ADDIS ABABA UNIVERSITY SCHOOL OF COMMERCE

FACTORS AFFECTING CUSTOMER LOYALTY: A SURVEY OF SELECTED PRIVATE HOSPITALS

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DECLARATION

I, Seada Arebo, hereby declare that this thesis entitled, ‘factors affecting customer loyalty: a survey of selected private hospitals” is my original work and has not been presented in Addis Ababa University or any other university. I have carried out the study independently with the guidance and support of the research advisor Dr. Andinet Worku. Any other research or academic sources used in this study have been duly acknowledged.

Declared by: Seada Arebo (Student)

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Abstract

Customer loyalty has become an essential element of an effective and successful organization as the Ethiopian health care industry is now witnessing a higher level of competition over market share as many new hospitals have entered the industry. The goal of this research was to examine the effect of trust, image, commitment, satisfaction, and switching cost on customer loyalty in private hospitals given its high credence and experience attribute. The paper examined recent health care customer loyalty study findings. Although research on factors affecting customer loyalty has been done, each studying different services, this paper comprehensively examines these factors over multiple selected private hospitals. The methodological approach involved a survey of 380 respondents who were patients of selected private hospitals in Addis Ababa using convenience sampling technique. The primary data was gathered through a structured questionnaire. Descriptive and inferential analyses were conducted using SPSS version 26. The findings of the study indicated that trust, image, commitment, satisfaction, and switching cost have a significant and positive effect on customer loyalty. Image was found to be more important with a higher beta value of 0.211. Finally, it was recommended that hospital management take extra effort to improve their image and build trust to attain high level of customer loyalty. The implications of these findings for research and practitioners are delineated at the end of this article.

Keywords: customer loyalty, trust, image, commitment, satisfaction, switching cost

CHAPTER ONE

INTRODUCTION

The introduction chapter explains the purpose of this research. It consists of the background of the study, statement of the problem, research questions, objectives of the study, significance of the study, scope of the study, limitation of the study, and definition of terms.

1.1. Background of the study

Developing and sustaining customer loyalty is important predominantly in the service sectors because loyalty results in increased profit through repeat patronage, less price sensitivity, and positive word-of-mouth (Jones and Sasser 1995). This makes it an essential determinant of market share and profitability. According to Lam, Shun, and Sanker (2004), customer loyalty has a powerful impact on firm's performance and is considered by many companies as an important source of competitive advantage. Consistently high levels of customer loyalty not only create tremendous competitive advantage but also enhance employee morale and productivity. Furthermore, the benefit of customer loyalty to providers of either service or products include low transaction costs in order taking and processing, reduced expenditure on attracting new customers, reduced failure costs, and improved organizational profitability.

Customer loyalty is one of the most important customer metrics in marketing due to the profit impact of maintaining a loyal customer base (Oliver, 1999), When a consumer establishes loyalty towards a brand establishes a favorable attitude towards the brand resulting in commitment. When the customer becomes emotionally rather than merely intellectually vested in a brand, loyalty to the brand becomes cemented.

Customer loyalty implies that the customers will repurchase the same brand product or services consistently later on without being affected by situations that could cause switching behavior (Oliver, 1999). Customer loyalty is both an attitudinal and behavioral inclination to support one brand over all others, whether on account of satisfaction with the product or service, its expediency or performance, or simply familiarity and solace with the brand. Customer loyalty encourages buyers to shop all the more consistently, spend a more noteworthy portion of their wallet, and feel positive about a shopping experience, helping attract consumers to familiar brands in the face of a competitive environment.

Today, firms have acknowledged how critical it is to understand, meet and predict customers' needs. Customers have additionally gotten progressively aware of their worth to their hospital. Due to the highly competitive nature of the health care service sector, customers will be the key factor in determining the success of the enterprise.

The purpose of this study is to understand the factors affecting customer loyalty in the case of private hospitals by focusing only on five variables (Trust, Commitment, Satisfaction, Image and switching cost). Academically speaking, the purpose of this study is to examine customer loyalty so as to understand its development in the healthcare industry since there isn't much literature on the driving forces of customer loyalty in the healthcare industry. Specially, in the case of private hospitals in Addis Ababa there is little to no published research therefore this study will add to the literature in examining the major trends in customer loyalty and suggests direction for future research. It is important to do this research in the case of private hospitals, as patients are being more involved in their health, it is vital for hospitals to develop a better strategy to gain competitive advantages against their rivals and loyal customer are to be crucial for market survival let alone, market share growth. Thus assessing customer loyalty and its determinants will help fill the theoretical gap by bringing out significant variance within the explanation of loyalty.

1.2. Statement of the Problem

The healthcare industry is one of the largest industries in the world, and it has a direct effect on the quality of life of people in each country. The healthcare industry, or medical industry, is a sector that provides goods and services to treat patients with curative, preventive, rehabilitative, or palliative care. Organizations are engrossed to know the driving forces of customer loyalty since it boosts the company's competitiveness and becomes increasingly significant for organizational survival, let alone success. Customer loyalty factors and drivers are a basic for loyalty modeling, which can be used for customer behavior forecasting as well as forecasting of customer preferences observed in future purchase patterns (Szczepanska & Gawron 2011).

Presently the healthcare industry in Ethiopia is working in an intense competition. Several new hospitals have entered the healthcare industry. The selection of hospitals by customers is increased inside this competitive healthcare industry. It is imperative for private healthcare to develop a better strategy to achieve more competitive advantages against their rivals. Loyal customers are arguably to be incredibly crucial for an organization for market survival, as attracting new customers is much more expensive than retaining the existing customers. Over the past decade there is a drift of rapid development in the private hospital sector in Ethiopia. This important component of the health care system has received policy attention and the federal government is an advocate for private health care.

In view of the extreme competition among Ethiopian private healthcare players, together with the increasing demand of customers, hospitals need to be aware of the consumer's attitudinal and behavioral processes that influence hospital patronage, in order to increase the competitive positions. As a result, creating a strong relationship with the customers who could be consequently followed by their loyalty is considered to be a key factor for increasing the market share and building sustainable competitive advantage.

In this case, the inability of hospitals to retain customers features the factors that result in customer desertion and affecting the hospital's ability to increase the future growth of the business. Health care being considered as high in credence attributes, it is important to conduct this study as patients employ different evaluation processes to assess the quality of medical treatment they receive from a physician. Particularly, patients are more likely to look for cues or signals to gauge the quality of service provided. The office, time spent waiting, careful listening by the physician influence patients' perception of service quality which in turn impacts their loyalty (Ramsaran-Fowdar, R. 2005). This study investigates how much trust, commitment, satisfaction, brand image, and switching cost is affecting the customers' loyalty in private hospitals.

Additionally, there exists a theoretical gap when it comes to factors affecting customer loyalty in private hospitals in the context of Addis Ababa even though there are numerous studies on this topic around the world, in different service sectors, the Ethiopian health care industry isn't the same as developed countries around the world, and other service sectors like hotels. Furthermore, it isn't known if customer loyalty of private hospitals in Addis Ababa is affected by the same identified factors namely trust, image, commitment, satisfaction, and switching cost as it is around the world thus, this research will alleviate that problem. A study conducted by Fetawek

Woldemeskel (2017) indicated that the aforementioned factors do affect customer loyalty in the case of Amin general hospital; however, the study is limited to one hospital and it can’t be generalized into other private hospitals accordingly this study will lighten that problem as it focuses on multiple private hospitals in Addis Ababa.

1.3. Research question

This research attempts to answer the following question:

- ✓ What is the relationship between trust and customers’ loyalty in private hospitals?
- ✓ What impact does commitment have on customers’ loyalty in private hospitals?
- ✓ What effect does satisfaction have on customers’ loyalty in private hospitals?
- ✓ Is there a positive and significant relationship between brand image and customers’ loyalty in private hospitals?
- ✓ Is there a significant relationship between switching cost and customers’ loyalty in private hospitals?

1.4. Research objective

General objective of the study

The purpose of the study is to inspect factors affecting customer loyalty in private hospitals in Addis Ababa.

Specific objective of the study

- ➢ To investigate whether trust has an influence on customer loyalty in private hospitals.
- ➢ To investigate whether commitment has an influence on customer loyalty in private hospitals.
- ➢ To identify whether satisfaction has an influence on customer loyalty in private hospitals.

- To identify whether an image has an influence on customer loyalty in private hospitals.
- To examine whether switching cost has an influence on customer loyalty in private hospitals.

1.5. Significance of the Study

The aim of the study is to examine factors affecting customer loyalty in private hospitals. Besides, in light of the result and findings of the research, the hospitals will zero in and work hard on customer loyalty segments that have a significant effect on the hospital and will take remedial actions on those issues which need improvement. Additionally, this study will help other specialists, practitioners or researcher use as reference and furthermore will give significant input to shed light for further studies. This study will also fill the theoretical gap on factors affecting customer loyalty in case of private hospitals in Addis Ababa as there isn't much research in the area.

