaction and retention (Singh, & Khan, 2012). These dynamics leave management teams from private hospitals with the core responsibility of coming up with strategies to save most of their customers from getting dissatisfied and defecting to other hospitals.

Several studies biased toward the satisfaction and retention of customers have been done across different industries. Locally, Chuani (2017) studied the factors that determined customer retention in commercial banks and found that customer-responsive services, friendly, reliable, and helpful staff, accessibility of technology such as mobile banking, and faster customer service delivery had a major influence on retaining customers. Further, Mayaka and Oloko (2018) did a study on the effectiveness of competitive stratagems for customer retention implemented by Airtel Kenya. The findings revealed that service quality and brand visibility positively influenced customer retention. Another study on the strategic forces that enhanced the retention of customers in the hotel industry in Mombasa was conducted (Mwangeka, Mjomba, Omindo, & Nyatichi, 2014). It revealed that the technology reputation, service quality, and image of the hotel had a significant consequence on client retention.

From the above studies, a contextual gap exists where most of the studies focused on other industries such as telecommunication, retail, banking, hotel, and not the private healthcare industry. Thus, this work closed this gap by giving more consideration to the private healthcare industry and helped fill the contextual gap.

1.3 Objectives of the Study

The below objectives formed the basis for the research project.

1.3.1   General Objective

The main objective was to assess the antecedents of customer satisfaction and retention in Outspan Hospital in Nyeri County, Kenya.

1.3.2   Specific Objectives

   i.   To evaluate the effect of system usage on customer satisfaction and customer retention in Outspan Hospital in Nyeri County, Kenya.

   ii.   To determine the effect of service design on customer satisfaction and customer retention in Outspan Hospital in Nyeri County, Kenya.

   iii.   To establish the effect of corporate image on customer satisfaction and customer retention in Outspan Hospital in Nyeri County, Kenya.

   iv.   To evaluate the effect of customer switching costs on customer satisfaction and customer retention in Outspan Hospital in Nyeri County, Kenya.

1.4 Research Questions

   i.   To what extent does system usage affect customer satisfaction and customer retention in Outspan Hospital in Nyeri County, Kenya?

   ii.   To what extent does service design influence customer satisfaction and customer retention in Outspan Hospital in Nyeri County, Kenya?

iii.   How does corporate image affect customer satisfaction and customer retention in
       Outspan Hospital in Nyeri County, Kenya?

iv.   What is the effect of customer switching costs on customer satisfaction and customer
       retention in Outspan Hospital in Nyeri County, Kenya?

1.5 Significance of the Study

Studies on satisfaction and retention of customers in Kenyan private hospitals are limited with
those available focusing on the hotel, banking, and telecommunications industries. This study
contributed to knowledge on satisfaction and retention by conducting more empirical research. It
provides both future and present scholars with foundational knowledge on the aspect of satisfaction
and retention of clients in the Kenyan private health industry. The study also helped in
understanding the deeper connection between variables of customer satisfaction and retention such
as corporate image, service design, and system usage, and their effect on private hospitals. Based
on practical implications, these research findings serve the management of private hospitals in
Kenya with an understanding of the magnitude to which satisfaction and retention affect their
market share and, consequently, organizational success.

Subsequently, the management of various private hospitals can rely on research findings as a basis
for developing strategies to reduce customer defection and, in return, increase customer
satisfaction and retention. The findings also benefit regulators and stakeholders in the private
health sector such as the MOH and KMA as they will serve as a guide for the implementation of
customer satisfaction and retention programs and engagement of hospitals so that they can enhance
patient satisfaction and retention. This will boost the overall satisfaction and retention of customers
in private hospitals because of reduced rates of customer attrition.

1.6 Scope of the Study

This project focused on the antecedents of satisfaction and retention of customers in Outspan Hospital. The research was conducted in Outspan Hospital which is the only level 3 private hospital with a referral status in Nyeri County. The unit of analysis was 70 respondents in designations of heads and deputies of departments and units. The study was also confined to three variables which include the consumer switching cost, corporate image, service design, and system usage. The time scope for the study was one month.

1.7 Limitations of the Study

This project encountered some difficulties which arose during data collection. Majorly, the researcher faced a challenge in reaching respondents because of their busy work schedules. However, in a bid to counter this challenge, the researcher requested an appointment to collect data. Another major challenge that was experienced is that of confidentiality where some respondents felt that their privacy was being compromised hence failing to cooperate during data collection. To address this barrier, respondents were notified that the research was to be used for learning purposes.

1.8 Organization of the Study

The first chapter entails the study's background, statement of the problem, significance, scope, research questions, and objectives. Chapter two provides an extensive review of the literature on the key research variables namely, switching cost, corporate image, service design, and system usage. The conceptual framework which hypothesizes the connections between the variables has also been emphasized in this session. In chapter three, the research methodology that was

employed is outlined. The research findings are presented in chapter four while chapter five focused on a summary of findings, inferences, and recommendations derived from the study.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

The session provides a pertinent review of the literatures regarding the objectives studied. It has provided a theoretical basis for the study, an empirical review, research gaps, and a conceptual framework that depicts the study variables.

2.2 Theoretical Review

The research was founded on the following theories related to customer retention. They include the Service Quality Gap Model, Leaky Bucket Theory, and Commitment-Trust Theory.

2.2.1 The Service Quality Gap Model

The Service Quality Gap Model was first introduced in 1985 by Valerie Zenthaml and Leonard Berry (Ahmed, Khuwaja, Othman, Qureshi, & Ali, 2017). The theory recognizes that service providers need to continuously improve their customer services because it forms a core part of the service or product. It also recognizes that it should be an ongoing concern for marketers in the service sector to deliver superior value to their clients. By doing this, the needs and wants of the customers are met and customer churn is prevented thus leading to customer retention. The purpose of developing the theory according to Valerie Zenthaml was to establish a roadmap along which an organization can minimize the gaps between client expectations and the perceived service level. The theory is unique because it highlights some of the hindrances of a service provider towards satisfying the customer hence leading to customer churn. According to Samuelsson and Wister (2000), when clients' expectations supersede their perceived service, they tend to feel dissatisfied

and develop a negative attitude towards the services and this may cause them to switch to another alternative. Therefore, service providers must ensure that service gaps are removed to meet the expectations of the customers and in the end retain them.

In doing so, there are four key gaps that the proponents of the Service Quality Gap Model identified and underscored that must be comprehended and acknowledged. One of the gaps identified is the knowledge gap which refers to the variance between a client's expectation of the kind of service before consumption and the organization's actual service provision (Baccarani, Ugolini, & Bonfanti, 2010). This gap is very prevalent in organizations that do not capitalize on market research, customer insights, and interactions between the management, service staff, and customers to know exactly what the expectations of their customers are. The second gap is the standard gap which affirms the difference between the service provider's perception of the client's expectations and the client's service standards (Baccarani, Ugolini, & Bonfanti, 2010). Besides, service providers should go a step further and develop a service standard that should focus on training and empowerment of the customer service staff, emphasizing internal marketing, and incorporating the right technology, equipment, and tools to ensure high service quality. This is helpful because once a policy on the service level is set, customers will feel that their needs are met and will no longer shift to other service providers. The delivery gap and communication gap also form the gaps in service quality. The former refers to the delivery of service against the actual policies and standards of service. The latter refers to a gap that exists between what is promised to customers through advertisement and what is delivered to them (Baccarani, Ugolini, & Bonfanti, 2010).

While the major motivation behind Service Quality Gap Model is to ensure quality service, more advantages befall an organization once it implements this model. Ideally, service providers are

operating in a highly competitive environment. According to Sunattha (2017), the service quality model has been found to not only prevent a firm from intense competition but also boost customer satisfaction and retention by enhancing customer loyalty. Furthermore, once a firm introduces the service quality model in its customer service activities, it differentiates itself from other service providers thus gaining a competitive advantage by way of becoming a customer's favorite. In another study conducted in the airline industry, Chilembwe (2014) found out that the world is globalized, and customers are highly liberalized. This implies that their degree of customer satisfaction is founded on their judgment of the level of customer service by comparing their past experiences with the actual performance of a firm. As such, service quality is a core practice of today's firms that aspire to expand their market share by reducing the rate of customer defection to a competitor's product or service provider.

2.2.2 Leaky Bucket Theory

The Leaky Bucket Theory is a simple marketing theory that underpins the strategic need for firms to develop customer retention strategies to prevent customer churn or customer defection. Developed by Ehrenberg in 1988, the theory uses a bucket full of water representing a firm's customers while the leaking water represents customers who are lost by a firm (Machirori, & Fatoki, 2011). According to the theory, the 'leaked' or rather lost customers represent the clients whose needs remain unmet by a company and they resolve to seek alternative service providers who can satisfyingly meet their needs. The theory also highlights the need to consistently keep the customer base growing for a business to register profits (Machirori, & Fatoki, 2011). Because the theory emphasizes the rate at which a business loses its clients, it is important for firms that have low rates of customer retention to look into strategies that can be applied to turn disloyal customers into loyal customers hence realizing customer retention. According to research carried out by

Gupta, Lehmann, and Stuart (2004), customer retention is so beneficial to a firm because a 1% increment in customer retention can result in a 5% increase in revenue.

Hollensen (2019) highlights that the success of a firm is dependent on the loyal customers who have formed bonds with an enterprise and that bond goes further to link the customer to the business to an extent that the customer cultivates a preference for the service provider. Besides, Machirori and Fatoki (2011) posit that when clients develop true loyalty, they will regularly repeat the purchase transaction with the effect being improved firm profitability while retaining that client. For this to be achieved, companies should strategically practice customer satisfaction and retention activities. However, most firms are not well equipped for this change with the internal system not supporting its implementation. Along this line, the Leaky Bucket Theory opines that businesses should change their relationship strategy by addressing the needs that make customers defect from the 'Bucket'. Sithole and Njaya (2018) identify poor customer service, uncompetitive pricing, poor service quality, poor customer engagement, service failures, and lack of customer loyalty programs as key reasons for customer churn.

The basics of the Leaky Bucket Theory are that leaked customers from a business lead to lower profit levels and market share. For small businesses, this is very critical because the loss of even a single client could have a weighty effect on profitability. The theory also underpins that it is ineffective for a business to acquire more customers without addressing the sources of customer leaks. The risk of doing so is based on the marketing maxim on relationship management where it costs an organization close to five times more for new client acquisition than it would cost to keep an existing client (Pfeifer, 2005). With this, it would be commercially viable to establish relationships with a firm's current customers before embarking on acquiring new customers.

Companies especially those in the service sector should use the principles of the Leaky Bucket Theory to win back the defecting customers because long-term retained customers are worth much more profitable to a firm than newly acquired customers. In embracing the Leaky Bucket Theory, organizations have developed customer loyalty programs to retain customers by rewarding them for repeat purchases (Dowling, 2002). However, the theory has not resonated well with products because a proper mechanism of retaining customers of Fast-moving consumer goods (FMCG) is proving to be even harder. Dowling (2002) affirms that the Leaky Bucket Theory is a misguided approach to retaining customers of FMCG products. Dowling (2002) also posits that only close to 10% of clients are loyal buyers of an FMCG product. This shows that customer retention is usually a hard task with exclusive loyalty being found in a small percentage of clients.

In this study, private hospitals face challenges in retaining their customers with a large percentage of them defecting to other health service providers. Understanding the Leaky Bucket Theory enables administrators of different hospitals to understand the causes of customer turnover by soliciting feedback from them hence reversing the leak to retain the customers. Hospitals should use the basics of the Leaky Bucket Theory and understand what their clients' expectations are right from the time they visit their hospital. This means that hospitals should create favorable and long-lasting impressions from the very first contact with the customer such that the customer feels valued to the extent that the developed relationship bonds lead to customer satisfaction and retention.

2.2.3   The Commitment-Trust Theory of Relationship Marketing

This theory was advanced by Morgan & Hunt (1994) and it underscores that there must be two variables available, namely commitment and trust, for a cooperative relationship to exist between

an organization and its customers. According to the theory, when trust and commitment exist, a relationship is established between a firm and its customers because the bond formed by meeting the clients' ever-changing needs ensures that they feel honored and purpose to continue doing business with the firm. Despite there being many alternatives where customers can seek similar services, they look for a service provider who does not only value the transactional exchange but rather the relationship aspect thereafter. As a result, customers are after service providers who value and trust them and this leads to association with key trust aspects such as competency, integrity, and reliability (Kleinaltenkamp, Ehret, Hunt, Arnett, & Madhavaram, 2006).

