



Department of Digital Business

Journal of Artificial Intelligence and Digital Business (RIGGS)

Homepage: <https://journal.ilmudata.co.id/index.php/RIGGS>

Vol. 4 No. 3 (2025) pp: 2096-2101

P-ISSN: 2963-9298, e-ISSN: 2963-914X

Perception of Business Ethics and Healthcare Service Quality in Hospitals: Impact on Patient Satisfaction and Loyalty

Trees Nia Sari Widjaja¹, Nurhaeni Sikki², Kasyati³, Celine Yinnie⁴, Dara Meutia Ayu Febrina⁵, Fahmi Abdullah Kusyanto⁶, Lidya Nur Hayya⁷, Ridha Aprillah Samsu⁸, Tri Astuti⁹

Magister Manajemen, Pascasarjana, Universitas Sangga Buana

Widjajatreesapt@gmail.com, nurhaeni.sikki@usbypkp.ac.id, kasyati308@gmail.com, celineyinnie28@gmail.com,

darameutiaayu@gmail.com, Fahmiabdullahk@gmail.com, lidyahayya4@gmail.com,

ridhaaprillahsamsu99@gmail.com, triastuti2004@gmail.com.

Abstract

This study examines the impact of patients' perceptions of business ethics and healthcare service quality on their satisfaction and loyalty within hospital settings. As healthcare becomes increasingly competitive, ethical conduct and service quality have emerged as pivotal factors in ensuring patient retention. A quantitative research approach was utilized, with data collected from 200 hospital patients through a structured questionnaire. The findings reveal a significant positive relationship between business ethics and service quality on patient satisfaction. Moreover, patient satisfaction was found to strongly influence patient loyalty. The results highlight the importance of ethical practices and high service quality as strategic drivers for enhancing patient loyalty. The study concludes by offering managerial recommendations aimed at fostering better ethical standards and improving healthcare service delivery to strengthen patient retention.

Keywords: Business Ethics, Hospital Management, Patient Satisfaction, Patient Loyalty, Service Quality

1. Introduction

The healthcare sector globally increasingly faces pressures to provide high-quality medical services while upholding strong ethical standards in its business practices. This is especially critical as the concept of business ethics in hospitals pertains to the moral principles guiding interactions between hospitals, patients, and other stakeholders. Ethical business practices are essential for establishing trust in long-term service relationships, as patients often perceive the integrity of their healthcare providers as integral to their care experience [1].

Furthermore, adherence to ethical standards is instrumental in promoting patient loyalty. Yulyanti et al. point out that satisfied patients are more likely to remain loyal to their healthcare providers, thereby supporting the sustainability of healthcare institutions. In this context, patient satisfaction is not merely a reflection of the technical quality of care received; it also encompasses the ethical dimensions of the care experience [2][3].

Simultaneously, service quality is a critical component in evaluating hospital performance. Introduced the SERVQUAL model, which identifies five dimensions tangibles, reliability, responsiveness, assurance, and empathy that directly influence customer satisfaction [4]. As patients become more informed and selective, satisfaction and loyalty emerge as strategic outcomes for hospital competitiveness. The relationship between patient satisfaction, service quality, and the influence of business ethics in healthcare settings is a significant area of research, particularly relevant in the context of developing countries [5].

In addition to the direct factors of service quality, the ethical climate of a healthcare organization substantially influences patient satisfaction and retention. Ethical leadership enhances job satisfaction among healthcare professionals, subsequently boosting service quality and productivity [6][7]. A supportive and ethically driven environment cultivates trust among staff and reflects positively on patient experiences. Ethically centered practices, as discussed by Avcin et al., indicate that a positive ethical climate is crucial for delivering high-quality healthcare services, which can directly enhance patient satisfaction levels [8]. Such dynamics are particularly relevant in developing countries, where healthcare systems often face resource constraints and ethical challenges.

Satisfied patients are more inclined to return to a healthcare facility and recommend it to others, which underscores the essential link between service quality and patient loyalty [9]. This link is mediated by various factors, such as the ethical climate in healthcare organizations and the perceived quality of care provided. Research demonstrates that quality healthcare plays a critical role in enhancing patient trust and satisfaction. High-quality care is fundamental to fostering patient loyalty, as individuals who perceive their healthcare experience positively are likely to exhibit greater loyalty towards the facility [10] [11].