1.6. Scope of the Study

This study is conducted to survey independent variables of customer loyalty that have an effect on private hospitals. There are numerous factors that affect customer loyalty directly or indirectly. However, this study only focuses on only five namely Trust, Commitment, Satisfaction, Image and switching cost.

This study uses information obtained from customers found in waiting room of few private hospitals in Addis Ababa like Girum hospital, Bethzatha general hospital, Hallelujah general hospital, and Hayat hospital that are convenient for the researcher to sample. Conceptually this study only center on the aforementioned factors in relationship to customer loyalty. As for the methodological boundary, the researcher uses convenient sampling method to obtain sample that is representative of the population.

1.7. Limitation of the study

The apparent limitations of this study are primarily concerned with geographical constraints. The study has been conducted in Addis Ababa, which restricts its generalize-ability to other countries as cultural and geographical differences create significant distinctions in the pre-utilization expectations and post-utilization evaluations of the customers. Additionally, the study is centered on the loyalty status of private hospital customers which has resulted in partial coverage of the healthcare industry as customer loyalty has not been covered at all. Since it is only centered on private hospitals the capabilities of generalizing the result of research findings is limited to hospital management. Assessment of customer loyalty in this study is based upon the factors identified from the extant literature and researchers' discretion. However, the rundown of factors proposed in this study does not claim to be all-inclusive which means that chances of other culture and industry-specific loyalty predictors' existence which have not been discussed here are good. There is also a resource-induced constraint in conducting this study.

1.8. Organization of the study

The study is divided into five chapters. Chapter One, contains background of the study, statement of the problem, research questions, objective of the study, scope of the study, and limitation of the study. In chapter Two, review of related literature in the area of customer loyalty and factors affecting customer loyalty is presented. Chapter Three highlights the description of research methodology that is used to conduct the study. Chapter Four concentrates on data presentation, analysis and interpretation. Chapter Five presents summary, conclusion and recommendations.

CHAPTER TWO

LITRATURE REVIEW

This chapter consists of theoretical review, empirical review, conceptual framework, and research hypotheses.

2.1. Theoretical review

2.1.1. Introduction to Customer Loyalty

According to Rahmani-Nejad, L., Firoozbakht, Z. and Taghipoor, A. (2014), Loyalty is a dedication on the part of the buyer to maintain a relationship and a devotion to buying the product or service repeatedly. Loyalty thus has a behavioral component that put forward a repurchase intention but also includes an attitudinal component which is based on preferences and impression of the partner. Trust can create benefits for the customers by decreasing transaction costs ultimately nurturing customer loyalty to the connection. Loyalty has been defined as a deeply held commitment to re-buy or re-patronizing a preferred product/service consistently in the future. Customer loyalty is a vital objective for strategic marketing planning and represents a vital basis for developing a sustainable competitive advantage. The repeat customers develop emotional relationship with the organization or service provider thereby raising the loyalty levels. The same customers will positively speak of the company's product/service and therefore increase the market share. Definitely, the loyal customers are easy to maintain in the market share as opposed to new ones, they spend more on the products/ service of organizations and tolerant when they feel a little dissatisfied with the product/service.

As Ganesh, Arnold & Reynolds, (2000) stated, customer loyalty is often recognized as being a strategic objective for firms and it is a critical aspect for firms. The loyalty of a firm's customers has been recognized as the dominant factor in a business organization's success and sustainability. Loyal customers build a business by buying more, paying premium prices, and providing new referrals through positive word of mouth, over time. One of the most fundamental theories of loyalty marketing is that a little increase in loyal customers can bring a significant increase in profitability to a business (Reichheld, 1993; Reichheld and Sasser, 1990). Reichheld and Sasser (1990) found that a 5% increase in customer retention came about up to a 125% increase in profits in their research in the service industry. Moreover, it has been realized that it is six times more costly to design marketing strategies to draw in new customers than it is to retain existing customers (Petrick, 2004).

Dick and Basu (1994) contended that loyalty is dictated by the power of the relationship between relative attitude and repeat patronage and has both attitudinal and behavioral elements. Behaviorally loyal customers act loyal but have no emotional bond with the brand or the supplier. Behavioral dimension refers to issues related to the frequency of repeated purchases and brand switches. Whereas the attitudinal loyal customers do have emotional bonds and it gives more emphasis on psychological involvement and preference with a unique focus on issues such as brand recommendation, resistance to superior products, repurchase intentions, and willingness to pay a premium price.

Griffin (2005) underlines customer loyalty as a more solid measure to foresee the growth of sales and finance, compared to consumer satisfaction. Numerous organizations rely on consumer satisfaction as an assurance of success later but then they are disappointed to find out their customers are satisfied to purchase competitor's products without a second thought. Kotler and

Keller (2009) express loyal customers are undoubtedly important for an organization and generally competitors feel difficult to snatch them. Furthermore, they can be organization advertisers, meaning they can make recommendations and contribute huge profits to the organization since they affect customer purchasing patterns and free recommendations given to others.

Health care service is considered as a high credence service characterized by an elevated degree of uncertainty and risk. Business organizations, including health care organizations, are commonly interested in achieving long-term financial success (Al-Hawary, Alghanim, & Mohammed, 2011). The long-term success of any service provider especially services considered high in credence attribute like hospitals mainly depends on retaining and expanding customer loyalty. A study conducted by Otani, K., Deng, Y., Herrmann, P. A., & Kurz, R. S. (2020) found that hospital experience with nursing care, physician care, staff care, and the hospital room influence patients' overall rating of the hospitals and patients' satisfaction. Among these experience attributes, the nursing care showed the largest beta value which indicates experience in the hospital impacts patients' satisfaction which in turn leads to loyal customers.

There are three popular conceptualizations of customer loyalty as there is no universally agreed upon definition. The first conceptualization is loyalty as primarily an attitude that sometimes leads to a relationship with the brand, in this model there is strong attitudes and positive beliefs toward the brand. The influence of significant others, community membership, and identity leads to attitudinal loyalty. The second conceptualization is loyalty mainly expressed in terms of revealed behavior, in this model there is habitual revealed behavior. Satisfactory experience and weak commitment to brands leads to behavioral loyalty. Finally, the third is buying moderated by the individual's characteristics, circumstances, and/or the purchase situation, in this model purchase situation, usage occasions and variety seeking along with an individual's circumstance and characteristics are co-determinants of buying, this is mainly seen as weak loyalty or no loyalty. Of these models, the study follows the first model of attitudinal loyalty which is much stronger and longer lasting.

Types of Loyalty

i. No Loyalty- Avoid targeting no-loyalty buyers because they will never be loyal customers; they add little to the financial strength of the business.

ii. Inertia Loyalty- This customer buys out of habit. It's the "because we've always used it" or "because it's convenient" type of purchase. This buyer is ripe for a competitor's product that can demonstrate a visible benefit to switching. It is possible to turn inertia loyalty into a higher form of loyalty by actively courting the customer.

iii. Latent Loyalty- Situational effects rather than attitudinal influences determine repeat purchase. By understanding situational factors that contribute to latent loyalty, a business can devise a strategy to combat them.

iv. Premium Loyalty- People are proud of discovering and using the product and take pleasure in sharing their knowledge with peers and family. These 19 customers become vocal advocates for the product or service and constantly refer others to it.

According to Rai & Srivastava, (2012) behavioral loyalty is usually seen in the form of repurchase intentions, low level of leaning towards switching, and exclusive intentions. On the other hand, attitudinal loyalty is based upon the strength of inclination and motivation to recommend. Cognitive outcomes of loyalty are characterized by the customer's thought of a service provider above others in the same category stemmed from his evaluation of the benefits associated with continued patronage. Doctoring the inertia, latent or no-loyalty conditions of your current customers and finding a way to upgrading them to premium loyalty are two aspects of loyalty management. An even more practical approach is to start from the earliest stages of customer development and develop ways to nurture and enhance loyalty all the way through the customer's history with your company. This way, you can better handle the development of loyalty and minimize, or in some cases, even avoid, such conditions as inertia or latent.

2.1.2. Factors affecting customer loyalty

Factors affecting customer loyalty are classified into two namely internal factors and external factors. Internal factors are described as factors associated internally, which affect the organization to serve its customers directly. While, external factors are conditions external to the firm and relate to how consumers recognize the brand. Internal factors include the product itself or the brand, service quality, promotion mix, and cost. External factors include switching cost, situational factors, perceived value, satisfaction, commitment, and trust (Yoo, M., Bai, B. 2012). For the purpose of this study the external factors namely trust, commitment, switching cost, and customer satisfaction along with image are used as antecedents of customer loyalty. The researcher chose the aforementioned antecedents for no particular reason other than personal preference and ease of access of published literatures as it was convenient for the researcher to review literatures on these factors.

Trust

Trust is a significant ingredient in firm-customer relationships and ultimately in the development of loyalty (Ndubisi, 2007). Consequently, firms ought to strive to win customers' trust. The manners by which this can be achieved include giving and keeping promises to customers, showing worry for the security of transactions, offering quality services, showing respect for customers through front-line staff, fulfilling obligations, and acting to build customers' confidence in the company and its products. Trust is a belief or conviction about the other party's intentions within the relationship (Gilaninia, S., Taleghani, M., Taheri, T., and Mousavian, S. J. 2011). Trust is considered so imperative to long-term relationships and enhancing customer loyalty. Numerous authors have proposed that customers' trust has a significant role in building a long-term relationship and accomplishing customer loyalty (Berry, 1983; Kotler& Armstrong, 2010).