One of the key variables of the theory is trust which Morgan and Hunt (1994) delineate as the willingness of one party such as the customer or the firm to depend on an exchange partner they are confident with. They also add that when there is confidence, the exchange partner is perceived to be of high integrity and highly reliable to an extent that they are not expected to pose any uncertainties or vulnerabilities regarding the service provision. Commitment is at the heart of the theory and is defined as the feeling by a customer that they are attached to a particular brand and that they need to continue with that relationship on a long-term basis. Adding to this Rai, and Medha (2013) opine that long-lasting relationships between exchange partners cannot exist not unless there are foundations of mutual commitment. Rai and Medha (2013) further posit that when customers are committed to a brand, they develop focal responses such as repurchase intentions, relative attitude, willingness to pay premium prices, and intentions not to switch (Rai, & Medha, 2013). This signifies loyalty to a brand and this can easily help satisfy and retain customers.

In a study to establish the factors that lead to client commitment to companies in the Kenyan Mobile Telephone industry, Joseph (2012) sampled two hundred respondents and found that the level of commitment a customer had on the mobile service provider was based on the level of trust

they had. Besides, Joseph (2012) found out that the level of commitment to mobile service providers is dependent on other factors which include the level of service quality, switching costs, marketing activities, and reliability. He concluded that customers can easily develop commitment when they have a psychological and emotional attachment to the service provider (Joseph, 2012). Therefore, the theory was appropriate for this study because private hospitals will learn how to establish commitment and trust with their clients by ensuring that they develop psychological and emotional bonds that can help to easily satisfy and retain them.

2.3 Empirical Review

2.3.1   Service Design

Kinya, Mutukaa, and Jemaiyo (2019) researched the effect of complaint-handling approaches on customer loyalty, in the case of Almasi Beverages Limited (ABL) in Kenya. 369 respondents drawn from a target population consisting of Coca-Cola retailers who had sold Coca-Cola products for three years made up the sample size. The results of the study showed that satisfactory complaint-handling approaches are crucial in establishing business relationships that lead to the loyalty of customers who eventually become retained customers. Kinya, Mutukaa, and Jemaiyo (2019) also recommend that once an organization, especially those in the service industry focuses on developing complaints handling programs, they can manage the needs of their customers better and in the end increase their competitive edge because of retained customers and the stable relationships established.

ITAI (2018) did a study to assess the influence of service recovery on the retention of customers focusing on selected banking institutions in Lagos, Nigeria. The goal of the research was to access the link between strategies for the retention of customers and service recovery. The population of

the study comprised 4,800,000 clients who were registered under the Nigerian Central Bank scheme, Bank Verification Number (BVN). From this number, 520 customers used as a sample were picked through stratified and simple random sampling methods. The findings showed a statistically significant effect of the overall service recovery process (service recovery promptly, quick complaint resolution, and exceeding customer expectations of quality) on customer retention (ITAI, 2018).

Over recent years, managers have focused on designing their organizational services in a manner that impacts the customer's appeal due to superior quality. Services can effectively lead to satisfaction, retention, and client loyalty by meeting the dimensions of service quality under the SERVQUAL model namely tangibility, empathy, assurance, responsiveness, and reliability (Parasuraman, Zeithaml, & Berry, 1985). Along this line servicescapes that include ambient conditions (music, lighting, and color), functionality and spatial layout (furnishing, equipment, and layout), cleanliness, signs, and symbols are paramount in enhancing the satisfaction and retention of customers. A descriptive survey design by Kamau (2021) on the impact of servicescapes or physical environment on the satisfaction of customers of Nairobi County hotels was done using 25 restaurants as the target population, a sample size of 22 restaurant heads, and 384 customers selected through systematic and purposive sampling. It concluded that customers were happy and satisfied with restaurants that implemented servicescapes such as cleanliness, ambient conditions, symbols, artifacts, and signs as well as functionality and special layout.

Similarly, Githiri (2016) did research on the influence of a restaurant's physical environment on the return intention and satisfaction of customers. The study's sample size entailed 384 clients visiting the rated restaurants in the Coastal and Nairobi regions. The customers were randomly selected during dinner and lunch hours while the type of research design used was a cross-section

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survey. The findings revealed that the physical environment is of crucial importance because it highly influenced a client's return intention in restaurants. Further, the study concluded that most of the respondents were dissatisfied with the musical background and the external appearance of the respective restaurants. Thus, the study recommended that restaurant managers should focus on developing tactics that help improve the external appearance of the restaurants and improve the musical background to enhance customer satisfaction and encourage them to revisit the restaurants.

Omondi and Odock (2019) studied the impact of service quality on the retention of customers in Mombasa County-based Night Clubs. A descriptive cross-sectional design was used and a census was conducted for 43 nightclubs. The study revealed that the nightclubs adopted various service quality attributes with pivotal attributes being well-designed club spaces with distinct layouts, cutting-edge entertainment equipment, dance floors with adequate space, ambient lighting, and good ventilation. The core attributes of service quality adopted by the clubs in Mombasa County were the engagement of smartly well-dressed service attendants, well-behaved, disciplined, courteous, and well-skilled to meet customer expectations (Omondi, & Odock, 2019).

2.3.2 System Usage

Anucha (2019) studied the effect of electronic marketing on the retention of clients in the Nigerian hospitality industry. A correlation survey design was utilized and a sample size of 87 marketing executives and managers from Port Harcourt select hotels. Researchers concluded that a significant association exists between electronic marketing and the retention of hotel customers. In a closely related study, Alex-Onyeocha, and Chinonso (2015) investigated the effect of e-marketing on client service in the Nigerian hospitality industry. Using a survey design method and sample size of 120 respondents selected from three Abuja-based hotels, the authors found out that electronic

marketing through search engine optimization, mobile advertising, display advertising, sponsored search, and email advertising improves the overall customer service, therefore, satisfying clients in the hospitality industry.

Shahid Iqbal, Ul Hassan and Habibah (2018) attest in their research that the incorporation of information technology in the service industry has transformed how institutions interact with their customers leading to enhanced service quality. The research used an online survey as the tool for collecting primary data. A sample of 238 users of self-service technologies (SSTs) in Pakistan's service sector was selected. The results showed that a significant relationship exists between self-service technology (SST) and behavioral intentions, customer loyalty, and customer satisfaction. With the utilization of self-service technology (SST) organizations have been able to ensure that there is convenience in service provision to customers thus boosting satisfaction, loyalty, repurchase intent, and altogether customer retention.

In a study that explored the effect of technology-based services, especially the SSTs, on patient loyalty and satisfaction, Wang, Cheng, and Huang (2013) found out that where hospitals use an online appointment system (OAS) they exhibited high-quality service that enhanced the hospital's image, patient loyalty, and satisfaction. The study's findings revealed that when hospitals provide OAS for their clients, they indeed provide patients with an effective online tool for self-service. The implementation of self-service kiosks can help reduce the patient's waiting time. This helps enhance patient satisfaction and in turn, prevents the defection of patients while generating a segment of loyal patients. The results of this study back up Alsiehemy (2019) who through a review of various works of literature on SST and customer retention from different contexts found that the use of SST contributes to an organization's performance through long-term profits earned from retained customers.

In this era of a relationship-based economy, healthcare organizations have shifted their strategic focus towards the incorporation of CRM as an approach to strengthening long-term relationships with a client in a manner that adds value for both the client and the organization (Baashar, Mahomood, Almomani, & Alkawsi, 2016). Chatterjee, Giri, Paul, and Bag (2019) assessed the CRM technology's effect on patients' satisfaction in public hospitals in Urban West Bengal. The study found that CRM technology has a huge effect satisfaction of hospital clients. The study also concluded that satisfaction helps hospitals to nurture strong relationships with their clients which further leads to patient loyalty and retention. The study also recommended that CRM technology should be incorporated into a healthcare system's infrastructure. This helps in patient satisfaction by addressing the pressures to provide quality service, proper maintenance of medical or patient data, building a CRM-centered culture, and improving employee satisfaction through CRM.

Grube, Kaufman, Clarin, and O'Riordan (2016) explored the impact of telehealth on the performance of healthcare in the U.S. In this study, telehealth was regarded as an internet-based service through which the doctor and the patient can interact remotely through the transmission of digital scans, videos, and pictures. The researcher reviewed literature from different sources including government reports and research by various healthcare associations and their findings showed that telehealth positively affected healthcare by enhancing quality services, customer attraction, customer satisfaction, and retention (Grube et.al, 2016). Furthermore, the researchers found out that telehealth expansion has the potential to improve waiting time, the convenience of patients, and the lowering of consultation costs. In this study, telehealth was found to help hospitals and physicians to strengthen their ties with clients through virtual consultations or visits that ensured that their healthcare needs are seamlessly taken care of. Eventually, such hospitals and

physicians position themselves to retain the loyalty gained from satisfied customers (Grube et.al, 2016).

2.3.3 Corporate Image

In a recent study in Kenya, Schulz, and Omweri (2018) examined the role played by the business image in retaining hotel customers in Eldoret. The exploratory study design was employed while simple and stratified random sampling was applied for sampling. Interviews and questionnaires were applied for primary data collection. Business image was measured through customer retention, uptake technology, and the role of employees in maintaining the business image. The study concluded that brand or business image is a crucial element to consider in retaining customers (Schulz, and Omweri, 2018). Further, Schulz and Omweri (2018) concluded that employees play a key part in ensuring that a positive brand image is maintained through the provision of quality services, maintaining a positive customer-staff relationship, and recognizing the customers.

A study by Nazir, Ali, and Jamil (2016) evaluated the impact of brand image and customer retention in Pakistan's fashion-wear industry. A survey method was used while a random sampling method was used for sampling. The questionnaire approach was used for data collection. The researchers found that loyalty, experience, and awareness of a brand play a vital role in a client's selection of a brand. In turn, this increased their satisfaction leading to a brand's conservatory attitude. Also, Nazir, Ali, and Jamil (2016) opine that because of the intense competition by different players in the fashion wear industry, mental frameworks that create relationships and convenience for the brand should be developed.

Hanaysha, Hilman, and Abdul-Ghani, (2014) researched the impact of product innovation and quality on the image of a brand with a focus on the Automotive industry. Data was collected from 287 passengers using questionnaires. The sampling method used was systematic sampling and the participants comprised car users at various malls located North of Malaysia. The results disclosed that innovation and quality, have a high impact on brand image. Further, the findings showed that product quality and product innovation lead to relationship building that made customers trust the brand. Therefore, a significant connection exists between product innovation and the brand's image in the automotive industry.

Neupane (2015) adds that the reason why successful brands have remained successful in the market is because of product innovation, a trend that they have made consistent. For instance, brands such as Apple, Coca-Cola, Toyota, McDonald's, and Samsung have remained successful in the market because they have continually and consistently focused on innovation. This consistency makes customers not only rely on them but also trust them (Neupane, 2015). Brands should focus on innovation because the market is highly competitive and failure to do so will create a door for consumers to switch to other brands that are open to retaining them through adaptation and change.

Mandina, Maravire, and Masere (2014) studied Corporate Social Responsibility (CSR) as a way of enhancing an organization's image in Unki Mine (UM) company. The research design used was exploratory and descriptive and a sample size of 208 was picked following the use of stratified sampling methodology from four strata namely Unki Mine management, Unki Mine employees, the surrounding community, and the Tongogara rural council. Interviews that included focus groups and personal meetings were used while questionnaires that included close and open-ended questions were also employed. The researchers established that CSR activities which also include philanthropic activities enhance the image of a company. Further, the study also concluded that

CSR and philanthropic activities enhance the relationship between an organization and its stakeholders, and customers are among them. The research findings also showed that businesses that are actively involved in the well-being of their clients can generate loyalty, goodwill, and support from the customers (Mandina, Maravire, and Masere, 2014).

2.3.4 Customer Switching Cost

Ranaweera and Prabhu, (2003) conducted research to test the effect of switching costs on client retention. The research focused on the fixed-line telephone market in the UK and mobile phone services in France. The methods used in data collection included interviews and questionnaires. 432 questionnaires were filled out and data was analyzed. The results revealed that switching costs have a positive impact on retention (Ranaweera, and Prabhu, 2003). Further, the findings showed that where the switching barriers are high, product or service providers can retain even the less satisfied customers, especially where the customer's perceived costs of seeking a supplementary provider outgrow the perceived benefits of switching. Although switching barriers could be used as a strategic tool by businesses, at some point, dissatisfied clients may become resentful of the barriers, especially where the barriers lead to customer entrapment (Ranaweera, and Prabhu, 2003).

In a comparative study, Tesfom, and Birch (2011) examined the impact of switching barriers in personal banking among two age groups. The study used questionnaires to collect data from 180 bank clients. To measure their perception of switching barriers, three key elements namely relational benefits, attractiveness, and availability of alternatives were assessed. The findings showed that the bank clients (old and young bank customers) vary significantly as far as their

perception of various switching barriers is concerned. Younger customers tend to change their banks easily as compared to older customers.