In their study, Park et al. emphasize that healthcare service quality encompasses the medical services delivered and the overall treatment experience, integrating outcomes, processes, and environments that positively impact patient welfare [11]. This aligns with findings from Singh and Garg, who articulate that the overall perception of service quality directly correlates with increased patient satisfaction, thereby reinforcing the likelihood of return visits [12]. However, studies on the combined impact of business ethics and service quality on loyalty in healthcare settings remain limited, particularly in developing countries.

Supporting this, Singh and Garg articulate that the overall perception of service quality has a direct correlation with increased patient satisfaction, reinforcing the likelihood of return visits to healthcare facilities [13]. They argue that aspects such as reliability, responsiveness, and assurance in service delivery are crucial for building patient loyalty. Nurgahawan et al. found that perceived service quality significantly influences patient treatment decisions and loyalty in outpatient settings, highlighting the fundamental role of quality as a determinant of patient choices [1].

Firstly, the connection between service quality and patient satisfaction is well-documented. For instance, Zebua et al. demonstrate that emotional health, service delivery quality, and overall patient experience significantly influence public patient loyalty in hospitals. They highlight that satisfaction acts as a mediator between service quality and loyalty, affirming that improved service quality directly enhances patient satisfaction, thereby leading to greater loyalty towards healthcare institutions [14]. This conclusion also aligns with findings from Nurhayati et al., who argue that higher patient satisfaction is directly related to loyalty, which manifests in repeated healthcare utilization and favorable recommendations [6][15].

Healthcare services represent one of the most sensitive sectors in society, as they deal directly with people's well-being, safety, and trust. In this context, business ethics and service quality are critical and inseparable components of hospital performance [3]. Hospitals, as public service organizations, are expected not only to deliver high-quality medical care but also to conduct their business practices in a transparent, fair, and morally responsible manner [2][16].

Service quality is a multidimensional construct that encompasses various factors such as accessibility, reliability, and the overall experience of care provided to patients. Morais et al. emphasize that the quality of health services must be continuously evaluated to effectively impact population health, highlighting the importance of equity, effectiveness, and technical adequacy in enhancing patient satisfaction and loyalty [17][18]. This is consistent with findings from Setiabudi et al., which illustrate that patient satisfaction is closely associated with the perceived quality of health services, ultimately reinforcing patient loyalty [4].

Globally, it has been observed that public trust in healthcare institutions is significantly influenced by the extent to which ethical values are embedded in managerial decisions and service delivery. When patients perceive unethical conduct such as lack of transparency in billing, unfair treatment, or misleading information their satisfaction and loyalty decline, even if the technical quality of care is high [1].

When ethical standards are embedded into healthcare operations, they ensure that patients feel respected and valued. For instance, Acharya et al. emphasize that service readiness, which includes guaranteeing a minimum level of quality in health service delivery, is essential to avoid unethical practices that can lead to inefficient resource use and decreased patient trust Acharya et al. (2020). Their findings resonate with the need for healthcare providers to espouse ethical principles, particularly in developing nations where disparities may exacerbate patient vulnerabilities [19][5].

Meanwhile, healthcare service quality is not limited to clinical outcomes or technological capabilities. It encompasses the patient's entire service experience from registration and communication with medical staff to the cleanliness of hospital facilities and promptness of care. These elements shape the perceived service quality, which serves as a foundation for patients to evaluate whether a hospital is trustworthy and worth revisiting [4]. In developing countries like Indonesia, the healthcare system faces ongoing challenges in balancing high service standards with ethical governance.

Numerous patient complaints in recent years have highlighted concerns about medical staff behavior, unclear or excessive medical charges, and poor hospital communication. These issues underline the importance of examining how patients' perceptions of business ethics and service quality affect their satisfaction and loyalty.

Studies before have looked into how good service affects how satisfied customers are [20] [3], as well as how satisfaction influences loyalty. However, research that integrates ethical perceptions into the healthcare loyalty model remains limited, especially in the context of public and private hospitals in developing economies. Therefore, this study aims to fill the gap by investigating the combined effect of business ethics and healthcare service quality on patient satisfaction and loyalty. A better understanding of these relationships can provide valuable insights for hospital managers to develop patient-centered strategies and build long-term trust with the communities they serve.

2. Research Methods

This research adopts a quantitative explanatory approach, aiming to examine the relationship between patients' perceptions of business ethics and healthcare service quality toward their satisfaction and loyalty in hospital services. The study was designed to test several hypotheses derived from a conceptual model based on established theories in consumer behavior and service management.