Commitment

Even though loyalty simply was considered as a recurrent purchase at the beginning, researchers in the field understood that repurchase alone is not sufficient evidence of loyalty (Newman, 2001). As indicated by Bettencourt (1997), commitment has a strong positive effect on loyalty. As Day (1969) showed, repurchasing goods can be derived from spurious loyalty. Taking everything into account, it was proposed that loyalty should be conceived as the commitment to the producer stimulated by certain positive attitudes because commitment indicates the motivation to preserve a relationship, while customer proceeds amongst dedicated customers decrease (Gounaris, 2005). Research by Ulaga and Eggert (2006) showed a significant and positive association between commitment and customer loyalty.

Switching Cost

Switching cost is a factor that makes it difficult or expensive for customers to change providers. Another brand loyalty determinant is known as switching cost, which can be characterized as the technical, financial, or psychological factors which make it difficult or expensive for a customer to change brand (Shergill and Bing 2006). Porter (1998) defines switching cost as a one-time cost confronting the buyer when switching from one supplier's product to another's. Notwithstanding objectivity measurable monetary costs, switching costs may likewise pertain to the time and psychological effort involved in facing the uncertainty of dealing with a new service provider (Ruyter, Wetzels, and Bloemer 1998). Henceforth, switching cost is partly consumer-specific. Consequently, a switching cost can be seen as a cost that deters customers from demanding a rival firm's brand (Aydin and Ozer 2005). There are certain factors are identified such as financial factors like bank changes, the interest rate on credit facilities, and cost of service charge, and technical factors like efficient operating system make it very costly or almost impossible for customers to seek an alternative. Shergill and Bing (2006) when the expense of switching brand is high for the customer, there is a great probability that the customer will remain loyal in terms of repeat purchase behavior, because of the risk or expense involved in switching and because of the accompanying decrease in the appeal of other options.

Image

As per Akhter (as cited in Narteh, 2013), image build over time could assume a vital role in holding customers and is very likely to have a significantly affect the relationship between functional quality and customer loyalty. Organizations may depict various images such as reliability of service delivery, courtesy of staff, global connectedness, and sometimes affinity to a country of origin.

As indicated by (Nguyen and Leblanc 2001), corporate image is identified with the physical and behavioral attributes of the firm, such as business name, engineering, architecture, range of products/services, and the impression of quality conveyed by every person interacting with the company's clients. They believe that factors that add to the corporate image might have originated from customer's awareness of corporations as physical entities and their behaviors including corporation name, tradition, management philosophy, diversification of products, and so on. It also reflects the publics' evaluations about a company's performance in areas such as management quality, employment orientation, and communication activities.

Customer Satisfaction

According to (Kotler & Keller, 2006) satisfaction could be a person's feelings of enjoyment or disappointment that result from the comparison of a product's perceived performance (or outcome) to expectations. Client assessments of product performance depend upon several factors, particularly the kind of loyalty relationship the customer has with the brand. An extremely satisfied customer usually stays loyal longer, purchases more as the company introduces new and upgraded products, talks favorably to others regarding the company and its products, pays less attention to competitor brands and is less sensitive to price, offers product or service ideas to the company, and costs less to serve than new customers because transactions can become routine. On the other hand, (Leila R, et al, 2014) described Customer satisfaction as an overall attitude formed based on the experience after customers purchase a product or use a service. It is an impression of being content with such a product or a service. Satisfaction is the assessment of the experience of associating with a service provider up to the present time and is utilized by customers to anticipate future experiences. Satisfaction is a broad feeling, which is influenced by service quality, product quality, price, and contextual and personal factors.

Relationship between Trust and Customer Loyalty

Morgan and Hunt (1994) conceptualize trust as existing when one party has confidence in a trade partner's reliability and honesty. They indicated that trust is a generalized expectancy held by an individual that the word of another can be relied on. Their definition highlights the importance of confidence. The literature on trust recommends that certainty with respect to the trusting party results from the firm conviction that the trustworthy party is reliable and has high integrity, which is associated with such qualities as reliable, capable, candid, fair, and accountable. Most researchers define trust in terms of positive expectations and a willingness to be vulnerable such that party A confidently believes that party B will deliver expected results. The vulnerability arises because party A believes that party B will be experienced, reliable, truthful, and caring in its undertakings to deliver the positive expected results.

Trust as a construct of interest is generally perceived as the most essential component in inspecting the relationship concerning customer loyalty; in fact, it an essential forerunner of customer loyalty (Selnes, F. 1998). Consequently, past studies have plentifully examined the role of trust in anticipating customer loyalty. The study by Abratt, R. and J. Russell (1999) indicates that for respondents without a personal banker, trust and honesty of the service provider is an essential consideration in building up the relationship. In a similar layer, Deng, Z., et al., (2010) analyzed the determinants of customer loyalty with regards to the wireless mobile telecommunication sub-sector in China. The study proposes that trust strongly predicts customer loyalty. The study found that alongside four other relational constructs, customer trust has a strong correlation with loyalty to banks. Consistent with this finding, the immediate impact of trust on customer loyalty was reported by Bahari, C. (2016). To show this point further, the study by Narteh, B., et al., (2013) followed guests' loyalty to luxury and first-class hotels of Ghana to customer trust among other relational elements. From the previous theoretical and empirical postulations, the following hypothesis is formulated:

H1: Trust has a significant and positive relationship with customer loyalty

Relationship between commitment and customer loyalty

Committed customers are resistant to competitors' attempts to persuade them and likely to be willing to extend their business with the brand, and to evolve their relationship with the brand over some time (Rowley, 2005). More specifically, they hardly consider other brands. Information search and the decision-making associated with switching are regarded as too labor-intensive, and switching, in general, is regarded as too risky. Such loyal customers are very susceptible to marketing communications from brands to which they are loyal, and can even communicate the messages surrounded in those marketing communications to other actual or potential customers.

In relationship marketing, commitment is considered as one of the fundamental components of a long-term relationship (Garbarino & Johnson, 1999; Wang, 2009). A study conducted in the hotel industry by (Raouf Rather and Jyoti Sharma, 2017) proved commitment can be a strong determinant of customer loyalty. The finding reveals that customer commitment to hotel guests, without doubt, adds to customer loyalty in Jammu and Kashmir hospitality sector. From this view, the following hypothesis is formulated:

H2: Commitment has a significant and positive relationship with customer loyalty.

Relationship between Customer Satisfaction and Customer Loyalty

Customer satisfaction and customer loyalty are two proportions of the most important concepts in relationship marketing. In contemporary marketing, customer satisfaction is a key operational element for sustainable customers' behavior (Al-maamari, Q., et al., 2017). Besides, customer loyalty improves business value and cost-effectiveness to business.

According to Roberts-Lombard (2009), customer satisfaction is defined as the degree to which a business product or service performance that meets the expectation of customers. When the firm‘s product or service performance matches or exceeds the expectations, then the customer is satisfied or delighted, if not then the customer is dissatisfied. Zeithaml and Bitner (2000) defined customer satisfaction as the customers' evaluation of a product/service in terms of whether that product/service has met their needs and expectations. The post-purchase assessment by the customer and the reaction of the general product or service experience entails satisfaction.

There are numerous papers in where the impact of customer satisfaction on commitment was examined (Bowen & Chen, 2001; Darsono & Junaedi, 2006). Moreover, the existing literature has concluded that there is a positive relationship between satisfaction and commitment. Commitment in turn positively affects customer loyalty.

Therefore, customer satisfaction and loyalty are indispensable components that impact managerial opinions. The marketing literature is overflowing with evidence to make the conclusion that, customer satisfaction is positively correlated to customer loyalty. Several studies have shown the positive impacts of customer satisfaction on customer loyalty. They may indicate a more powerful willingness to repurchase and endorse the product to friends (Edward, M., B. P. George, and S. K. Sarkar, 2010). Equally still, quite a few scholars have analyzed the theoretical and conceptual basis of customer satisfaction. Those researchers have found that customer satisfaction has a key influence on customer loyalty. Nonetheless, the majority of past studies have talked about either the entirety of customer satisfaction or focused on a dimension to measure it. Companies that have a happier customer base in addition receive higher economic gains. For example, customer satisfaction is a powerful antecedent to customer loyalty. The ability to retain customers is associated to the degree of customer satisfaction.

Hence, it is logical to predict that satisfied customers with mobile service operators will have a great customer loyalty intention toward its services (Akroush, M. N., et al., 2011). Considering the significance of customer satisfaction and loyalty to companies 'long-term existence and expansion, many studies have concentrated on finding the link between these ideas and their influence on customer retention which gives them an advantage over other companies' performance (Das Gupta, D. and A. Sharma, 2009).