Because of this diversity of behavior between old and young bank customers, financial institutions need to develop meaningful retention strategies that can prevent young clients from changing to other banks (Tesfom, & Birch, 2011). The younger bank customers are not concerned a lot with the relational benefits. Young bank customers are always seeking services that are attractive to them and can easily end relations with their present banking institution in case they find a more attractive institution. Tesfom and Birch (2011) add that managers in the banking sector should aim at retaining customers through switching barriers that provide customers with superior customer value, streamlining the service recovery in case of a service failure, and coming up with more meaningful incentives for younger customers.

Suryani and Chaniago (2011) studied the switching barriers factors that contribute to the retention of clients and hinder them from shifting to other banks in Indonesia. The study obtained data from 250 Islamic bank customers from Surabaya. The study found that five crucial factors create a switching barrier hence preventing the customer from switching. They include the type of relationship tactics the bank uses with its clients, perception of risk, the bank's compliance with customers' Islamic principles, and service recovery. The study concluded that banks that use a relational approach to their client lead to effective relationship investment that results in increased client dependency hence increasing the switching cost to the competitor banks. Suryani and Chaniago (2011) opine that when clients perceive that they have received benefits from their relationship investment with the bank, they become more loyal to the bank. Culture also plays a paramount role in the customer's choice of bank. Suryani and Chaniago (2011) found that customers seeking banking services consider first the bank's compliance with Islamic principles.

Thus, hospitals can benefit from this research by establishing good relationships with their customers which can lead to relational switching costs that contribute to customer retention.

Muganda, Otuya, and Waiganjo (2014) studied the impact of loyalty cards as well as coalition loyalty programs on supermarkets' competitiveness in Nakuru town, Kenya. The researchers used Naivas, Tuskys, and Nakumatt supermarket managers and customers as the target population. A sample of 9 managers and 375 customers was selected through purposive sampling. The method of data collection used was the questionnaire approach while regression and descriptive statistics were utilized to analyze data. The research discovered that customer loyalty schemes enhance the competitiveness of supermarkets. It recommends that loyalty cards increase the satisfaction and retention of customers by increasing their switching costs. The findings of the research align with those of Koo, Yu, and Han (2020) who sought to find the value of loyalty programs in boosting the loyalty of hotel guests by creating switching barriers. The findings revealed that loyalty programs are effective in the creation of customer retention and satisfaction by increasing switching barriers.

2.4 Summary of Literature Review and Research Gap

Under this section, the gaps found in the various empirical studies are outlined, and a way forward on how the current study has addressed the research gaps is provided.

Table 2.1 below is a summary of the gaps identified in past studies.

Table 2.1: Summary of Literature Review and Research Gap

Researcher/Year	Focus	Results	Gap	Focus of Present Study
Alsiehemy (2019)	The use of self-service technology (SST) to retain customers.	The study found that SST has a tremendous impact on customer retention within different contexts.	The study used literature data which is a secondary source of data that may not be specific to the research needs or may be biased to favor the person who gathered it.	The study has used primary data and has collected data using questionnaires.
Anucha (2019)	Relationship amongst electronic marketing and client retention in the hospitality industry in Nigeria	A significant relationship exists between electronic marketing and customer retention in a hospitality organization.	The study context was in the hospitality industry and handled electronic marketing only	This study was done in Outspan Hospital which operates in the healthcare industry. Besides, additional variables such as switching costs, service design, and corporate image were included.

Chatterjee, Giri, Paul, and Bag (2019)	Impact of Customer Relationship Management (CRM) Software on Patient Satisfaction in Public Hospitals of Urban West Bengal, India	The study found that CRM technology leads to increased patient satisfaction and in the long run patient loyalty and retention.	The context of the study was West Bengal, India. The study also handled one variable which is CRM technology.	The context of the study was Outspan Hospital in Nyeri County. The study also handled additional variables which include the corporate image, service design, and switching costs.
Kamau (2021)	The influence of servicescapes/ physical environment on the satisfaction of classified hotel customers located in Nairobi County.	There is a significant relationship between servicescapes and customer satisfaction.	The context of the study was in the hotel industry and Nairobi County. A purposive sampling technique was used.	The focus of this study was Outspan Hospital located in Nyeri. The sampling method that was used is the census method.

Kinya, Mutukaa, and Jemaiyo (2019)	Impacts of complaint handling and communication on customer loyalty at ABL.	Effective complaint-handling strategies are crucial in establishing healthy relationships with customers, an approach that subsequently results in customer loyalty.	The research was carried out in a different industry, the retail industry, where the conditions vary from the healthcare industry hence a contextual gap.	The study context was Outspan Hospital which is in the healthcare sector.
Koo, Yu, and Han (2020)	The value of different loyalty programs in enhancing the loyalty of hotel guests by creating switching barriers.	Loyalty programs are effective in the creation of customer retention and satisfaction by increasing switching barriers.	The study context was the hotel industry in South Korea. An online survey technique was utilized for the primary collection of data while analysis was done using a structural equation model.	This study was done in the Kenyan Private Healthcare industry and the method of primary data collection was a questionnaire. The method for data analysis was correlation and regression analysis.
Omondi, and Odock (2019)	Effect of service quality on customer	A positive association exists between service quality practices	The study context was the entertainment industry with a	The study focus was Outspan Hospital in the healthcare

	retention at branded nightclubs in Mombasa County.	and customer retention.	focus on branded nightclubs in Mombasa County. Besides, the study only handled service quality.	industry. The study also looked at other additional variables of customer retention such as system usage, switching cost, corporate image, and service design.
ITAI (2018)	Relationships between service recovery strategies and customer retention of selected banks in Nigeria's city, Lagos.	Service recovery strategies positively and significantly influenced customer retention.	The study was undertaken in a different context particularly the banking sector in Nigeria hence a contextual gap.	The study focused on Outspan Hospital in the Healthcare sector
Shahid Iqbal, Ul Hassan and Habibah (2018)	Impact of self-service technology (SST) on customer satisfaction, loyalty, and	A positive and significant relationship exists between self-service technology (SST) and customer loyalty	The study context was the service industry in Pakistan and the method of data collection used was an online	The context of this research was in the healthcare industry and the method of data collection

	behavioral intention such as repurchase intent in Pakistan's service sector.	and behavioral intentions and customer satisfaction.	survey which the researcher may not have control over survey fraud. The research also did not employ other variables as moderating or mediator variables	was the use of questionnaires. Additional variables such as corporate image, service design, and switching costs were also addressed.
Schulz, and Omweri (2018)	Effects of Business Image on Customer Retention in Hotels in Eldoret, Kenya	The study found that business or brand image has a great impact on ensuring customer retention and loyalty.	The study used an explanatory design that is flexible hence results might not be reliable.	The context of this study was the Outspan Hospital in Nyeri County. The study used a descriptive research design that protects the research processes against bias and increases reliability.
Githiri (2016)	The impact of the physical environment/servicescapes on client return	Linear regression analysis and Pearson correlation analysis both showed a strong	The context of the study was in select star-rated restaurants in Nairobi and Coastal Regions.	The context of the study was Outspan Hospital in Nyeri. A descriptive

	intention and satisfaction.	positive relationship which is statistically significant between physical environment dimensions and return intention by customers.	A cross-sectional survey was utilized. For the sampling procedure, a simple sampling procedure was utilized.	research design was used while the census method was adopted.
Grube, Kaufman, Clarin, and O'Riordan (2016)	Influence of telemedicine in helping patients connect with physicians	Telemedicine helps patients to connect with doctors through virtual visits thus strengthening their ties.	The study used secondary sources. The context of the study was also in developed countries.	The focus of this study was private hospitals in Nyeri. Further, the research methodology included descriptive research design, census method, primary data collection utilizing questionnaires, and analysis of data using both regression and correlation analysis.

Nazir, Ali, and Jamil (2016)	Impact of Brand Image on the Customer Retention	The study found that the impact of brand image on customer retention is highly significant.	The study context was the fashion wear industry in Pakistan.	The context of the study was the healthcare industry from the point of view of Outspan Hospital in Nyeri County.
Alex-Onyeocha, and Chinonso (2015)	Impact of electronic marketing and services in achieving effective customer service in Nigeria's hotel industry.	Electronic marketing services play a significant role in satisfying and retaining customers in the hospitality industry.	The study context was the hotel industry in Nigeria.	The Healthcare industry particularly the Outspan Hospital was the context of the study.
Hanaysha, Hilman, and Abdul-Ghani (2014)	Effects of product innovation and product quality on brand image	A significant relationship exists between product innovation, product quality, and brand image.	The study context is in a different industry, the Automotive industry. The study also handles one variable, brand image.	The context of this study was the healthcare industry. The study also examined the effects of other factors such as system usage, service design, and switching

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				cost on customer retention.
Mandina, Maravire, and Masere (2014)	The effectiveness of CSR in increasing company image	CSR activities which also include philanthropic activities enhance the image of a company.	The study context was the mining industry. The exploratory research design was used. Stratified and convenience sampling methods were used.	The focus of this research was on the private healthcare sector in Kenya. The Census method was used.
Muganda, Otuya, and Waiganjo (2014)	The outcome of customer loyalty schemes on enhancing the competitiveness of Nakuru Town-based supermarkets.	Customer loyalty schemes have a great impact on the competitiveness of supermarkets. This is established where the loyalty schemes create switching barriers for the shoppers.	The study was done in the context of the retail industry and a purposive sampling technique was adopted	The focus of this study was on private hospitals and the census technique was used.
Tesfom, and Birch (2011)	Examine whether switching costs/barriers affect young and older	Young and older bank customers differ significantly on how they perceive switching costs/ barriers and	This research was conducted in two institutions in an industrialized country.	The context of the study was one institution in a developing country.

	bank customers differently in the retail banking industry.	in terms of duration, they intend to end a business relationship.		
Suryani and Chaniago (2011)	Switching barrier factors that retain customers not to defect to other banks from Islamic banking	The findings showed that banks that establish a relationship approach to their client lead to effective relationship investment that results in increased client's dependency hence increasing the switching cost/barrier to the competitor bank.	The sample entailed respondents of Islamic culture and religion. The study context was the Islamic banking industry in Indonesia.	The context of the study included respondents of diverse religions and cultures. The study also was conducted in the context of the Kenyan healthcare industry with different contextual issues.
Ranaweera, and Prabhu, (2003)	Impact of customer switching barriers, trust, and satisfaction, on retention.	Switching barriers have a significant and positive effect on client retention.	The study was done in the United Kingdom (UK) telephone industry.	This study was done in the Kenyan healthcare industry.

Source; Researcher, (2022)

2.5 Conceptual Framework

Independent Variables   **Dependent Variable**

Service Design
Complaint Handling
Service Recovery
Service Quality
Servicescape/Physical Environment

System Usage
Electronic Marketing
SST
CRM
OAS
Telemedicine

Corporate Image
Customer-staff Relationship
Brand Experience
Brand Awareness
Innovation
CSR

Switching Cost
Loyalty Programs
Compliance to culture and religion
Superior Customer Value
Relational benefits and attractiveness

Customer Satisfaction & Retention
• Growth in Market Share • Repeat Patronage • Customer Lifetime Value

Figure 2.1: Conceptual Framework

Source; Researcher, (2022)

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CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This session describes the research study design, data collection techniques, and how data was analyzed. The sampling approach, sample size, target population, and data collection tools were also highlighted in this session. Besides, the chapter explains the processes of piloting, data validity, and reliability.

3.2 Research Design

Fellows and Liu (2008) assert that a study's research design or strategy is a plan or approach adopted by a researcher to enable in carrying out of different research activities by creating a favorable environment to gather sufficient information with little expenditure. The study used a descriptive research design that furnished the scholar with evidence on attributes or traits of the study subjects. Further, the decision to use a descriptive research design was driven by the fact that it creates an opportunity to conduct extensive research on account of how the various variables; system design, corporate image, switching costs, and service design affect the satisfaction and retention of customers in Outspan Hospital. This research design was also used since it allowed for the collection of information and the identification of patterns that can establish the link between two variables (Williams, 2007).

3.3 Target Population

Banerjee and Chaudhury (2010) delineate a target audience as objects or individuals with common observable characteristics. The unit of analysis comprised employees working as heads and

deputies in different departments within Outspan Hospital. According to Outspan Hospital, Human Resource Office, there are a total of 35 departments. The target population therefore comprised the head and deputy from each of the 35 departments thus a target population of 70. The justification for selecting the heads and deputies of departments is because of their vast experience in dealing with customer issues in the institution.