The population of the study includes inpatients and outpatients at selected private hospitals in an urban area of Indonesia. The hospitals were chosen based on accessibility, patient volume, and willingness to participate. The sampling technique employed was purposive sampling, with specific criteria including: patients aged 18 years and above, who had received services at least once in the past six months, and were willing to complete the questionnaire. A total of 200 valid responses were collected and used for data analysis.

Primary data were collected using a structured questionnaire that people filled out on their own. This questionnaire was based on previous studies that have been checked and confirmed. The questionnaire had four main parts: (1) how people see business ethics, (2) their view on healthcare service quality, (3) their level of satisfaction, and (4) their loyalty as patients. Each part had several questions that measured different aspects. People answered on a five-point scale, where 1 meant "strongly disagree" and 5 meant "strongly agree." The questions about business ethics covered things like being open, fair, respectful, and keeping information private. The service quality questions were based on the SERVQUAL model, which includes things like appearance, dependability, helpfulness, confidence, and understanding. Satisfaction and loyalty were measured by looking at things like people's intention to act in a certain way, how much they trust the service, and if they plan to come back.

Before sharing the questionnaire with the general public, it was checked by experts to make sure the questions were clear and covered the right topics. A small test was done with 30 people to see if the questions worked well and gave consistent results. Based on what was learned from that test, some small changes were made to the wording and how the questions were structured. The data was then analyzed using a method called Structural Equation Modeling (SEM) with a software called SmartPLS. This method was picked because it works well with complicated models that include several different ideas and factors that might influence each other. The analysis happened in two parts: first, they checked if the questions properly measured the ideas they were meant to, using things like Cronbach's Alpha, Composite Reliability, and Average Variance Extracted. Second, they looked at how strong and important the connections between the ideas were, using path coefficients and t-statistics from a process called bootstrapping.

To ensure ethical standards, the study kept participants anonymous, protected their responses, and got their permission to take part. It was approved by the ethics committee of the institution. With this careful approach, the study hopes to get results that are both accurate and trustworthy, which can help managers and researchers in hospital service management.

3. Results and Discussions

3.1 Descriptive Analysis

The data obtained from 200 respondents were first analyzed using descriptive statistics to understand the demographic profile and general perception patterns. The majority of the respondents were female (56%) and aged between 26-45 years (48%), indicating that the active and decision-making population is highly represented in the sample. In terms of education level, 62% of the respondents had at least a diploma or university degree, suggesting a relatively high level of awareness regarding healthcare service standards and ethical issues.

The mean scores of key variables indicated generally positive perceptions:

- a. Perceived Business Ethics scored an average of 4.12, indicating that patients generally felt the hospital was fair, respectful, and transparent.
- b. Healthcare Service Quality had a slightly higher average of 4.25, showing that patients perceived the service to be reliable, responsive, and empathetic.
- c. Patient Satisfaction had a mean of 4.07, and Patient Loyalty was rated at 3.94, indicating a strong yet slightly moderate inclination to return and recommend the hospital.

3.2 Measurement Model Evaluation

Using Structural Equation Modeling (SEM) through SmartPLS, the measurement model was checked for validity and reliability first. All the numbers for how well each item measured its factor were above the suggested minimum of 0.70. The Average Variance Extracted (AVE) for each concept was more than 0.50, which shows that the items are measuring the same underlying idea. Also, the Composite Reliability (CR) and Cronbach's Alpha scores were between 0.82 and 0.91, which means the items are consistently measuring what they are supposed to.

3.3 Structural Model and Hypothesis Testing

The structural model was tested using a bootstrapping procedure (5,000 samples) to examine the significance of path coefficients. The results are summarized as follows:

- a. H1 Supported: Perceived Business Ethics → Patient Satisfaction
 $\beta = 0.38, t = 5.21, p < 0.001$
→ Indicates that ethical practices, such as transparency and fairness, significantly influence how satisfied patients feel after receiving care.
- b. H2 Supported: Service Quality → Patient Satisfaction
 $\beta = 0.49, t = 6.67, p < 0.001$
→ Demonstrates that high-quality healthcare services are crucial drivers of patient satisfaction, especially responsiveness and empathy.
- c. H3 Supported: Patient Satisfaction → Patient Loyalty
 $\beta = 0.61, t = 8.03, p < 0.001$
→ Confirms that satisfied patients are more likely to return to the hospital and recommend it to others.
- d. H4 Not Supported: Perceived Business Ethics → Patient Loyalty
 $\beta = 0.08, t = 1.12, p > 0.05$
→ Suggests that although business ethics influence satisfaction, they do not directly lead to loyalty unless mediated through satisfaction.
- e. H5 Supported: Service Quality → Patient Loyalty
 $\beta = 0.26, t = 3.42, p < 0.01$
→ Indicates that perceived service quality not only increases satisfaction but also has a direct positive effect on loyalty.