In summary, in light of the accessible research evidence, it can be legitimized that, customer satisfaction has a major impact on customer behavior and attitude concerning customer loyalty. The same report is evident in the view of (Alireza, F., K. Ali, and F. Aram, 2011), where it was found that customer satisfaction is an important factor of customer loyalty in Iran. (A. H. MutiaSobihah, M. M., NorAzman Mat Ali Salim, and WanZulqurnain Wan Ismail, 2015) also found that customer satisfaction has a positive and important influence on customer loyalty. (Alshourah, S. M., 2012) reveal that customer loyalty is affected by customer satisfaction. In view of the above, it is hypothesized that:

H3: Customer satisfaction is positively related to customer loyalty.

Relationship between image and customer loyalty

The image consumers hold in their minds regarding a brand of a company may have considerable impact on their attitudes and/or judgment about a company's overall excellence or superiority. Image is defined as the perception of an organization that customers hold in their memories (Kim & Lee, 2010). Although the image is an intangible concept, it is proven that a good image demonstrably increases corporate worth and provides sustained competitive advantage. A business can accomplish its targets more effectively in the event that it has a good image and reputation among its stakeholders, especially key stakeholders such as its biggest customers, opinion leaders in the business community, suppliers, and existing and potential employees. (Kim & Lee 2010), in their study to examine the relationships among corporate image, brand awareness, service price, service quality, customer support services, and customer loyalty, and investigates the key drivers that establish and maintain customer loyalty to mobile telecommunications service providers in Korea. The study toughened previous research that service quality, service price, and corporate image are significant background for establishing customer loyalty. If an organization has a good image in the marketplace, customers may have a preference for that company even if there are similar businesses offering the same products or services for different prices. Hence, building a positive brand image can influence repeat purchases because a strong brand image can lead to customer loyalty (Fransisca Andreani, Tan Lucy Taniaji, & Ruth Natalia Made Puspitasari, 2012). Yee and T.M Faziharudean (2010) conducted a study on factors that influence customer loyalty towards Internet banking websites in Malaysia. The data were composed using 289 internet banking users out of 350 questionnaires disseminated. It was found that reputation has a positive influence on customer loyalty towards internet banking websites. As per these theoretical and empirical postulations, the following hypothesis is formulated:

H4: Image has a significant and positive effect on customer loyalty

Relationship between switching cost and customer loyalty

The impact of apparent switching cost on customer loyalty has been empirically confirmed in different service settings. Switching cost is considered as one of the key driver in customer retention or switching decisions. Switching cost is considered one of the categories in the switching barriers, which emerges out of an analysis by Colgate and Lang, (2001) against the experience of consuming a product or service. The switching cost has been identified as a contributing factor in sustaining relationships (Colgate and Lang, 2001). Switching cost is the cost incurred by the customer due to switching to other service providers that would not be experienced if consumers remained loyal to current service providers (Lee, Lee, and Feick, 2001). Dwyer and Tanner (1999) also classify the switching cost as the loss of value of investment plus fines and other financial costs, related searches, evaluation as well as the cost of the service while using other providers. Switching cost may also be related to perceived risk that is defined as the perception of the customers will be uncertain and adverse consequences due to the purchase of products or services of other. Switching cost seems to be the important reason not to switch to another service provider. In a study conducted by Sri MinartiNingsih and WasesoSegoro, (2014) showed that switching cost had a significant influence on customer loyalty the coefficient value of switching cost was 0.241 which meant that if the variable of switching cost increased for one unit, the customer loyalty would increase for 0.241 points. From this review, the following hypothesis is formulated:

H5: Switching cost has a significant and positive effect on customer loyalty

2.2. Empirical Review

In addition to the theoretical foundation, some empirical studies indicate the factors that affect customer loyalty and showed whether the factors have a significant impact on customer loyalty. Various studies are administered on customer loyalty within the several service sectors. Serkan and Gorhan (2004) stated that four proportions influence customer loyalty in choosing desired service providers in general. These proportions are corporate image, perceived service quality, trust, and switching cost. Nguyen and Leblanc (2001) establish that corporate image positively influences customer loyalty in three service sectors namely telecommunication, education, and retailing. Andreassen and Lindestad (1998) established that corporate image determines corporate loyalty in the package tour industry in Norway.

Yarmen et al. (2016) discovered that image has a direct effect on loyalty. An image can be certainly viewed as a predictor of customer loyalty. Thus, a positive hospital image appears to stimulate patient loyalty. A number of empirical researches have been performed to examine the impact of the image on loyalty.

Ball et al. (2004) mentioned that assessing customer loyalty and its determinants into different markets and countries may bring out a significant variance within the explanation of loyalty. Brady et al. (2005) argued that despite different studies that specialize in drivers of loyalty, scholars, as well as practitioners, are still lacking in the understanding of loyalty determinants and their relative importance.

The study conducted by Kantsperger, Kunz (2010) to develop a conceptual model of consumer trust in a service company, which may help in detecting different mediating effects of trust in the customer relationship to the service company. Antecedents and consequences of trust are deliberated in a business-to-consumer services context in the banking industry. Empirical data are collected from a sample of 232 retail bank customers with checking accounts in London. The empirical data support that the "trust" dimension has a significantly greater influence on customer loyalty (0.78) than "credibility." (0.64) the study concluded that banks can create customer loyalty by exhibiting trustworthy behavior, showing credibility in the transactions, and enhancing the overall level of performance. Thus, trust plays a major role in achieving customer Loyalty.

A study conducted by Beerli, Martin & Quintana (2004) on the factors which have predisposed customer loyalty in the banking industry is perceived quality, satisfaction, and switching cost. Boost in perceived quality increases the satisfaction and boost in satisfaction increases the perceived quality. Satisfaction influences loyalty positively which meant that the greater the satisfaction level of the customers, the greater their loyalty would be towards their respective banks.

A study by Ayob (2010) examined the relationship between switching cost, trust, and promotion or customer loyalty. Related findings were detailed by Belal and Akter (2012) who display that switching cost and brand image had a positive influence on customer loyalty. Satisfaction has strong positive effects on customer retention. It is considered that the higher the satisfaction, the higher is the level of retention, and almost every firm is focusing on managing and increasing customer satisfaction. It was indicated that customer satisfaction is also an essential performance metric and it generates customer retention which in turn increases the company's profitability. According to Narteh, (2013) results showed that price, quality of service, brand image, and trends offer four significant factors that sway mobile users to change service providers. However, (Narteh, 2013) found a positive and direct relationship between image and loyalty.

Customer satisfaction has been considered to be a precursor of loyalty in service context in preceding studies (Koteswara, Kondasani, & Panda, 2017; Murti et al., 2013; Naidu, 2009; Shabbir, Kaufmann, & Shehzad, 2010), which suggested that customer loyalty should advance dramatically as a response to the enhanced level of customer satisfaction. In the service literature, it has been empirically confirmed that satisfaction is a critical and necessary condition to achieve customer loyalty. Studies established a positive relationship between customer satisfaction and customer loyalty (Tanford, 2016) and discovered that customer satisfaction also impacts the major predictor of customer loyalty. Kandampully and Suhartanto (2000) directed their examination in the hotel industry and recognized the significant positive impact of customer satisfaction on customer loyalty. Customer satisfaction has been considered as a primary determinant of customer loyalty. Anderson and Sullivan (1993) found that satisfied customers have a more noteworthy inclination to be retained and become impervious to alternative options, while Fornell (1992) expressed that high satisfaction prompts increased loyalty in customers. Overall, it can be inferred that there are pieces of evidence to show that customer satisfaction has a significant effect on attitudinal aspects of loyalty.

Findings of a study by Al-Maamari and Abdulrab (2018) on the factors affecting customer loyalty in service organizations suggest that six factors: service quality, perceived enjoyment, technological perceptions, perceived value, trust, and customer satisfaction have a significant influence on customer loyalty. This finding is considered as an addition to the body of knowledge concerning the importance of higher levels of customer loyalty in service sector.

Research Hypotheses

Based on the research objectives, the following hypotheses are formulated to be tested:

H1: Trust has a significant and positive relationship with customer loyalty.

H2: Commitment has a significant and positive relationship with customer loyalty.

H3: Customer satisfaction is positively related to customer loyalty.