Table 3.1: The Target Population

Units/Departments	Target Population
Management/Administration	2
Oncology	2
Outspan Hospital- Embu Branch	2
Outspan Hospital-Nyeri Town Clinic	2
Finance & Credit Office (NHIF Office)	2
Isolation Ward	2
Diagnostic/ Imaging Center	2
Eye Unit	2
Dental Unit	2
Outpatient	2
Cash Office	2
Catering	2
Laundry	2
Nurse Managers	2
Security	2
Front Office/Medical Records	2
Customer Relations	2
Housekeeping	2
Executive ward	2

Procurement and Stores	2
Physiotherapy	2
Laboratory	2
Nutrition	2
Mental Health	2
Reproductive Health Ward	2
ICU/Renal	2
Theatre	2
Female Surgical Ward	2
Female Medical Ward	2
Male Surgical Ward	2
Male Medical Ward	2
Clinical (Clinicians & Medical Officers)	2
Information Communications & Technology (I.C.T)	2
Pharmacy	2
Environmental and Maintenance	2
Total	**70**

Source: (Human Resource Office, Outspan Hospital, 2021).

3.4 Sampling Method

The study did not use the sampling method since the population is not huge given the setup structure in Outspan Hospital. Therefore, the respondents were the final subjects of the study. A census was conducted on selected respondents from Outspan Hospital. Baffour and Valente (2012) support the use of the census method because it provides the researcher with an opportunity to conduct an intensive study concerning a problem while ensuring a high level of accuracy because of the limited scope of operation. The study, therefore, assumed a sample size of 70 respondents.

3.5 Data Collection Instruments

The study used questionnaires as the main tool for the collection of primary data. They were in form of structured questions which provided a logical flow of items organized into six parts. The first section included general and demographic questions. Section two to section five comprised questions relating to the independent variables. Section six comprised information on the dependent variable. The simplicity of the structured questions enabled the respondents to provide logical and straightforward responses within the shortest time possible. Cheung (2014) posits that using structured questionnaires is a convenient and cheap approach for gathering data thus ensuring that the researcher saves on time and cost.

3.5.1 Piloting

During the data collection process, the data collection tool was pretested or piloted to ensure that the data collected using the tool was valid. Malmqvist, Hellberg, Möllås, Rose, and Shevlin (2019) argue that the process of pretesting or piloting a research instrument is important because it gives the researcher a broader understanding of the type of questions that should be asked hence ensuring the efficacy of the instrument (construct validity). Besides, piloting helps the researcher to gather more insights and become more prepared on how to tackle the problems that may arise during the research (Malmqvistet et al., 2019). The researcher conducted a pretest for 10 questionnaires with Karatina Nursing Home which is a private hospital. The questionnaires were delivered to the recipients and they were given one week to respond.

3.5.2 Validity

Kimberlin and Winterstein (2008) affirm that validity is the degree to which a measuring scale purports to measure what it is intended to. It also refers to the degree to which the results attained

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represent the actual phenomenon being studied. Validity is also defined as the preciseness, accuracy, and exactness of the collected data in research to represent the study's variables. To ensure content validity, consultations and discussions with lecturers, research experts, supervisors, and experienced graduates were sought.

3.5.3 Reliability

Bolarinwa (2015) defines reliability as the degree to which an experiment, measuring procedure, or test yields similar results upon several repeated trials. It also affirms the ability of a researcher to replicate research procedures using the same procedures and tools to yield consistent measurements. To ensure the reliability of the instruments, internal consistency was ensured and Cronbach's alpha was used. The researcher ensured that all the set variables in the questionnaire gave a Cronbach's alpha score of 0.7 or above because this is a satisfactory level of reliability (Taber, 2018). Table 3.2 shows the results of the reliability analysis.

Table 3.2: Reliability Analysis

Variable	No. of Items	Cronbach's	Verdict
Service design	4	.796	Reliable
System usage	5	.705	Reliable
Corporate Image	5	.892	Reliable
Customer switching cost	4	.879	Reliable
Aggregate	18	0.861	Reliable

Source: Research Data (2022)

The findings show that Cronbach's Alpha coefficients for the four variables were reliable with .796, .705, .892, and .879 for service design, system usage, corporate image, and switching cost.

3.6 Data Collection Procedure

After receipt of a letter approving data collection from the university and NACOSTI, the Outspan Hospital management was approached to grant permission for data collection from its employees. The drop-and-pick technique was used whereas the researcher personally administered the questionnaires to respondents. They were granted one week to respond. The data was later transformed into numerical and quantitative forms for ease of analysis.

3.7 Data Analysis and Presentation

The process through which questionnaires are presented for sorting of gathered primary data, editing, recording of the data, coding, verification of data integrity, and interpretation of findings is known as data analysis. The researcher used SPSS for data analysis because according to Ong, and Puteh (2017), SPSS is user-friendly and can conduct correctional and comparison statistical tests in the form of multivariate, and univariate analysis. Mean, standard deviation, frequency distribution, and percentages are the descriptive statistics that were used to compute and capture the various characteristics of the variables in the study. Inferential statistics which include regression analysis and correlation analysis were used. Data were presented using tables and in a narrative format.

3.8 Empirical Model

The empirical model that was utilized is a multiple regression that facilitated the establishment of the link between variables in the study. This inferential statistic was adopted because according to Allen (2017), it provides the researcher with an opportunity to examine the strength of the interrelationship between the research variables and the association between the independent variables themselves. Below is an equation showing the multiple regression model used:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon$$

Where;

Y = Customer Satisfaction and Retention

B_0 = Constant Term

ε = Error Term

B_1 -B_4 = Beta Coefficients

X_1 = Service Design

X_2 = System Usage

X_3 = Corporate Image

X_4 = Switching Cost

3.9 Ethical Consideration

To prevent the issue relating to informed consent, the researcher sought permission from Outspan Hospital. This was supported by a permit letter from NACOSTI and a cover letter from the university before data collection. After permission was granted by the hospital management, the researcher engaged the subjects by clarifying the purpose of the study. The respondents were also informed that the responses they provide in the questionnaires will be used purely for learning purposes. The researcher requested consent and voluntary participation. Because of the subject's nature of work, they were contacted during lunch breaks, or an appointment was booked with them to prevent disrupting their work schedules and to safeguard their integrity.

CHAPTER FOUR

RESEARCH FINDINGS AND DISCUSSIONS

4.1 Introduction

Analysis and presentation of data have been done in this chapter. This has been done considering the specific objectives set out in chapter one. The major objective of the research was to assess the antecedents of customer satisfaction and retention in Outspan Hospital in Nyeri County. This chapter, therefore, details the various study findings based on the study variables. It also provides a discussion of the findings while comparing these findings with related findings from other studies.

4.2 Response Rate

The data collection tool used was questionnaires, and out of the 70 questionnaires that were issued to the respondents 66 of them were completed. As shown in Table Table 4.1, 94.3% of the questionnaires were completed, hence a response rate of more than 50% was achieved. This is an acceptable return rate in most research work (Mugenda and Mugenda, 2009). The high score in return rate is probably because the scholar had made prior arrangements with the hospital management before the actual data collection. Hence, this ensured adequate rapport during the data collection stage.

Table 4.1:Rate of Response

Category	Frequency	Percent
Completed	66	94.3%
Incomplete/Unreturned	4	5.7%
Total	70	100%

Source: Research Data (2022)

4.3 Demographic Information

The profile of the respondents detailed their gender, academic qualification, and length of experience in the hospital. The study established that more than half of the respondents (54.5%) comprised females while the rest (45.5%) were males, as shown in Table 4.2. This result was good for the study since each gender was adequately represented.

Table 4.2: Respondents' Distribution by Gender

Gender	Frequency	Percent
Female	36	54.5
Male	30	45.5
Total	66	100.0

Source: Research Data (2022)

Based on Table 4.3, the majority of the respondents (69.7%) had diploma qualifications, 25.8% had a university degree and 4.5% had post-graduate qualifications. These results show that all the respondents had a minimum diploma qualification. This shows that all respondents could easily comprehend the items in the questionnaire and subsequently provide credible responses.

Table 4.3: Distribution of Respondents by Level of Education

Education Education	Frequency	Percent
Diploma	46	69.7
Degree	17	25.8
Postgraduate	3	4.5
Total	66	100.0

Source: Research Data (2022)

As shown in Table 4.4, most of the respondents (34.8%) stated 3 to 6 years, 30.3% specified below 3 years and 24.2% stated more than 10 years. These results imply that majority had a considerable work experience at the Outspan Hospital. Only less than a third of the respondents indicated a working experience of less than 3 years. This was good because the majority could provide credible responses on the antecedents of client satisfaction and retention in Outspan Hospital based on their length of experience at the institution.

Table 4.4: Distribution of Respondents by Working Experience

Work Experience	Frequency	Percent
Below 3 years	20	30.3
3 to 6 years	23	34.8
7 to 10 years	7	10.6
More than 10 years	16	24.2
Total	66	100.0

Source: Research Data (2022)

4.4 Descriptive Analysis

Assessment of the antecedents of customer satisfaction and retention in Outspan Hospital in Nyeri County was sought through this study. A descriptive analysis of the study variables is presented.

4.4.1 Service Design

Table 4.5: Service Design Rating

Statements	D		N		A		SA	
	F	%	F	%	F	%	F	%
The hospital has a complaint-handling procedure for dealing with customer complaints	1	1.5	1	1.5	11	16.7	53	80.3
We have embraced service recovery strategies to help manage service failure	2	3.0	10	15.2	15	22.7	39	59.1
Our facility's physical environment is appealing to visitors in terms of ambient condition, cleanliness, and external appearance	0	0.0	0	0.0	8	12.1	58	87.9
Our staff enhances service quality by being disciplined, well-dressed, courteous, and skilled to meet customer expectations.	0	0.0	3	4.5	9	13.6	54	81.8

Source: Research Data (2022)

The study was conducted to determine the effect of service design on customer satisfaction and retention in Outspan Hospital in Nyeri County. Four items were utilized to evaluate the hospital's commitment to service design. The responses to the four items are shown in Table 4.5. Item one of service design scale sought to establish whether the hospital had a complaint handling procedure for dealing with customer complaints. The majority of the respondents pointed out that the hospital

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had a mechanism for dealing with customer complaints where 80.3% strongly agreed and 16.7% agreed. A small proportion of the respondents (1.5%) held a divergent opinion. Another 1.5% of the respondents were unsure and thus gave a neutral response. These results signify that the hospital had a complaint-handling procedure for dealing with customer complaints. Only a few of the respondents, barely a twentieth of them, held a differing view. This finding is in line with the assertion by Kinya et al. (2019) who argued that satisfactory complaint-handling approaches are crucial in establishing business relationships that lead to the loyalty of customers who eventually become retained customers. Service industry organizations like Outspan hospital should focus on improving complaints handling programs, to manage the needs of their clients better and in the end increase their competitive edge because of retained customers and the stable relationships established.

Item two of service design scale sought to establish whether the hospital embraced service recovery strategies to help manage service failure. The majority of the respondents indicated the presence of service recovery strategies where 59.1% strongly agreed and 22.7% agreed. Nearly a fifth of the respondents (15.2%) were unsure and thus gave a neutral response. A small proportion of the respondents (3.0) held a differing opinion. These results imply that the hospital had embraced service recovery strategies to help manage service failure. The respondents who held a differing opinion were less than a twentieth. This finding supports the assertion of ITAI (2018) who established a significant effect of the overall service recovery process on customer retention.

Item three of service design scale sought to establish whether the hospital's physical environment was appealing to visitors in terms of ambient condition, cleanliness, and external appearance. Interestingly, all the respondents indicated that the hospital's physical environment was appealing to visitors where 87.9% strongly agreed and 12.1% agreed. These results signify that the hospital's

facility was appealing to visitors in terms of ambient condition, cleanliness, and external appearance. No respondent held a deviating view. This finding agrees well with the assertion of Kamau (2021) who resolved that customers were happy and satisfied with restaurants that had impressive physical environment elements, such as cleanliness, ambient conditions, symbols, artifacts, and signs as well as functionality and special layout. The finding also supports the argument of Githiri (2016) who indicated that the physical environment is of crucial importance because it highly influenced a client's return intention in the restaurants. Subsequently, managers in the service industry like Outspan hospital should focus on improving tactics that help improve the external appearance of the organization to enhance the satisfaction and retention of clients.

Item four of service design scale sought to establish whether the hospital's staff enhanced service quality by being disciplined, well-dressed, courteous, and skilled to meet customer expectations. Most of the respondents specified that the staff of Outspan Hospital enhanced service quality where 81.8% strongly agreed and 13.6% agreed. A small proportion of the respondents (4.5%) were unsure and thus gave a neutral response. These results imply that the hospital's staff enhanced service quality. Only barely a twentieth of the respondents had a different view. This finding is in harmony with the assertion of Omondi and Odock (2019) who established that smartly well-dressed, well-behaved, disciplined, courteous, and well-skilled service attendants were paramount in meeting customer expectations.