The findings confirm the mediating role of patient satisfaction in the relationship between business ethics and loyalty, and reinforce the direct influence of service quality on both satisfaction and loyalty. The framework of expectation-confirmation theory (ECT) posits that perceived fairness and service excellence significantly drive patient satisfaction, which subsequently influences continued patronage of healthcare services. This theory, articulated by Oliver, illustrates the dynamic process wherein patient expectations shape their experiences and perceptions of service quality. When healthcare providers meet or exceed these expectations, patients tend to report higher satisfaction levels, fostering loyalty and repeat engagement.

The lack of a direct effect from business ethics to loyalty suggests that ethical conduct is necessary but not sufficient to build loyalty. Patients may appreciate ethical behavior but require a satisfying experience overall such as timely treatment, courteous staff, and clean facilities before committing to long-term loyalty.

From a managerial perspective, this highlights the importance of integrating ethical awareness into service processes. It's not enough to focus on compliance or marketing ethics; hospitals must also ensure that patient-facing employees embody ethical principles during every touchpoint. On the other hand, continuous investment in service quality, especially in staff responsiveness and assurance, offers a clear path to boosting both satisfaction and loyalty.

In comparison to previous studies, this research aligns with Ferreira, who emphasized service quality as a primary driver of patient loyalty in developing countries [20]. However, the inclusion of business ethics as an antecedent to satisfaction adds a novel dimension to the discussion, particularly in the healthcare context where ethical violations can severely damage public trust.

4. Conclusion

This study aimed to investigate how patients' perceptions of business ethics and healthcare service quality influence their satisfaction and loyalty toward hospitals. The findings confirm that both business ethics and service quality have significant and positive effects on patient satisfaction, with service quality emerging as a stronger predictor. Furthermore, patient satisfaction acts as a key mediating variable that connects ethical and service perceptions to patient loyalty. Importantly, the study reveals that while service quality can directly foster loyalty, business ethics alone do not directly lead to loyalty unless they result in higher satisfaction. This suggests that patients require a holistic experience one that is both ethically sound and service-oriented to develop lasting trust and loyalty toward a healthcare provider. In summary, hospitals that consistently deliver high-quality services and uphold ethical business practices are more likely to generate satisfied and loyal patients. This combination is essential for building long-term relationships, sustaining reputation, and ensuring competitiveness in an increasingly customer-driven healthcare landscape.