H4: Image has a significant and positive effect on customer loyalty

H5: Switching cost has a significant and positive effect on customer loyalty

2.3. Conceptual Framework

To examine factors affecting customer loyalty in private hospitals, the following model has been adapted from the findings of the above literature review

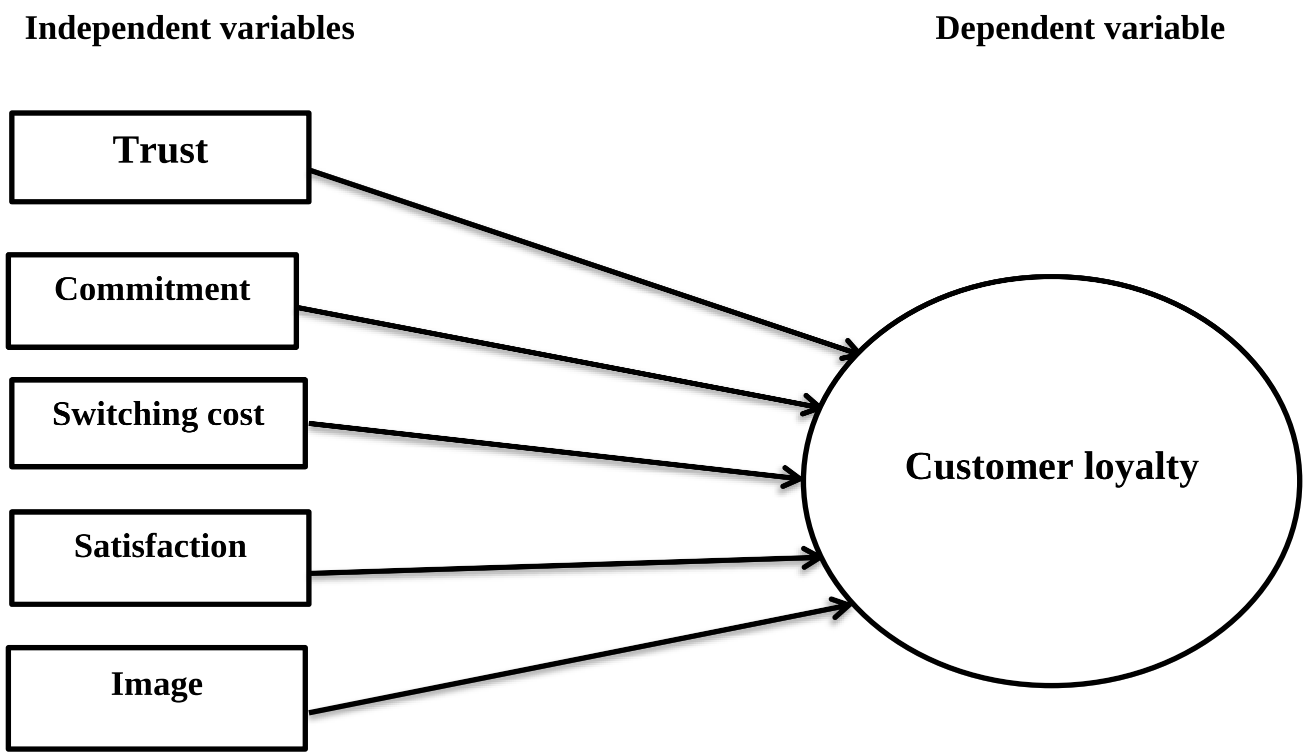

Fig 1: Conceptual framework

Source: Aydin and Ozer (2005)

CHAPTER THREE

RESEARCH DESIGN AND METHODOLOGY

In this chapter, the research methodology that was used in the study is described. The geographical area where the study is conducted, the study design, and the population and sample are described. The instruments that are used to collect the data and analyze the collected data are described. The ethical consideration is also described.

3.1. Research Design

A research design is the scheme, outline, or plan that is used to generate answers to research problems. A research design is the structure of the research that serves as the glue that holds all elements of a research project together. This implies the fact that it gives direction and systematizes the research as it involves the process, which the investigator will follow from the inception to completion of the study (Creswell, 2003).

There are three types of research design based on the study purpose: exploratory, descriptive, and explanatory. This classification is mainly based on the formation of research questions. What can be accomplished by research questions and how the outcomes will be utilized (Yin, 2003). Descriptive research is a way to precisely, portray the profile of persons or events and therefore is often used in research areas where the research problem is well known and well-structured and there is no need to investigate the cause-and-effect relationship among factors. Explanatory research to the contrary of descriptive aims to analyze the cause-and-effect relationships and aims to explain which cause produces what effect (Yin, 2003).

The research design for this thesis is an explanatory research type. As the aim of explanatory research is to identify causal links between dependent and independent variables that pertain to the research problem, thus this study is undertaken to examine the factors affecting customer loyalty and identify those factors that significantly influence customer loyalty in the case of private hospitals.

3.2. Research Approach

There are two broad methods of reasoning known as the deductive and inductive approaches. The deductive approach works from the more general to the more specific; this ultimately leads to testing the hypotheses with specific data to confirm or not confirm the original theories (Trochim, 1998-2000). While inductive reasoning, by its very nature, is more open-ended and exploratory; deductive reasoning is narrow and is concerned with testing or confirming hypotheses (OlleStromgren, 2007)

Accordingly, in line with the study objectives and strategy i.e. find out if, customer loyalty has an effect on private hospitals the study follows the deductive approach.

3.3. Research Methods

According to Susan (2011), quantitative research is used to measure the problem by way of producing numerical data or data that can be transformed into usable statistics. It is used to measure attitudes, behaviors, and other variables and generalize results from a larger sample population. The study uses a quantitative research type.

3.4. Target Population

Population is defined as "the complete set of units of analysis that are under investigation, while the element is the unit from which the necessary data is collected" (Davis 2000, p. 220). The target populations of this study are patients found in the waiting room of different private hospitals in Addis Ababa like Girum hospital, Bethzatha general hospital, Hallelujah general hospital, and Hayat hospital which are selected for their convenience and ease of access.

3.5. Sampling and Sampling Procedure

Sample Size Determination

Determining sample size is directly proportional to the desired confidence level of the estimate (z) and to the variability of the phenomenon being investigated, and it is inversely proportional to the mistake that the researcher is ready to acknowledge (Corbetta, 2003). When the size of the population is unknown and previous researches are unavailable to agree on the variability of an estimate over all possible samples, thus the sample size is designed for the least favorable case p = q = 0.5 (Corbetta, 2003). Since the total population is unknown in this study, the following formula is used based on the suggestion of Corbetta (2003) in determining the standard deviation, 95% confidence interval, and 5% sampling error in calculating the sample size.

$$n=\frac{z^{2}\, p*q}{e^{2}}$$

Where:

n = required sample size

z = Degree of confidence (i.e., $1.96)^2$

p = Probability of positive response (0.5)

q = Probability of negative response (0.5)

e = Tolerable error (0.05)

Therefore:

$n = (1.96)2 * 0.5 * 0.5 / (0.05)2$

$n = 3.8416 * 0.25/0.0025$

n = 384.16…. Respondents

Sampling techniques

According to Kothari (2004), two general approaches to sampling are used in social science research i.e., Probability sampling or non-probability sampling. Probability samples are those based on simple random sampling, systematic sampling, stratified sampling, cluster/area sampling whereas non-probability samples are those based on convenience sampling, judgment sampling, and quota sampling techniques.

Since there is no list of target population meaning no proper sampling frame and to get a better result with the limited budget a non-probability sampling technique, called convenience sampling, was used to undertake the study and to complete the structured questionnaire voluntarily.

3.6. Data Source and Type

Both primary and secondary data types are used in the research. Primary data was collected using a questionnaire. The secondary data was collected from text books, dissertations, previous research works, articles and related journals, publications, and online information available.

3.7. Data Collection Procedure and Instrument

Creswell, (2003) stated there are many methods of data collection. The choice of a tool and instrument depends mainly on the attributes of the subjects, research topic, problem question, objectives, design, expected data, and results. This is because each tool and instrument collects specific data.

To collect the data for this study both primary and secondary data gathering tools were employed. To collect relevant data from primary respondents, the questionnaire was prepared and distributed to patients of private hospitals such as Girum hospital, Bethzatha general hospital, Hallelujah general hospital, and Hayat hospital who are found in the waiting area and it was a self administered survey. Secondary data was collected from journals, dissertations, textbooks, research papers, internet sources, and brochures. The questionnaire was adopted from a study by Fetawek Woldemeskel (2017) and edited to fit this study using the article of Seyed, M., Mohamad, S. & Abbas K. (2018) and was prepared using the five-point Likert scales ranging from strongly disagree to strongly agree. The values assigned are 1 =strongly disagree, 2 = disagree, 3 = no opinion, 4 = agree, 5 = strongly agree.

3.8. Data Analysis and Interpretation

The collected data was analyzed using SPSS version 26 (Statistical Package for the Social Science). This study used both descriptive and inferential statistics to summarize and present the data. Descriptive statistics such as frequencies, percentages, means, and standard deviations were used to summarize sample population characteristics and general data which were obtained through the questionnaire. To explain the situation and to draw conclusions inferential statistics such as correlations and multiple regressions were used.

3.9. Validity and Reliability

Content validity refers to the degree to which an instrument represents the factors under study. To achieve content validity, questionnaires included a variety of questions on the factors affecting purchase decisions and loyalty programs. So as to make sure of the validity, data was collected from reliable sources like respondents who have a patient card and found in the waiting rooms of the aforementioned hospitals, and the survey question will be based on the reviewed literature and will be adapted from questions which are tested by existing studies to make sure of the content validity.