Table 4.6: Service Design Mean and Standard Deviation

Statements	N	Mean	Std. Deviation
Our facility's physical environment is appealing to visitors in terms of ambient condition, cleanliness, and external appearance	66	4.88	0.329
Our staff enhances service quality by being disciplined, well-dressed, courteous, and skilled to meet customer expectations.	66	4.77	0.520
The hospital has a complaint-handling procedure for dealing with customer complaints	66	4.74	0.640
We have embraced service recovery strategies to help manage service failure	66	4.38	0.855

Source: Research Data (2022)

The means for the four service design items were computed to examine their ratings. Results displayed in Table 4.6 indicate that three service design items enumerated a score of more than 4.5 while one item posted a rating of between 3.5 and 4.4. These results imply that three service design items had a rating of very good while one item had a rating of good. Hence, in terms of service design, Outspan hospital was doing very well. Specifically, the hospital's facility was very appealing to visitors in terms of ambient condition, cleanliness, and external appearance. Moreover, to a significant degree, the hospital staff enhanced quality of service by being disciplined, well-dressed, courteous, and skilled to meet customer expectations. In addition, the hospital has a superb complaint-handling procedure for dealing with customer complaints. Finally,

to a large extent, the hospital had embraced service recovery strategies to help manage service failure.

4.4.2 System Usage

Table 4.7: System Usage Rating

	D		N		A		SA	
Statements	F	%	F	%	F	%	F	%
We use Electronic Marketing as a major approach to communicate about our services	0	0.0	9	13.6	18	27.3	39	59.1
We improve the patient experience using Self-Service Technologies (SSTs)	7	11	23	34.8	17	25.8	19	28.8
We have an Online Appointment System (OAS) to allow patients to book their clinics	16	24	14	21.2	12	18.2	24	36.4
We have a well-developed Customer Relationship Management (CRM) technology to manage patient's medical records	3	4.5	5	7.6	14	21.2	44	66.7
We use telemedicine to ensure that patients can consult remotely with their doctor	21	32	15	22.7	19	28.8	11	16.7

Source: Research Data (2022)

Evaluation of the effect of system usage on customer satisfaction and customer retention in Outspan Hospital in Nyeri County was sought through this study. Five items were utilized to examine the hospital's efficiency of system usage. The responses to the five items are shown in Table 4.7. Item one of system usage scale sought to establish whether the hospital utilized electronic marketing as a major approach to communicate about its services. The majority of the

respondents pointed out that the hospital utilized electronic marketing where 59.1% strongly agreed and 27.3% agreed. Slightly more than a fifth of the respondents (13.6%) were unsure and thus gave a neutral response. These results imply that the hospital utilized electronic marketing as a major approach to communicate its services. Nearly nine-tenths of the respondents upheld this opinion. This finding is in line with the assertion of Anucha (2019) who established a significant association between electronic marketing and the retention of hotel customers. The finding also aligns with the argument of Alex-Onyeocha and Chinonso (2015) that electronic marketing through search engine optimization, mobile advertising, display advertising, sponsored search, and email advertising improved the overall customer service, therefore, satisfying clients in the hospitality industry.

Item two of system usage scale sought to establish whether the hospital improved the patient experience using self-service technologies. The majority of the respondents specified that the hospital utilized self-service technologies to improve patient experience where 28.8% strongly agreed and 25.8% agreed. Only 34.8% of the respondents were unsure and thus gave a neutral response. A small proportion of the respondents (11.0%) held a divergent opinion. These results suggest that the hospital improved the patient experience using self-service technologies. More than half of the respondents maintained this view. This finding aligns with the assertion of Shahid et al. (2018) who established a significant association between self-service technology (SST) and customer behavioral intentions, customer loyalty, and satisfaction. Subsequently, organizations in the service industry like Outspan hospital should endeavor to improve the utilization of self-service technology (SST) to leverage convenience in service provision to customers and thus boost satisfaction, loyalty, revisit intent, and altogether customer retention.

Item three of system usage scale sought to establish whether the hospital had an online appointment system to allow patients to book their clinics. The majority of the respondents pointed out the presence of an online appointment system where 36.4% strongly agreed and 18.2% agreed. Slightly more than a fifth of the respondents (21.2%) were unsure and thus gave a neutral response. Nearly a quarter of the respondents (24.0%) held a divergent opinion. These results imply that the hospital had an online appointment system to allow patients to book their clinics. More than half of the respondents upheld this opinion. This finding aligns with the assertion of Wang et al. (2013) who indicated that where hospitals use an online appointment system (OAS) they exhibited high-quality service that enhanced the hospital's image, patient loyalty, and satisfaction. The finding also supports that of Alsiehemy (2019) who established that an online appointment system significantly influences an organization's performance through improved customer satisfaction.

Item four of system usage scale sought to establish whether the hospital had a well-developed customer relationship management technology to manage patients' medical records. The majority of the respondents specified that the hospital had an outstanding customer relationship management technology where 66.7% strongly agreed and 21.2% agreed. Less than a tenth of the respondents (7.6%) was unsure and thus gave a neutral response. A small proportion of the respondents (4.5%) held a differing opinion. These results signify that the hospital had a well-developed customer relationship management technology to manage patients' medical records. Nearly nine-tenths of the respondents upheld this opinion. This finding is in agreement with the assertion of Chatterjee et al. (2019) that CRM technology significantly influenced customer satisfaction in a hospital. Consequently, the adoption of CRM technology help in patient satisfaction by addressing the pressures to provide quality service, proper management and maintenance of patient records, and building a CRM-centered culture in the organization.

Item five of system usage scale sought to establish whether the hospital utilized telemedicine for patients to consult remotely with their doctor. The majority of the respondents pointed out that patients consulted remotely with their doctor through telemedicine where 28.8% agreed and 16.7% strongly agreed. Nearly a third of the respondents (32.0%) held a divergent opinion. Slightly more than a fifth of the respondents (22.7%) was unsure and thus gave a neutral response. These results suggest that the hospital utilized telemedicine for patients to consult remotely with their doctors. A divergent view was upheld by barely a third of the respondents. This finding is in agreement with the assertion of Grube et al. (2016) that telemedicine has the potential to improve waiting time, the convenience of patients, and the lowering of consultation costs. Besides, telemedicine help hospitals and physicians strengthen their ties with clients through virtual consultations that ensure that their healthcare needs are seamlessly taken care of; subsequently improving customer satisfaction.

Table 4.8: System Usage Mean and Standard Deviation

Statements	N	Mean	Std. Deviation
We have a well-developed Customer Relationship Management (CRM) technology to manage patient's medical records	66	4.51	0.827
We use Electronic Marketing/Digital marketing as a major approach to communicate about our services	66	4.45	0.727
We improve the patient experience using Self-Service Technologies (SSTs) or self-service kiosks	66	3.71	1.034
We have an Online Appointment System (OAS) to allow patients to book their clinics	66	3.62	1.286
We use telemedicine to ensure that patients can consult remotely with their doctor	66	3.18	1.276

Source: Research Data (2022)

The means for the five system usage items were computed to examine their ratings. Results displayed in Table 4.8 indicate that one item enumerated a mean of more than 4.5, three items posted a mean of between 3.5 and 4.4, and one item recorded a mean of between 2.5 and 3.4. These results signify that one item had a rating of very well; three items had a rating of good and one item had a rating of fair. Specifically, the hospital had an outstanding customer relationship management technology to manage patients' medical records. Besides, the hospital regularly utilized electronic marketing as a major approach to communicate its services. Equally, the hospital improved the patient experience using self-service technologies and had an online appointment system to allow patients to book their clinics. Further, the hospital fairly utilized telemedicine for patients to consult remotely with their doctor.

4.4.3 Corporate Image

Table 4.9: Corporate Image Rating

	D		N		A		SA	
Statements	F	%	F	%	F	%	F	%
We always sponsor Corporate Social Responsibility (CSR) activities for our surrounding community	0	0.0	4	6.1	7	10.6	55	83.3
We always encourage our employees to build a strong customer-staff relationship by communicating with them in a courteous manner	0	0.0	0	0.0	12	18.2	54	81.8
We have activities such as advertisements for developing brand awareness	2	3.0	10	15.2	13	19.7	41	62.1
We encourage our employees to enhance brand experience by treating our clients well	0	0.0	3	4.5	12	18.2	51	77.3
We encourage our employees to innovate new services and new ways of providing services	6	9.1	7	10.6	16	24.2	37	56.1

Source: Research Data (2022)

The effect of corporate image on customer satisfaction and retention in Outspan Hospital in Nyeri County was sought in the study. Five items were utilized to study the hospital's image. The responses to the five items are shown in Table 4.9. Item one of corporate image scale sought to establish whether the hospital regularly sponsored CSR activities for the surrounding community. The majority of the respondents specified that the hospital actively engaged in CSR activities where 83.3% strongly agreed and 10.6% agreed. A small percentage (6.1%) of the respondents

were unsure, thus giving a neutral response. These results signify that the hospital regularly sponsored CSR activities for the surrounding community. More than nine-tenths of the respondents upheld this opinion. This finding aligns with the assertion of Mandina et al. (2014) that CSR and philanthropic activities enhance the relationship between an organization and its stakeholders. Subsequently, organizations that are actively involved in the well-being of the community can generate loyalty, goodwill, and support from customers.

Item two of corporate image scale sought to establish whether the hospital encouraged its employees to build a strong customer-staff relationship by courteously communicating with them. Surprisingly, all the respondents testified to the presence of a strong customer-staff relationship where 81.8% strongly agreed and 18.2% agreed. These results signify that the hospital had a strong customer-staff relationship built by communicating courteously with the clients. This finding is in line with the assertion of Schulz, and Omweri (2018) who indicated that good customer-staff relationships significantly contributed to the satisfaction and retention of customers. The duo concluded that employees play a key part in ensuring that a positive brand image is maintained through the provision of quality services, maintaining a positive customer-staff relationship, and recognizing the customers.

Item three of corporate image scale sought to establish whether the hospital had activities such as advertisements for developing brand awareness. Most of the respondents specified that the hospital engaged in advertising aimed at developing brand awareness where 62.1% strongly agreed and 19.7% agreed. Nearly a fifth of the respondents (15.2%) were unsure and thus gave a neutral response. A small proportion of the respondents (3.0%) upheld a differing opinion. These results imply that the hospital had activities such as advertisements for developing brand awareness. This

finding agrees with the assertion of Nazir et al. (2016) that loyalty, experience, and awareness of a brand play a vital role in a client's selection of a brand.

Item four of corporate image scale sought to establish whether the hospital employees enhanced brand experience by treating clients well. The majority of the respondents pointed out that the hospital employees treated the clients well where 77.3% strongly agreed and 18.2% agreed. A small proportion of the respondents (4.5%) was unsure and thus gave a neutral response. These results signify that the hospital employees enhanced brand experience by treating clients well. More than nine-tenths of the respondents upheld this opinion. This finding is in line with that of Schulz and Omweri (2018) who indicated that employees play a pivotal role in enhancing the brand experience through positive interaction with customers.

Item five of corporate image scale sought to establish whether the hospital encouraged employees to innovate new services and new ways of providing services. The majority of the respondents specified that the hospital cherished innovation in the provision of services where 56.1% strongly agreed and 24.2% agreed. A tenth of the respondents (10.6%) were unsure and thus gave a neutral response. A small proportion of the respondents (9.1%) upheld a divergent opinion. These results signify that the hospital encouraged employees to innovate new services and new ways of providing services. A divergent opinion was held by less than a tenth of the respondents. This finding supports the assertion of Neupane (2015) who established that product quality and product innovation lead to relationship building that makes customers trust the brand.

Table 4.10: Corporate Image Mean and Standard Deviation

Statements	N	Mean	Std. Deviation
We always encourage our employees to build a strong customer-staff relationship by communicating with them in a courteous manner	66	4.82	0.389
We always sponsor Corporate Social Responsibility (CSR) activities for our surrounding community	66	4.77	0.549
We encourage our employees to enhance brand experience by treating our clients well	66	4.73	0.542
We have activities such as advertisements for developing brand awareness	66	4.41	0.859
We encourage our employees to innovate new services and new ways of providing services	66	4.24	1.068

Source: Research Data (2022)

The means for the five corporate image items were computed to examine their ratings. Results displayed in Table 4.10 indicate that three corporate image items enumerated a score of more than 4.5 while two items posted scores of between 3.5 and 4.4. These results imply that three corporate image items had a rating of very good while two items had a rating of good. Specifically, the hospital had a very strong customer-staff relationship built by communicating courteously with the clients. Besides, the hospital regularly sponsored CSR activities for the surrounding community. Equally, the hospital employees enhanced brand experience by treating clients well. In addition, to a large extent, the hospital had activities such as advertisements for developing

brand awareness. Furthermore, the hospital encouraged employees to innovate new services and new ways of providing services.