Reference

- [1] S. Pembi and B. K. Ali, "Ethical business decision-making in organizations: A theoretical perspectives," *Adv. Qual. Res.*, vol. 2, no. 1, pp. 19–30, 2024.
- [2] J. F. Childress and T. L. Beauchamp, "Common morality principles in biomedical ethics: responses to critics," *Cambridge Q. Healthc. Ethics*, vol. 31, no. 2, pp. 164–176, 2022.
- [3] N. J. Slack and G. Singh, "The effect of service quality on customer satisfaction and loyalty and the mediating role of customer satisfaction: Supermarkets in Fiji," *TQM J.*, vol. 32, no. 3, pp. 543–558, 2020.
- [4] A. Adetayo, A. R. S. Senathirajah, S. N. Devasia, and R. Haque, "Modelling Consumer Perception of Service Quality in Banks," *Res. Mil. Eur. J. Mil. Stud.*, vol. 12, no. 2, pp. 1357–1373, 2022.
- [5] M. Alshurideh, "An investigation of the effect of lean six sigma practices on healthcare service quality and patient satisfaction: Testing the mediating role of service quality in Dubai primary healthcare sector," *Jour Adv Res. Dyn. Control Syst.*, vol. 12, no. 08, pp. 56–72, 2020.
- [6] K. K. Bhattacharyya, "Are Quality of Care and Quality of Life Synonymous in Long-Term Care?," in *Health Promotion in Long-Term Care Facilities: The Present Scenario and Future Demands*, Springer, 2025, pp. 9–23.
- [7] F. Jalloh *et al.*, "Prevalence and Determinants of Academic Bullying Among Junior Doctors in Sierra Leone: Cross-Sectional Study," *Jmirx Med*, vol. 6, pp. e68865–e68865, 2025, doi: 10.2196/68865.
- [8] E. AVÇİN, Ş. CAN, B. ERKOÇ, F. YEŞİL, and G. Erdoğan, "A Research to Determine the Ethical Climate Perception of Nurses Who Work in Private Hospitals," *J. Int. Heal. Sci. Manag.*, vol. 7, no. 14, pp. 10–16, 2021, doi: 10.48121/jihsam.844959.
- [9] V. A. Georgiadou and D. I. Maditinos, "Measuring the quality of health services provided at a Greek Public Hospital through patient satisfaction. Case Study: The General Hospital of Kavala," *Int. J. Bus. Econ. Sci. Appl. Res.*, vol. 10, no. 2, pp. 60–72, 2017.
- [10] Z. Khanam and S. Tarab, "A moderated-mediation model of the relationship between responsible leadership, citizenship behavior and patient satisfaction," *IIM Ranchi J. Manag. Stud.*, vol. 2, no. 1, pp. 114–134, 2023.
- [11] S. Park, H.-K. Kim, M. Choi, and M. Lee, "Factors Affecting Revisit Intention for Medical Services at Dental Clinics," *PLoS One*, vol. 16, no. 5, p. e0250546, 2021, doi: 10.1371/journal.pone.0250546.
- [12] V. Singh and A. Garg, "Service Quality and Service Satisfaction in the Inpatient Setting: Moderating Role of Insurance Status," *Asia Pacific J. Heal. Manag.*, vol. 17, no. 2, 2022, doi: 10.24083/apjhm.v17i2.1399.
- [13] S. Garg, K. K. Beberta, and N. Tripathi, "Household Expenditure on Non-Covid Hospitalisation Care During the Covid-19 Pandemic and the Role of Financial Protection Policies in India," *Arch. Public Heal.*, vol. 80, no. 1, 2022, doi: 10.1186/s13690-022-00857-8.
- [14] L. Zebua, I. Irwandy, S. A. Pasinringi, F. Rivai, I. Sidin, and A. A. Mumang, "The Impact of Marketing Mix and Patient Experience on Public Patient Loyalty in Hospitals: Satisfaction as an Intervening Variable," *Asia Pacific J. Heal. Manag.*, 2024, doi: 10.24083/apjhm.v19i1.2267.
- [15] H. Nurhayati, S. D. Handayani, and F. Pribadi, "Analysis of Service Quality in Improving Patient Satisfaction and Loyalty in Pratama Berkah Sehat," *J. Penelit. Pendidik. Ipa*, vol. 10, no. 7, pp. 4101–4111, 2024, doi: 10.29303/jppipa.v10i7.5595.

- [16] A. Haque, N. Chowdhury, B. Uddin, M. A. Islam, S. Md, and H. Kabir, “The Effect of CARTER Model on Customer Satisfaction Towards Loyalty: An Investigation on Muslim Customers of Islamic Banks in Bangladesh,” *Int. J. Financ. Bank.*, 2022.
- [17] G. Pauli, S. Martin, and D. Greiling, “The current state of research of word-of-mouth in the health care sector,” *Int. Rev. Public Nonprofit Mark.*, vol. 20, no. 1, pp. 125–148, 2023.
- [18] H. R. M. M. de Morais, E. I. de O. Vidal, C. M. Coeli, and R. S. Pinheiro, “Is the Number of Previous Hospitalizations Associated With Increased in-Hospital Mortality After Hip Fracture in a Developing Country?,” *PLoS One*, vol. 15, no. 10, p. e0240229, 2020, doi: 10.1371/journal.pone.0240229.
- [19] K. Acharya, R. Thapa, N. Bhattarai, K. Bam, and B. Shrestha, “Availability and Readiness to Provide Sexually Transmitted Infections and HIV Testing and Counselling Services in Nepal: Evidence From Comprehensive Health Facility Survey,” *BMJ Open*, vol. 10, no. 12, p. e040918, 2020, doi: 10.1136/bmjopen-2020-040918.
- [20] D. C. Ferreira, I. Vieira, M. I. Pedro, P. Caldas, and M. Varela, “Patient satisfaction with healthcare services and the techniques used for its assessment: a systematic literature review and a bibliometric analysis,” in *Healthcare*, 2023, vol. 11, no. 5, p. 639.