According to Polit and Hungler (1993) reliability is the degree of consistency with which an instrument measures the attribute it is designed to measure. To assess the internal consistency of the instrument, a pilot study was conducted on respondents; the factors were subjected to a reliability test. Thus, the Cronbach's alpha was used to measure internal reliability by unit weighting items with salient loadings in a factor where a value of 0.7 or higher was considered acceptable according to Moss et. al 1998

Table 1: Reliability test

Constructs	Number of items	Cronbach's alpha
Trust	6	0.825
Commitment	6	0.835
Satisfaction	6	0.838
Customer loyalty	6	0.861
Switching cost	3	0.743
Image	3	0.878

3.10. Ethical Consideration

To keep the confidentiality of the data given by respondents, the respondents were not required to write their names and were assured that their responses will be treated in strict confidentiality. It was also stated in the questionnaire that there are no right or wrong answers and that you are interested in their personal opinion. The purpose of the study was disclosed in the introductory part of the questionnaire. Furthermore, the researcher tried to avoid misleading or deceptive statements in the questionnaire. Lastly, the questionnaires were distributed only to voluntary participants.

CHAPTER FOUR

RESULTS AND DISCUSSION

In this chapter, analysis and interpretation of quantitative data collected from respondents is summarized and presented. It includes demographic information of respondents, the descriptive and inferential statistics used to test the hypotheses, and to investigate the influence of independent variables on dependent variable. 385 questionnaires as per the determined sample size were prepared and distributed to patients of private hospitals. However, just 380 of them were found to be valid which gives us a response rate of 98.7 percent.

4.1. Demography of respondents

Gender of respondents

Out of the total 380 respondents, 195 (51.3%) were male and 185 (48.7%) were female this is illustrated in table 2 below.

Table 2: Gender of respondents

Gender of respondents

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	195	51.3	51.3	51.3
	Female	185	48.7	48.7	100.0
	Total	380	100.0	100.0	

Source: survey data (2021)

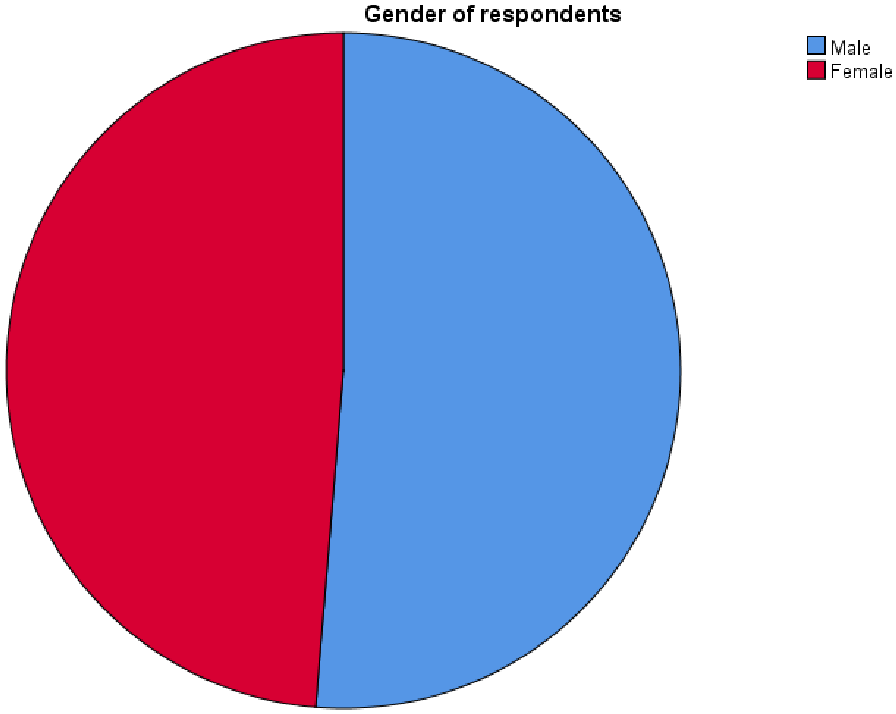

Fig 2: Gender of respondents

Age of respondents

Concerning the age of respondents, 117 (30.8%) were in the age group of 18-25, 152 (40.0%) were in the age group of 26-35, 55 (14.5%) were in the age group of 36-45, 50 (13.2%) were in the age group of 46-55, and 6 (1.6%) were 56 & above. This is illustrated in table 3 below.

Table 3: Age of respondents

Age of respondents

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	18-25	117	30.8	30.8	30.8
	26-35	152	40.0	40.0	70.8

	36-45	55	14.5	14.5	85.3
	46-55	50	13.2	13.2	98.4
	56 & above	6	1.6	1.6	100.0
	Total	380	100.0	100.0	

Source: survey data (2021)

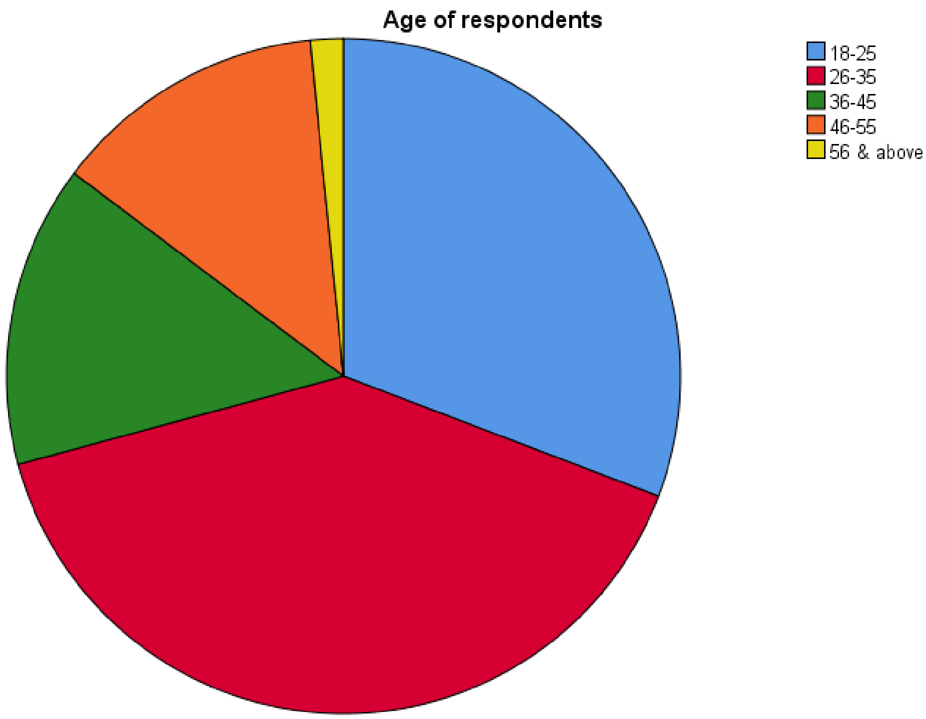

Fig 3: Age of respondents

Patient type

As for the type of patient, 199 (52.4%) were found to be in patient while 181 (47.6%) were out patient. This is illustrated in table 4 below

Table 4: Patient type

Patient type

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	In patient	199	52.4	52.4	52.4
	Out patient	181	47.6	47.6	100.0
	Total	380	100.0	100.0	

Source: survey data (2021)

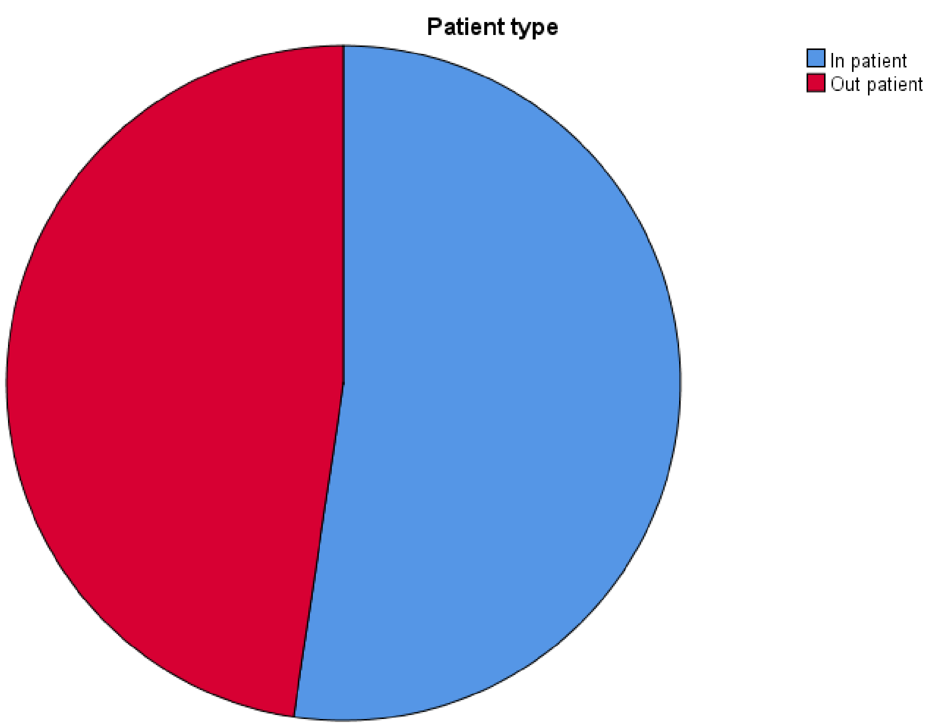

Fig 4: patient type

4.2. Testing for assumptions of regression analysis

4.2.1. Test of normality

Normality test is used to find out whether the data sets are normally distributed or not. In this study, normality test has been tested by using skewness and kurtosis. Skewness is a measure of symmetry precisely the lack thereof whereas; kurtosis measures whether the data is heavy-tailed or light-tailed comparative to a normal distribution. As illustrated in table 5 below the variables are all within the acceptable range of normality which is between (-2 to +2) according to George & Mallery, 2010