4.4.4 Customer Switching Cost

Table 4.11: Customer Switching Cost Rating

Statements	D		N		A		SA	
	F	%	F	%	F	%	F	%
We ensure that our services have relational benefits and that they are attractive than those of our competitors	3	4.5	7	10.6	17	25.8	39	59.1
We have loyalty programs to reward our loyal customers	7	10.6	12	18.2	14	21.2	33	50.0
We consider clients from all religions and cultures as an important asset	0	0.0	2	3.0	8	12.1	56	84.8
We encourage our employees to provide superior customer value	1	1.5	1	1.5	15	22.7	49	74.2

Source: Research Data (2022)

Four items were utilized to examine customer switching cost for the hospital. The responses to the four items are shown in Table 4.11. Item one of the customer switching cost scale sought to establish whether the hospital's services were more attractive than those of its competitors. Most of the respondents specified that the hospital's services had an edge over its competitors where 59.1% strongly agreed and 25.8% agreed. A tenth of the respondents (10.6%) were unsure and thus gave a neutral response. A small proportion of the respondents (4.5%) held a divergent opinion. These results imply that the hospital's services were more attractive than those of its

competitors. This view was upheld by greater than four-fifths of the respondents. This finding also aligns with the assertion of Tesfom and Birch (2011) that the attractiveness of an institution was instrumental in increasing customers' switching barriers.

Item two of customer switching cost scale sought to establish whether the hospital had loyalty programs to reward loyal customers. The majority of the respondents pointed out that the hospital had loyalty programs to reward loyal customers where 50.0% strongly agreed and 21.2% agreed. Nearly a fifth of the respondents (18.2%) were unsure and thus gave a neutral response. A tenth of the respondents (10.6%) gave a differing opinion. These results signify that the hospital had loyalty programs to reward loyal customers. Nearly three-quarters of the respondents upheld this opinion. This finding agrees with the assertion of Muganda et al. (2014) that customer loyalty schemes enhance the competitiveness of supermarkets. The finding also supports that of Koo et al. (2020) who observed that loyalty programs are effective in the creation of customer retention and satisfaction by increasing switching barriers.

Item three of customer switching cost scale sought to establish whether the hospital considered clients from all religions and cultures as an important asset. The majority of the respondents indicated that the hospital considered clients from all religions and cultures as an important asset where 84.8% strongly agreed and 12.1% agreed. A small proportion of the respondents (3.0%) was unsure and thus gave a neutral response. These results signify that the hospital considered clients from all religions and cultures as an important asset. Nearly all the respondents upheld this opinion. This finding is in line with the assertion of Suryani and Chaniago (2011) who observed that good relationships with customers can lead to relational switching costs that contribute to satisfaction and ultimately retention of the customer.

Item four of customer switching cost scale sought to establish whether the hospital encouraged its employees to provide superior customer value. Most of the respondents pointed out that the hospital encouraged its employees to provide superior customer value where 74.2% strongly agreed and 22.7% agreed. A small proportion of the respondents (1.5%) was unsure and thus gave a neutral response. A similar proportion upheld a divergent opinion. These results imply that the hospital encouraged its employees to provide superior customer value. Nearly all the respondents supported this view. This finding aligns with the assertion of Suryani and Chaniago (2011) who concluded that banks that use a relational approach to their client lead to effective relationship investment that results in increased client dependency hence increasing the switching cost to the competitor banks. The finding also supports that of Tesfom and Birch (2011) who recommended that managers in the banking sector should aim at retaining customers through switching barriers that provide customers with superior customer value, streamlining the service recovery in case of a service failure, and coming up with more meaningful incentives.

Table 4.12: Customer Switching Cost Mean and Standard Deviation

Statements	N	Mean	Std. Deviation
We consider clients from all religions and cultures as an important asset	66	4.82	0.461
We encourage our employees to provide superior customer value	66	4.70	0.581
We ensure that our services have relational benefits and that they are attractive than those of our competitors	66	4.39	0.857
We have loyalty programs to reward our loyal customers	66	4.11	1.054

Source: Research Data (2022)

The means for the four customer switching cost items were computed to examine their ratings and their results are displayed above in Table 4.12. The results indicate that two customer switching cost items enumerated a score of more than 4.5 while another two items posted scores of between 3.5 and 4.4. These results imply that two customer switching cost items had a rating of very good while another two items had a rating of good. Specifically, to a very large extent, the hospital considered clients from all religions and cultures as an important asset and encouraged its employees to provide superior customer value. Moreover, to a large extent, the hospital's services were more attractive than those of its competitors and had loyalty programs to reward loyal customers.

4.4.5 Customer Satisfaction and Retention in Outspan Hospital

Customer satisfaction and retention was the dependent variable of this study. Three items were used to examine customer satisfaction and retention in Outspan hospital. The respondents were asked to rate the hospital's growth in market share. As displayed in Table 4.13, a huge percentage of the respondents (54.5%) indicated very great extent growth, 24.3% rated moderate extent, 16.7% stated low extent and 4.5% rated great extent. These results show that, in the opinion of the respondents, the hospital had significant growth in market share. Only less than a fifth of the respondents indicated a low extent growth rate.

Table 4.13: Growth in Market Share Rating

Rating	Frequency	Percent
Low extent	11	16.7
Moderate extent	16	24.3
Great extent	3	4.5
Very great extent	36	54.5
Total	66	100.0

Source: Research Data (2022)

In regard to repeat patronage, the largest percentage of the respondents (43.9%) specified very great extent growth, 41.0% gave a moderate extent rating, 10.6% gave a great extent rating, and 4.5% specified low extent (Results displayed in Table 4.14). These results infer that, in the opinion of the respondents, the hospital had experienced significant repeat patronage. Those who held a divergent view were barely a twentieth of the respondents.

Table 4.14: Repeat Patronage Rating

Rating	Frequency	Percent
Low extent	3	4.5
Moderate extent	27	41.0
Great extent	7	10.6
Very great extent	29	43.9
Total	66	100.0

Source: Research Data (2022)

In respect to customer lifetime value, the greatest percentage of the respondents (43.9%) gave a very great extent rating, 25.8% gave a moderate extent rating and 19.7% gave a low extent rating

and 10.6% gave a rating of great extent as illustrated in Table 4.15. These results signify that, based on the respondents' opinions, the hospital had experienced significant customer lifetime value. Those who had a divergent opinion were only less than a fifth.

Table 4.15: Customer Lifetime Value Rating

Rating	Frequency	Percent
Low extent	13	19.7
Moderate extent	17	25.8
Great extent	7	10.6
Very great extent	29	43.9
Total	66	100.0

Source: Research Data (2022)

4.5 Inferential Analysis

Multiple regression was utilized and this was after conducting simple linear regressions. Simple linear regressions were performed to examine the association between each of the independent variables and the dependent variable. Other differential statistics that were used are the ANOVA statistics as well as the model summary.

4.5.1 Service Design Effect on Customer Satisfaction and Retention

The study sought to establish whether service design significantly influenced customer satisfaction and customer retention. A simple linear regression was conducted and its purpose was to test if service design significantly predicted customer satisfaction and customer retention. The results are presented in Tables 4.16, 4.17, and 4.18.

The value in the R column, r = .738 indicates that there is a strong connection between service design and customer satisfaction and retention. The R^2 column indicates the proportion of the outcome variable (customer satisfaction and retention) that can be explained by the model. The result shows that 54.5% of the variation in satisfaction and retention of a customer can be described by service design.

Table 4.16: Model Summary for Service Design

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.738	.545	.538	2.359

Source: Research Data (2022)

The ANOVA table assesses whether or not the model is a significant predictor of the outcome variable (customer satisfaction and customer retention). The results indicate that the model is a substantial predictor $F (1, 64) = 76.58$, $p < .001$. The null hypothesis that there is no association between service design and customer satisfaction and retention was ultimately rejected. Subsequently, the research hypothesis that there is a relationship with statistical significance between service design and customer satisfaction and retention was accepted.

Table 4.17: ANOVA for Service Design

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	426.1	1	426.1	76.58	.000
	Residual	356.1	64	5.565		
	Total	782.3	65			

Source: Research Data (2022)

The coefficients table indicates how the individual predictor variables contribute to the model. Since the p-value is < .001; we conclude that service design significantly contributes to the model. The association between service design and customer satisfaction and retention can be captured in a model which is in a statistical equation as described below;

$Y = b_0 + b_1 X$

Where,

Y represents customer satisfaction and customer retention and,

X represents service design

Replacing the coefficients with the correct values, a predictive model is arrived at,

Customer satisfaction and customer retention = -23.088 + (1.786 * Service Design)

Hence, the findings of the regression showed that the model described 54.5% of the variance and that it was significant, $F (1, 64) = 76.58$, $p < .001$. It was subsequently established that service design meaningfully predicted customer satisfaction and customer retention ($b_1 = 1.786$, $p < .001$).

Table 4.18: Regression Coefficients for Service Design

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	P-Value
1	(Constant)	-23.088	3.842		-6.009	.000
	Service design	1.786	.204	.738	8.751	.000

Source: Research Data (2022)

A Pearson correlation coefficient was conducted to study the association between service design and customer satisfaction and retention. These results indicate that there was a positive correlation betwixt service design and customer satisfaction and customer retention, Pearson's r (66) = .738, $p < .001$ (Results displayed in Table 4.19).

Table 4.19: Service Design Versus Customer Satisfaction And Retention Correlation Analysis

		Customer satisfaction and customer retention	Service design
Customer satisfaction and customer retention	Pearson Correlation	1	.738**
	P-Value		.000
	N	66	66
Service design	Pearson Correlation	.738**	1
	P – Value	.000	
	N	66	66

Source: Research Data (2022)

4.5.2 System Usage Effect on Customer Satisfaction and Retention

The study sought to establish whether system usage significantly influenced customer satisfaction and customer retention. A simple linear regression was conducted to assess if system usage significantly predicted customer satisfaction and customer retention. The outcomes are presented in Tables 4.20, 4.21, and 4.22.

The value in the R column, r = .694 indicates that there is a strong connection between system usage and customer satisfaction and retention. The R^2 column indicates the proportion of the outcome variable (customer satisfaction and retention) that can be explained by the model. The

result shows that 48.2% of the variation in satisfaction and retention of customers can be clarified by system usage.

Table 4.20: Model Summary for System Usage

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.694	.482	.474	2.516

Source: Research Data (2022)

The ANOVA table tests whether or not the model is a substantial predictor of the variable (customer satisfaction and retention). The results show that the model is a significant predictor $F(1, 64) = 59.58$, $p < .001$. The null hypothesis that there is no relationship betwixt system usage and customer satisfaction and retention was therefore rejected. Subsequently, the research hypothesis that a relationship with statistical significance exists between system usage and customer satisfaction and retention was supported.

Table 4.21: ANOVA for System Usage

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	377.2	1	377.2	59.58	.000
	Residual	405.1	64	6.330		
	Total	782.3	65			

Source: Research Data (2022)

The coefficients table indicates how the individual predictor variables contribute to the model. Since the p-value is $< .001$; we conclude that system usage significantly contributes to the model. The association between system usage and customer satisfaction and retention can be captured in a model which is in statistical equation format as described below;

$Y = b_0 + b_1X$

Where,

Y represents customer satisfaction and customer retention

and X represents system usage

Replacing the coefficients with the correct values, a predictive model is arrived at,

Customer satisfaction and customer retention = -2.975 + (.689 * System Usage)

Hence, the regression results showed that the model explained 48.2% of the variance and that it was significant, $F(1, 64) = 59.58$, $p < .001$. It was subsequently established that system usage significantly predicted customer satisfaction and retention ($b_1 = .689$, $p < .001$).

Table 4.22: Regression Coefficients for System Usage

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	P-Value
1	(Constant)	-2.975	1.765		-1.686	.097
	System usage	.689	.089	.694	7.719	.000

Source: Research Data (2022)

A Pearson correlation was conducted to study the relationship between system usage and customer satisfaction and customer retention. These results indicate that a positive correlation betwixt system usage and customer satisfaction and retention exists, Pearson's $r(66) = .694$, $p < .001$ (Results presented in Table 4.23).

