

**Customer perceived quality management practices and organizational performance: Case of private healthcare sector in Sri Lanka**

**B. A. Sowmiya\* and Suren Peter**

*Department of Industrial Management, Faculty of Science,  
University of Kelaniya, Sri Lanka  
\*Email: sowmiyaba2@gmail.com*

Quality in a healthcare organization is three dimensional: patient quality is what patients say they want, professional quality is what professionals believe patients need (outcome and process), and management quality is the optimisation of resources to provide patients what they want and need, without waste, errors or delay, and within the policy and legal regulation. Therefore, Patient perceived quality is the overall service quality of healthcare organization. Perceived service quality is the customer's judgment about the service's overall excellence, based on perceptions of what is received and what is given. Most studies on quality however, have focused on the manufacturing with relatively less focus on the service sector.

In Sri Lanka, private healthcare services have flourished with even the middle to lower income people patronizing their services. This growth has had a positive effect on public healthcare service in raising their standards and service level from what they were previously. The study investigates the impact of customer perceived quality management (QM) practices on organizational performance in selected private healthcare providers. The study assesses the extent to which customer perceived QM components have been implemented in these hospitals and to identify which of these customer perceived QM components are associated with improvement of performance at these hospitals. The study was restricted to the Western Province which the Private Health Services Regulatory Council reveals has over 40% of the private hospitals in the country. Hence, the sample included a total of eight healthcare service providers which comprised some of the leading healthcare providers in Colombo. Many previous studies have focused on the customer-perceived quality in services. Parasuraman in his study on customer-perceived quality, reduced the original ten factors that he identified to five: tangibles, reliability, responsiveness, assurance, and empathy. This SERVQUAL model has been successfully used to assess quality in the services industry including the healthcare sector. In general, many studies have found the application of SERVQUAL to be reliable in the health-care context. This study used the SERVQUAL model as a basis to assess the private healthcare sector in the country. It should be noted that interpretation and operationalization of some of the variables were adjusted to suit the local context. Dimensions of SERVQUAL model, reliability, responsiveness, assurance, empathy and tangibles were assessed while performance was measured using both financial as well as non-financial indicators.

The study found significant evidence to establish a relationship between customer perceived QM components and organizational performance of healthcare firms. The regression analysis results suggest that customer perceived QM components, reliability, responsiveness, assurance, empathy and tangibles all contributed to the improved performance. The results of the study can be used by hospitals to better understand customer needs and thus enhance the levels of patient satisfaction.

**Keywords:** Customer perspective, Healthcare, Quality management