Table 5: Test of normality

	N	Skewness		Kurtosis	
	Statistic	Statistic	Std. Error	Statistic	Std. Error
Trust	380	-0.769	0.343	0.996	0.674
Commitment	380	-0.589	0.343	-1.226	0.674
Satisfaction	380	-0.120	0.297	0.714	0.778
Customer Loyalty	380	-0.452	0.128	-0.724	0.452
Switching Cost	380	-0.589	0.279	-0.890	0.552
Image	380	-0.284	0.224	-0.401	0.444
Valid N (listwise)	380				

Source: survey data (2021)

4.2.2. Multicollinearity test

Raykov and Marcoulides (2006) state that in a regression analysis the presence of multicollinearity implies that one is using redundant information in the model, which can easily lead to unstable regression coefficient estimates. Multicollinearity should be done before conducting a regression analysis. It calculates correlation analysis which is tested above in table

6, high correlation coefficient among variables implies that multicollinearity is suspected. The value of tolerance and variance inflation factor (VIF) is also tested, if the value of tolerance is less than 0.1 and/or VIF is greater than 10 it implies the possibility of multicollinearity.

Table 6: Multicollinearity test

Model		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	Image	.516	1.937
	Trust	.511	1.956
	Satisfaction	.423	2.365
	Commitment	.404	2.472
	Switching Cost	.676	1.480

a. Dependent Variable: Customer Loyalty

Source: survey data (2021)

From this data, it can be seen that multicollinearity is not a problem in this model since VIF is well below 10 and tolerance is also above 0.1 as it ranges from 0.404 to 0.676 therefore are no problems that go against the assumptions of multiple regression and no collinearity between variables that thwarts the prediction ability of the model.

4.3. Regression analysis

Regression analysis is conducted to be acquainted with how much the independent variable explains the dependent variable. Multiple linear regressions were conducted to know how independent variables influence the dependent variable as correlation alone does not imply that one variable causes the other. Trust, commitment, satisfaction, switching cost, and image were used as the independent variables while customer loyalty was used as the dependent variable. An independent variable is an input or assumption that is changed to assess the impact on a dependent variable.

Table 7: Model summary

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.697[a]	.486	.479	.37253

a. Predictors: (Constant), Switching Cost, Satisfaction, Image, Trust, Commitment

Source: survey data (2021)

As indicated by the model summary, the predictors namely Switching Cost, Image, Trust, Satisfaction, and Commitment account for 48.6% with estimated standard error of 0.37253 as R square shows the proportion of variance in the dependent variable which can be predicted from the independent variables.

Table 8: ANOVA

ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	49.020	5	9.804	70.647	.000[b]
	Residual	51.902	374	.139		
	Total	100.922	379			

a. Dependent Variable: Customer Loyalty

b. Predictors: (Constant), Switching Cost, Satisfaction, Image, Trust, Commitment

Source: survey data (2021)

According to the above ANOVA table, the significance value of F statistics shows a value of 70.647 and p- value (.000), which is less than 0.05, implies the model is significant. This indicates that the variation explained by the model is not owing to chance.

Table 9: Coefficients

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
		B	Std. Error	Beta	T	Sig.	Tolerance	VIF
1	(Constant)	.531	.207		2.566	.011		
	Image	.178	.043	.211	4.088	.000	.516	1.937
	Trust	.205	.052	.205	3.955	.000	.511	1.956
	Satisfaction	.167	.063	.150	2.636	.009	.423	2.365
	Commitment	.231	.070	.193	3.316	.001	.404	2.472
	Switching Cost	.097	.040	.109	2.408	.017	.676	1.480

a. Dependent Variable: Customer Loyalty

Source: survey data (2021)

From the above data, the standardized beta coefficient implies how intensely the five independent variables (trust, commitment, satisfaction, image, and switching cost) components predict the behavior of dependent variable (customer loyalty). Image has a coefficient Beta value of 0.211 which shows image is the most important variable in predicting customer’s loyalty in private hospitals and supports the hypothesis that image has a significant and positive effect on customer loyalty. This finding is aligned with finding of to Andreassen and Linderstad (1998)**,** a good corporate image has been found to help established and maintain loyal relationship with customers.

Trust has a coefficient beta value of 0.205 which indicates trust is the next most important variable in predicting customer's loyalty in private hospitals and supports the hypothesis that trust has a significant and positive relationship with customer loyalty. This finding is in line with finding of Ndubisi (2007) which founds that trust has a significant impact on customer loyalty.

Satisfaction has a coefficient beta value of 0.150 which shows that satisfaction is a variable that affects customer loyalty in private hospitals and supports the hypothesis that customer satisfaction is positively related to customer loyalty. This finding is in line with finding of (Morgan & Hunt, I994) which founds that there exists quite a broad consensus that customer satisfaction is an antecedent of loyalty.

Commitment has a coefficient beta value of 0.193 which shows commitment is another variable that affects customer loyalty in private hospitals and supports the hypothesis that commitment has a significant and positive relationship with customer loyalty. This finding support the study of Ndubisi (2007) commitment is a critical factor in building customer loyalty.

Switching cost has a coefficient beta value of 0.109 which indicates switching cost also affects customer loyalty in private hospitals and supports the hypothesis that switching cost has a significant and positive effect on customer loyalty. This finding is in line with finding of Aydin and Ozer (2005) which found that switching cost has a significant impact on customer loyalty.

4.4. Descriptive statistics

To present quantitative descriptions in a manageable form data was analyzed using descriptive statistics that shows mean and standard deviation. Mean demonstrates the average of all customers' responses on each dimension, the higher the mean the more the respondents agree with the statement. The mean score of each dimension show that it's greater that the midpoint which is three and that implies the variables do in fact influence customer loyalty. Standard deviation, on the other hand demonstrates how diverse the responses of customers are for a given dimension, the higher the standard deviation the more different each customers opinion is and vice versa. Table 10 below illustrates the mean and standard deviation of each dimension.

Table 10: Descriptive statistics

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Trust					
I have confidence in the hospital	380	2.00	5.00	3.8474	.91765
The hospital is consistent in providing quality service	380	2.00	5.00	4.1658	.95624
The hospital fulfills its obligation to patient.	380	3.00	5.00	4.2421	.82463
The hospital treats me in an honest way.	380	3.00	5.00	4.4868	.61411

I consider the hospital staffs are concerned for my wellbeing.	380	2.00	5.00	3.7237	.89559
Hospital staff are trustworthy	380	3.00	5.00	3.9632	.69579
Commitment					
The hospital is flexible when serving my needs	380	3.00	5.00	3.9842	.69659
I feel emotionally attached to this hospital	380	3.00	5.00	4.0447	.55381
The hospital offers personalized services to meet customers need.	380	2.00	5.00	4.0421	.87674
The hospital is very committed to continue relationship with customers	380	2.00	5.00	4.1947	.84652
I would like to improve my patronage to the hospital	380	2.00	5.00	4.1947	.79840
The hospital contacts customers to remind them of the future services.	380	2.00	5.00	4.2053	.87170
Satisfaction					

I am very satisfied with this hospital	380	2.00	5.00	4.0711	.77746
The hospital services always meet my expectations.	380	2.00	5.00	3.9289	.81717
I am delighted with the services provided by the hospital.	380	2.00	5.00	3.9447	.74763
I am satisfied with pricing of the hospital.	380	2.00	5.00	4.1105	.72527
I am satisfied with the extended operation hours of the hospital.	380	2.00	5.00	4.1289	.73129
I am satisfied with the effort of the hospital to inform new products and services.	380	2.00	5.00	4.1368	.81361
Customer loyalty					
I consider myself to be loyal to the Hospital.	380	2.00	5.00	4.2711	.67187
I would recommend the hospital to friends and relatives	380	3.00	5.00	4.1368	.77372

Every time I need a hospital, this hospital will be among my first option	380	2.00	5.00	4.0895	.80066
I do not like to change to another hospital because I value this hospital	380	2.00	5.00	3.8789	.90503
When talking about the hospital my comments are positive	380	2.00	5.00	3.9474	.79402
My intention to use the services of this hospital would not be changed	380	2.00	5.00	3.9789	.83434
Switching cost					
To change to another hospital involves much effort in deciding which other hospital to use.	380	2.00	5.00	4.2632	.86211
I feel uncertain about whether other hospital can give the same service as this one.	380	2.00	5.00	4.0395	.86627
I feel that switching to a new hospital causes monetary cost.	380	2.00	5.00	4.1579	.80651