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Table 4.23: System Usage Versus Customer Satisfaction And Retention Correlation Analysis

		Customer satisfaction and customer retention	System usage
Customer satisfaction	Pearson Correlation	1	.694**
and customer	P-Value		.000
retention	N	66	66
System usage	Pearson Correlation	.694**	1
	P – Value	.000	
	N	66	66

Source: Research Data (2022)

4.5.3 Corporate Image Effect on Customer Satisfaction and Retention

Establishment of whether corporate image greatly influenced customer satisfaction and retention was sought through the study. A simple linear regression was conducted to check if corporate image significantly predicted customer satisfaction and customer retention. The results are presented in Tables 4.24, 4.25, and 4.26.

The value in the R column, r = .609 indicates that there is a significant correlation between corporate image and customer satisfaction and retention. The R^2 column indicates the proportion of the outcome variable (customer satisfaction and retention) that can be explained by the model. The result indicates that 37.0% of the variation in customer satisfaction and customer retention can be described by corporate image.

Table 4.24: Model Summary for Corporate Image

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.609	.370	.361	2.774

Source: Research Data (2022)

The ANOVA table tests whether or not the model is a significant predictor of customer satisfaction and retention, which is the outcome variable. The results show that the model is a significant predictor $F (1, 64) = 37.67$, $p < .001$. The null hypothesis that there is no existing relationship between corporate image and customer satisfaction and retention was therefore rejected. Subsequently, the research hypothesis that a relationship with statistical significance exists between corporate image and customer satisfaction and retention was supported.

Table 4.25: ANOVA for Corporate Image

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	289.8	1	289.8	37.67	.000
	Residual	492.4	64	7.694		
	Total	782.3	65			

Source: Research Data (2022)

The coefficients table indicates how the individual predictor variables contribute to the model. Since the p-value is $< .001$; we conclude that corporate image greatly contributes to the model. The association between corporate image and customer satisfaction and retention can be captured in a model in a statistical equation as described below;

$Y = b_0 + b_1 X$

Where,

Y represents customer satisfaction and customer retention

and X represents the corporate image

Replacing the coefficients with the correct values, a predictive model is arrived at,

Customer satisfaction and customer retention = -10.769 + (.923 * Corporate Image)

Hence, the findings of the regression showed that the model described 37.0% of the variance and that it was significant, $F(1, 64) = 37.67$, $p < .001$. It was subsequently established that corporate image significantly predicted customer satisfaction and customer retention ($b_1 = .923$, $p < .001$).

Table 4.26: Regression Coefficients for Corporate Image

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	P-Value
1	(Constant)	-10.769	3.473		-3.101	.003
	Corporate Image	.923	.150	.609	6.137	.000

Source: Research Data (2022)

A Pearson correlation was conducted to examine the relationship between corporate image and customer satisfaction and retention. These results indicate that there was a positive correlation between corporate image and customer satisfaction and retention, Pearson's $r(66) = .609$, $p < .001$ (Results presented in Table 4.27).

Table 4.27: Corporate Image Versus Customer Satisfaction And Retention Correlation Analysis

		Customer satisfaction and customer retention	Corporate Image
Customer satisfaction and customer retention	Pearson Correlation	1	.609**
	P-Value		.000
	N	66	66
Corporate Image	Pearson Correlation	.609**	1
	P – Value	.000	
	N	66	66

Source: Research Data (2022)

4.5.4 Customer Switching Cost Effect on Customer Satisfaction and Retention

The study sought to establish whether customer switching cost significantly influenced customer satisfaction and customer retention. A simple linear regression was done to examine if customer switching cost significantly predicted customer satisfaction and retention. The results are presented in Tables 4.28, 4.29, and 4.30.

The value in the R column, r = .636 indicates a strong correlation between customer switching cost or switching barriers and customer satisfaction and retention. The R^2 column indicates the proportion of the outcome variable (customer satisfaction and retention) that can be explained by the model. The result indicates that 40.4% of the variation in satisfaction and retention of customers can be described by customer switching costs.

Table 4.28: Model Summary for Customer Switching Cost

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.636	.404	.395	2.699

Source: Research Data (2022)

The ANOVA table tests whether or not the model is a predictor of customer satisfaction and retention, which is the outcome variable. The results show that the model is a significant predictor $F (1, 64) = 43.41$, $p < .001$. The null hypothesis stating there is no existing relationship between customer switching cost and customer satisfaction and retention was rejected. Subsequently, the research hypothesis stating that a statistically significant connection exists between customer switching cost and customer satisfaction and retention was supported.

Table 4.29: ANOVA for Customer Switching Cost

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	316.1	1	316.1	43.41	.000
	Residual	466.1	64	7.283		
	Total	782.3	65			

Source: Research Data (2022)

The coefficients table indicates how the individual predictor variables contribute to the model. Since the p-value is $< .001$; we surmise that customer switching cost greatly contribute to the model. The relationship between customer switching cost and customer satisfaction and customer retention can be captured in a model in a statistical equation as described below;

$Y = b_0 + b_1 X$

Where,

Y represents customer satisfaction and customer retention

and X represents customer switching cost

Replacing the coefficients with the correct values, a predictive model is arrived at,

Customer satisfaction and customer retention = -7.666 + (1.005 * Customer Switching Cost)

Hence, the regression results showed that the model explained 40.4% of the variance and that it was significant, $F_{(1, 64)} = 43.41$, $p < .001$. It was subsequently established that customer switching cost predicted customer satisfaction and customer retention significantly ($b_1 = .923$, $p < .001$).

Table 4.30: Regression Coefficients for Customer Switching Cost

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	P-Value
1	(Constant)	-7.666	2.768		-2.770	.007
	Customer switching cost	1.005	.153	.636	6.589	.000

Source: Research Data (2022)

A Pearson correlation was carried out to assess the relationship between customer switching cost and customer satisfaction and customer retention. These results showed that a positive correlation exists between customer switching cost and customer satisfaction and retention, Pearson's r (66) = .636, $p < .001$ (Results in Table 4.31).

Table 4.31: Customer Switching Cost Vs Customer Satisfaction & Retention Correlation Analysis

		Customer satisfaction and customer retention	Customer switching cost
Customer satisfaction and customer retention	Pearson Correlation	1	.636[**]
	P-Value		.000
	N	66	66
Customer switching cost	Pearson Correlation	.636[**]	1
	P - Value	.000	
	N	66	66

Source: Research Data (2022)

The multiple R for the variables is .867 which implies a strong correlation. R^2 shows the variation proportion in the dependent variable that is described by the four predictors. Thus, 75.3% variation in customer satisfaction and retention in Outspan Hospital can be explained by the service design, system usage, corporate image, and customer switching cost.

Table 4.32: Model Summary for the Combined Model

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.867	.753	.736	1.782

Source: Research Data (2022)

The F statistic (46.37) probability for the regression relationship showed as <.001. this is less than the .05 level of significance. The null hypothesis that both the independent and dependent variables ($R^2 = 0$) have no relationship was thus rejected. Subsequently, the research hypothesis stating that

both the independent and the dependent variable have a statistically significant relationship was supported.

Table 4.33: ANOVA for Combined Model

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	588.7	4	147.2	46.37	.000
	Residual	193.6	61	3.174		
	Total	782.3	65			

Source: Research Data (2022)

4.5.5 Antecedents of Customer Satisfaction and Retention in Outspan Hospital

The variables for the study were service design, system usage, corporate image, and customer switching cost. Following the multiple regressions, the output showing the significance of the respective predictor variable is displayed in table 4.34.

Table 4.34: Regression Coefficients for Combined Model

Model		Unstandardized Coefficients		Standardized Coefficients	t	P-Value
		B	Std. Error	Beta		
1	(Constant)	-25.850	3.179		-8.130	.000
	Service design	1.171	.178	.484	6.597	.000
	System usage	.327	.086	.329	3.817	.000
	Corporate Image	.094	.140	.062	.672	.504
	Customer switching cost	.321	.141	.203	2.276	.026

Source: Research Data (2022)

For the service design predictor variable, the t statistic (6.597) probability for the b coefficient is < .001. This is less than the .05 level of significance. The null hypothesis that the slope related to service design equates to zero (b = 0) was thus rejected. Subsequently, it was determined that a relationship with statistical significance exists between service design and customer satisfaction and retention in Outspan Hospital. The relationship between service design and customer satisfaction and retention was found to be positive based on the regression coefficients. This finding aligns with the assertion of ITAI (2018) that there is a significant effect of the overall service recovery process on customer retention. This also supports the assertion of Kinya et al. (2019) who argued that satisfactory complaint-handling approaches are crucial in establishing business relationships that lead to the loyalty of customers who eventually become retained customers.

It is worth noting that Outspan hospital had a complaint handling procedure for dealing with customer complaints, had embraced service recovery strategies to help manage service failure, and was appealing to visitors in terms of ambient condition, cleanliness, and external appearance. Moreover, the hospital's staff enhanced service quality by being disciplined, well-dressed, courteous, and skilled to meet customer expectations. Managers in the service industry like Outspan hospital should focus on improving tactics that help improve the external appearance of the organization to enhance customer satisfaction and customer retention. This is because customers are happy and satisfied with premises that have impressive physical environment aspects, such as cleanliness, ambience, symbols, artifacts, and signs as well as functionality and special layout. Subsequently, the physical environment is of crucial importance because it highly influences a client's return intention. Furthermore, Outspan hospital should focus on improving

complaints handling programs, to manage the needs of its clients better and in the end increase its competitive edge because of satisfied customers who ultimately are retained.

For the variable system usage, the t statistic probability of (3.817) for the b coefficient is less than the level of significance .05 at < .001. Therefore, the null hypothesis that the slope related to system usage is zero (b = 0) was rejected. It was determined that a relationship with statistical significance existed between system usage and customer satisfaction and retention in Outspan Hospital. Based on the regression coefficients, the relationship between system usage and customer satisfaction and retention was found to be positive. This finding aligns with the assertion of Alex-Onyeocha, and Chinonso (2015) who found out that electronic marketing through search engine optimization, mobile advertising, display advertising, sponsored search, and email advertising improved the overall customer service, therefore, satisfying clients in the hospitality industry.

In respect to the parameters of system usage, Outspan hospital utilized electronic marketing as a major approach to communicate about its services, improved the patient experience using self-service technologies, and had an online appointment system to allow patients to book their clinics. Besides, the hospital had a well-developed customer relationship management technology to manage patients' medical records and utilized telemedicine for patients to consult remotely with their doctor. Where a hospital uses an online appointment system (OAS) it exhibits high-quality service that enhances the hospital's image, patient loyalty, and satisfaction. Subsequently, an online appointment system significantly influences an organization's performance through improved satisfaction and retention of customers. Organizations in the service industry like Outspan Hospital should endeavor to improve the utilization of self-service technology (SST) to leverage convenience in service provision to customers and thus boost satisfaction, loyalty, revisit

intent, and altogether customer retention. Adoptions of CRM technology help in patient satisfaction by addressing the pressures to provide quality service, proper maintenance of patient records and data, and building a CRM-centered culture in the organization. Further, telemedicine helps hospitals and physicians to strengthen their ties with clients through virtual consultations that ensure that their healthcare needs are seamlessly taken care of; subsequently improving customer satisfaction.

This study did not find a significant association between corporate image and customer satisfaction and retention in Outspan Hospital. The p-value was more than .05. This led to the rejection of the null hypothesis stating that there existed no significant relationship between corporate image and customer satisfaction and retention in Outspan Hospital.

For the variable customer switching cost, the t statistic probability of (2.276) for the b coefficient is = .026. This is below the level of significance of .05. Therefore, the null hypothesis that the slope linked with customer switching cost equates to zero (b = 0) was rejected. It was surmised that a relationship with statistical significance exists between customer switching cost and customer satisfaction and retention in Outspan Hospital. Based on the regression coefficients, the relationship between customer switching cost and customer satisfaction and retention was found to be positive. This finding is in line with the assertion of Suryani and Chaniago (2011) who observed that good relationships with customers can lead to relational switching costs that contribute to customer satisfaction and eventually retention. The finding also supports the assertion of Koo et al. (2020) who observed that loyalty programs are effective in the creation of customer retention and satisfaction by increasing switching barriers.

In regard to the parameters of customer switching cost, Outspan hospital's services were more attractive than those of its competitors and the hospital had loyalty programs to reward loyal customers. Moreover, the hospital considered clients from all religions and cultures as an important asset and encouraged its employees to provide superior customer value. The management of Outspan hospital should continually improve its relationships with customers. Consequently, relational switching costs will be enhanced leading to customer satisfaction and ultimately customer retention. Besides, the hospital's management should aim at retaining customers through switching barriers that provide customers with superior customer value, streamlining the service recovery in case of a service failure, and coming up with more meaningful incentives.

CHAPTER FIVE

SUMMARY, CONCLUSIONS, AND RECOMMENDATIONS

5.1 Introduction

The summary of key findings, conclusions, and recommendations is provided in this chapter The summary, conclusions, and recommendations are aligned with the specific objectives of the study. The study pursued to assess the antecedents of customer satisfaction and retention in Outspan Hospital in Nyeri County.

5.2 Summary of the Findings

The presentation of key findings has been done according to the four independent variables namely, service design, system usage, corporate image, and customer switching costs.

The study sought to determine the effect of service design on customer satisfaction and retention in Outspan Hospital in Nyeri County. It was found that Outspan hospital had a complaint handling procedure for dealing with customer complaints, had embraced service recovery strategies to help manage service failure, and was appealing to visitors in terms of ambient condition, cleanliness, and external appearance. Moreover, the hospital's staff enhanced service quality by being disciplined, well-dressed, courteous, and skilled to meet customer expectations. Further analysis indicated that a relationship with statistical significance existed between service design and customer satisfaction and retention in Outspan Hospital.

The study sought to evaluate the effect of system usage on customer satisfaction and customer retention in Outspan Hospital in Nyeri County. It was established that Outspan hospital had utilized electronic marketing as a major approach to communicate about its services, improved the patient experience using self-service technologies, and had an online appointment system to allow

patients to book their clinics. Besides, the hospital had a well-developed customer relationship management technology to manage patients' medical records and utilized telemedicine for patients to consult remotely with their doctor. Further analysis indicated a relationship that was statistically significant between system usage and customer satisfaction and retention in Outspan Hospital.

The study sought to establish the effect of corporate image on customer satisfaction and customer retention in Outspan Hospital in Nyeri County. This study did not establish a significant relationship between corporate image and customer satisfaction and customer retention in Outspan hospital. The p-value was above .05, meaning that the null hypothesis stating that there is no significant association between corporate image and customer satisfaction and retention in Outspan Hospital could not be rejected.

Evaluation of the effect of customer switching costs on customer satisfaction and retention in Outspan Hospital in Nyeri County was sought. It was established that Outspan hospital's services were more attractive than those of its competitors and the hospital had loyalty programs to reward loyal customers. Moreover, the hospital considered clients from all religions and cultures as an important asset and encouraged its employees to provide superior customer value. Further analysis showed that a relationship with statistical significance existed between customer switching cost and customer satisfaction and retention in Outspan Hospital.

5.3 Conclusions

The study deduced that three out of the four independent variables were significantly associated with customer satisfaction and customer retention in Outspan hospital.

The study concluded that there existed a relationship with statistical significance between service design and customer satisfaction and retention in Outspan Hospital. Satisfactory complaint-

handling approaches are crucial in establishing business relationships that lead to the loyalty of customers who eventually become retained customers. Moreover, customers are happy and satisfied with premises that have impressive physical environment elements, such as cleanliness, ambient conditions, symbols, artifacts, and signs as well as functionality and special layout. Thus, the physical environment is of crucial importance because it highly influences a client's return intention.

The study concluded that there was a relationship with statistical significance between system usage and customer satisfaction and retention in Outspan Hospital. The adoption of an online appointment system (OAS) exhibits high-quality services that enhance the hospital's image, patient loyalty, and satisfaction. Furthermore, telemedicine help hospitals and physicians strengthen their ties with clients through virtual consultations that ensure that their healthcare needs are seamlessly taken care of, subsequently improving customer satisfaction. CRM technology helps in patient satisfaction by addressing the pressures to provide quality service, proper maintenance of patient data, and building a CRM-centered organizational culture.

The study concluded that a relationship with statistical significance existed between customer switching cost and customer satisfaction and retention in Outspan Hospital. Good relationships with customers can lead to relational switching costs that contribute to customer satisfaction and ultimately customer retention. Besides, loyalty programs are effective in the creation of customer retention and satisfaction by increasing switching barriers.

5.4 Recommendations

Based on the conclusions from the three independent variables that were significantly associated with customer satisfaction and retention in Outspan hospital, the following recommendations are

made; The management of Outspan Hospital ought to focus on improving tactics that help improve the external appearance of the institution to enhance customer satisfaction and retention. The hospital's management should focus on improving complaints handling programs, to manage the needs of its clients better and in the end increase its competitive edge because of satisfied customers who ultimately are retained. The hospital's management should endeavor to improve the utilization of self-service technology (SST) to leverage convenience in service provision to customers and thus boost satisfaction, loyalty, revisit intent, and altogether customer retention. The hospital's management should aim at retaining customers through switching barriers that provide customers with superior customer value, streamlining the service recovery in case of a service failure, and coming up with more meaningful incentives.

5.4.1 Recommendations for Further Research

The study context was a private hospital, it is recommended that the conducted in a public hospital to evaluate whether divergent findings may be realized regarding the antecedents of customer satisfaction and retention.

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APPENDICES

APPENDIX I: OUTSPAN HOSPITAL DEPARTMENTS

OUTSPAN HOSP DEPARTMENTS

NO	DEPT NAMES
1	Environmental and Maintenance
2	Clinicians (CO/MO)
3	Pharmacy
4	I.C.T
5	Male Medical Ward
6	Male Surgical Ward
7	Female Medical Ward
8	Female Surgical Ward
9	Theatre / SSD
10	ICU/RENAL
11	Reproductive Health Ward
12	Mental Health
13	Nutrition
14	Laboratory
15	Physiotherapy
16	Procurement and Stores
17	Executive ward
18	Housekeeping
19	Customer Relations
20	Medical Records / Front Office
21	Security
22	Nurse Managers
23	Laundry
24	Catering
25	Cash Office
26	OPD
27	Dental
28	Eye Unit
29	Imaging
30	Isolation Ward
30	Finance, NHIF
31	Administration Department
32	Oncology
33	OH EMBU
	TOTAL

OUTSPAN HOSPITAL
Human Resources
Officer
P.O. Box 2058 - 10100, NYERI

APPENDIX II: QUESTIONNAIRE

This questionnaire is structured to collect information on "*Antecedents of customer satisfaction and customer retention in Outspan Hospital in Nyeri County, Kenya*". The researcher is kindly requesting you to furnish him with appropriate information to the best of your knowledge and experience. Please note that this information will strictly be used for academic purposes and will be treated with utmost confidentiality.

Using a tick **(√)** kindly indicate an option that best describes your response:

SECTION A: GENERAL INFORMATION

1. Gender identity;

    a.   Female   ( )

    b.   Male   ( )

2. Highest academic level;

    a. Diploma   ( )   c. Masters and Above   ( )

    b. Degree   ( )

3. Indicate the duration you have worked at the hospital.

    a. Below 3 years   ( )   c. 7-10 Years   ( )

    b. 3-6 Years   ( )   d. More than 10 Years   ( )

4. Indicate your department/Unit; ……………………………………………………….

SECTION B: SERVICE DESIGN

5. Please indicate the level to which you agree or disagree with the following statements regarding your organization's commitment to service design.

   Answer the questions based on the extent to which service design affects customer satisfaction and retention.

   Where:

   Strongly Agree (SA)   **Neutral (N)**   **Disagree (D)**

   Agree (A)   **Strongly Disagree (SD)**

In our organization;	SA	A	N	D	SD
The hospital has a complaint handling procedure for dealing with customer complaints					
We have embraced service recovery strategies to help manage service failure					
Our facility's physical environment is appealing to visitors in terms of ambient condition, cleanliness, and external appearance					
Our staff enhance service quality by being disciplined, well dressed, courteous, and skilled to meet customer expectations.					

SECTION C: SYSTEM USAGE

6. Tick the level to which you agree or disagree on the extent to which system usage influences customer satisfaction and retention.

Where:

Strongly Agree (SA)   **Neutral (N)**   **Disagree (D)**

Agree (A)   **Strongly Disagree (SD)**

In our organization;	SA	A	N	D	SD
We use Electronic Marketing/Digital marketing as a major approach to communicate about our services					
We improve the patient experience using Self-Service Technologies (SSTs) or self-service kiosks					
We have an Online Appointment System (OAS) to allow patients to book their clinics					
We have a well-developed Customer Relationship Management (CRM) technology to manage patient's medical records					
We use telemedicine to ensure that patients can consult remotely with their doctor					

SECTION D: CORPORATE IMAGE

7. Answer the following questions on your level of disagreement or agreement based on the extent to which corporate image affects customer satisfaction and retention.

Where:

Strongly Agree (SA)   **Neutral (N)**   **Disagree (D)**

Agree (A)   **Strongly Disagree (SD)**

In our organization;	SA	A	N	D	SD
We always sponsor Corporate Social Responsibility (CSR) activities for our surrounding community					
We always encourage our employees to build a strong customer-staff relationship by communicating to them in a courteous manner					
We have activities such as advertisements for developing brand awareness					
We encourage our employees to enhance brand experience by treating our clients well					
We encourage our employees to innovate new services and new ways of providing services					

SECTION E: CUSTOMER SWITCHING COST

8. Indicate your opinion in each of the below statements on the extent to which switching cost influence customer satisfaction and retention.

Where:

Strongly Agree (SA)   **Neutral (N)**   **Disagree (D)**

Agree (A)   **Strongly Disagree (SD)**

In our organization;	SA	A	N	D	SD
We ensure that our services have relational benefits and that they are attractive than those of our competitors					
We have loyalty programs to reward our loyal customers					
We consider clients from all religions and cultures as an important asset					
We encourage our employees to provide superior customer value					

SECTION F: CUSTOMER SATISFACTION AND CUSTOMER RETENTION

9. To what extent has your organization performed in each of the following dimensions?

Where:

    1. Very Great Extent   **3. Moderate Extent**   **5. Not at All**

    2. Great Extent   **4. Low Extent**

In our organization	1	2	3	4	5
Growth in Market Share					
Repeat Patronage					
Customer Lifetime Value					

Thank you for your participation!

APPENDIX III: RESEARCH AUTHORIZATION

KENYATTA UNIVERSITY
GRADUATE SCHOOL

E-mail: dean-graduate@ku.ac.ke

Website: www.ku.ac.ke

P.O. Box 43844, 00100
NAIROBI, KENYA
Tel. 8710901 Ext. 57530

Our Ref: D53/EMB/OL/38728/2017

DATE: 9th March, 2022

Director General,
National Commission for Science, Technology
and Innovation
P.O. Box 30623-00100
NAIROBI

Dear Sir/Madam,

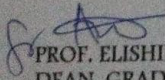RE: RESEARCH AUTHORIZATION FOR AMOS GITONGA MBAABU– REG. NO..
D53/EMB/OL/38728/2017

I write to introduce Amos Gitonga Mbaabu who is a Postgraduate Student of this University. The student is registered for MBA degree programme in the Department of Business Administration.

Mbaabu intends to conduct research for a MBA Project Proposal entitled, "Antecedents of Customer Satisfaction and Customer Retention in Outspan Hospital Nyeri County, Kenya."

Any assistance given will be highly appreciated.

Yours faithfully,

PROF. ELISHIBA KIMANI
DEAN, GRADUATE SCHOOL
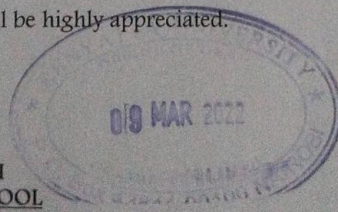
AM/mo

APPENDIX IV: PERMIT TO COLLECT DATA

OUTSPAN HOSPITAL

Tel: 061-2030742, 0722696961
P.O. Box 2058-10100, Nyeri, Kenya
Email: info@outspanhospital.org
Website: www.outspanhospital.org

11th March 2022
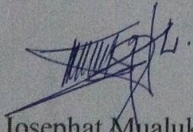
TO THE MEDICAL SUPERINTENDENT

RE: COLLECTION OF DATA

This is to ascertain that Amos Gitonga Mbaabu – D53/EMB/OL/38728/2017 who is a Student at Kenyatta University taking MBA – Marketing Option has been granted permission to collect data for his research within the Healthcare providers in the institution.

Any assistance granted will be highly appreciated.

Yours faithfully,

OUTSPAN HOSPITAL
Human Resources
Officer
P.O. Box 2058 - 10100, NYERI

Josephat Mualuko
Human Resources Officer

APPENDIX V: NACOSTI RESEARCH PERMIT

REPUBLIC OF KENYA

NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY & INNOVATION

Ref No: **570388**

Date of Issue: **21/September/2021**

RESEARCH LICENSE

This is to Certify that Mr.. Amos Gitonga Mbaabu of Kenyatta University, has been licensed to conduct research in Nyeri on the topic: ANTECEDENTS OF CUSTOMER SATISFACTION AND CUSTOMER RETENTION IN OUTSPAN HOSPITAL for the period ending : 21/September/2022.

License No: **NACOSTI/P/21/13002**

570388

Applicant Identification Number

Director General
NATIONAL COMMISSION FOR
SCIENCE,TECHNOLOGY &
INNOVATION

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