Image					
This hospital has a good reputation.	380	2.00	5.00	3.9342	.83359
This hospital is widely known among customer.	380	3.00	5.00	4.1000	.65821
The hospital offers fast and reliable service.	380	2.00	5.00	3.9842	.82492
Valid N (listwise)	380				

Source: survey data (2021)

From the above data, it is observed that in the trust variable the highest mean value score is 4.48, in the commitment variable the highest mean scored is 4.2, in the satisfaction variable the highest mean values is 4.13, in the customer loyalty variable the highest mean value score is 4.27, in the switching cost variable the highest mean value score is 4.26, and lastly in the image variable the highest mean value score is 4.1

4.5. Inferential statistics

4.5.1. Correlation analysis

This study utilized correlation examination, which explores the strength of connections between the examined factors. Pearson correlation analysis was utilized to give proof of focalized legitimacy. Correlations maybe the most fundamental and most helpful proportion of relationship between at least two factors (Marczyk, Dematteo and Festinger, 2005). General rules are correlation of .10 to .30 are viewed as little or low relationship, correlation of .30 to .70 are considered strong relationships, correlation of .70 to .90 are viewed as very strong relationship, and correlation of .90 to 1.00 are viewed as exceptionally huge relationship. Based on the questionnaire the following correlation analysis was done using SPSS version 26.

Table 11: Correlation analysis

Correlations

		Image	Trust	Satisfaction	Commitment	Customer Loyalty	Switching Cost
Image	Pearson Correlation	1	.464**	.549**	.670**	.566**	.444**
	Sig. (2-tailed)		.000	.000	.000	.000	.000
	N	380	380	380	380	380	380
Trust	Pearson Correlation	.464**	1	.650**	.533**	.558**	.500**
	Sig. (2-tailed)	.000		.000	.000	.000	.000
	N	380	380	380	380	380	380
Satisfaction	Pearson Correlation	.549**	.650**	1	.673**	.576**	.426**
	Sig. (2-tailed)	.000	.000		.000	.000	.000
	N	380	380	380	380	380	380
Commitment	Pearson Correlation	.670**	.533**	.673**	1	.596**	.471**
	Sig. (2-tailed)	.000	.000	.000		.000	.000
	N	380	380	380	380	380	380

Customer Loyalty	Pearson Correlation	.566**	.558**	.576**	.596**	1	.460**
	Sig. (2-tailed)	.000	.000	.000	.000		.000
	N	380	380	380	380	380	380
Switching Cost	Pearson Correlation	.444**	.500**	.426**	.471**	.460**	1
	Sig. (2-tailed)	.000	.000	.000	.000	.000	
	N	380	380	380	380	380	380

**. Correlation is significant at the 0.01 level (2-tailed).

Source: survey data (2021)

Correlation between image and customer loyalty

The result of the Pearson correlation test conducted between the independent variable image and the dependent variable customer loyalty as indicated in table 6 shows there is a strong relationship between the variables (r=0.566). This is to mean if the hospital has a favorable image, customers are likely to be loyal.

Correlation between trust and customer loyalty

The result of the Pearson correlation test conducted between the independent variable trust and the dependent variable customer loyalty as indicated in table 6 shows there is a strong relationship between the variables (r=0.558). This is to mean if customers trust the hospital, they are more likely to be loyal.

Correlation between satisfaction and customer loyalty

The result of the Pearson correlation test conducted between the independent variable satisfaction and the dependent variable customer loyalty as indicated in table 6 shows there is a strong relationship between the variables (r=0.576). This is to mean if the customers are satisfied with the hospital, then they are more likely to be loyal.

Correlation between commitment and customer loyalty

The result of the Pearson correlation test conducted between the independent variable commitment and the dependent variable customer loyalty as indicated in table 6 shows there is a strong relationship between the variables (r=0.596). This is to mean if customers are committed to the hospital then they are more likely to be loyal.

Correlation between switching cost and customer loyalty

The result of the Pearson correlation test conducted between the independent variable switching cost and the dependent variable customer loyalty as indicated in table 6 shows there is a strong relationship between the variables (r=0.460). This is to mean if the switching cost from the hospital is high then customers are more likely to be loyal.

As indicated in the above regression analysis, standardized coefficient entails how intensely the independent variables impact the dependent variable. It shows the degree of change in the dependent variable for every unit of change in the independent variable. The regression standardized coefficient (β) for the five independent variables; image, trust, satisfaction, commitment, and switching cost are 0.211, 0.205, 0.150, 0.193, and 0.109 respectively while their significance level (p) are less than 0.05, which indicates that there is a significant relationship with the dependent variable. The hypothesis test is summarized in the table below

Table 12: Hypothesis test

	Hypothesis	Remark
H1	Trust has a significant and positive relationship with customer loyalty $\beta=0.205$, $p<0.05$	Supported
H2	Commitment has a significant and positive relationship with customer loyalty. $\beta=0.193$, $p<0.05$	Supported
H3	Customer satisfaction is positively related to customer loyalty. $\beta=0.150$, $p<0.05$	Supported
H4	Image has a significant and positive effect on customer loyalty $\beta=0.211$, $p<0.05$	Supported
H5	Switching cost has a significant and positive effect on customer loyalty $\beta=0.109$, $p<0.05$	Supported

CHAPTER FIVE

SUMMARY, CONCLUSIONS, AND RECOMMENDATIONS

This chapter presents summary of major findings of the study in accordance with the objectives, conclusions drawn from the findings, and recommendation that focus on how to address the problems identified in the study.

5.1. Summary of major findings

The objective of this study was to examine factors affecting customer loyalty in private hospitals in Addis Ababa. More specifically, the researcher considered five factors namely trust, image, commitment, satisfaction, and switching cost. The researcher attempted to meet the research objectives and the raised research questions by conducting various analyses such as correlation analysis, regression analysis, descriptive analysis, etc using SPSS version 26

The correlation analysis showed the factors or the independent variables namely trust, image, commitment, satisfaction, and switching cost significantly correlate with the dependent variable customer loyalty.

According to the results of the research discussed above, the findings can be summarized as follows; trust was found to significantly relate to customer loyalty with a beta value of 0.205, commitment was found to significantly relate to customer loyalty with a beta value of 0.193, customer satisfaction was found to significantly relate to customer loyalty with a beta value of 0.105, switching cost was also found to significantly relate to customer loyalty with a beta value of 0.109. The effect of image was found to be imperative with standardized coefficient β=0.211

which led to the accepting of all the formulated hypotheses. In conclusion, all the five variables identified were found to significantly affect customer loyalty.

5.2. Conclusion

The study was intended and carried out to examine factors affecting customer loyalty in selected private hospitals. The investigation particularly centered on five variables that affect customer loyalty namely trust, image, commitment, satisfaction, and switching cost. Identification and understanding of these factors is essential for hospital management to design various strategies to the factors that have significant impact on customer loyalty.

To achieve the general objective, the researcher analyzed various prior studies and theories to come up with the five factors accepted to influence customer loyalty. To examine the effect each factor has on customer loyalty, which is the specific objective of the study, regression and correlation analysis, were used whose results support the assumption that the identified factors do in fact significantly impact customer loyalty and that there is significant relationship or correlation among the variables. It is shown that 48% of the dependent variable customer loyalty is explained by independent variables, as indicated in the regression analysis.

Based on the research conducted, the following conclusions are made: Image has a coefficient Beta value of 0.211 which shows it is the most important variable affecting customer's loyalty in private hospitals and supports H4: image has a significant and positive effect on customer loyalty. Trust has a coefficient beta value of 0.205 which indicates it is the next most important variable affecting customer's loyalty in private hospitals and supports H1: trust has a significant and positive relationship with customer loyalty. Satisfaction has a coefficient beta value of 0.150 which shows that it is a variable that affects customer loyalty in private hospitals and supports

H3: customer satisfaction is positively related to customer loyalty. Commitment has a coefficient beta value of 0.193 which shows commitment is another variable that affects customer loyalty in private hospitals and supports H2: commitment has a significant and positive relationship with customer loyalty. Switching cost has a coefficient beta value of 0.109 which indicates switching cost also affects customer loyalty in private hospitals and supports H5: switching cost has a significant and positive effect on customer loyalty.

From the regression analysis, the researcher concluded that image and trust with beta value 0.211 and 0.205 respectively are the most significant variable that affects customer loyalty in private hospitals. This means private hospitals in Addis Ababa that have favorable image and that customers trust can cultivate customer loyalty. These findings corroborate with the studies of Ndubisi (2007) and Andreassen and Linderstad.(1998) that both trust and image are significantly related to customer loyalty. The other variables (commitment, switching cost, and satisfaction) also significantly affect customer loyalty in private hospitals. Therefore, all five hypotheses are accepted according to the analyses performed. These findings of the remaining variable also support previous studies of Morgan and Hunt (1994) and Aydin and Ozer (2005) stated in the literature review.

5.3. Recommendation

Based on the analysis and the findings, and hypothesis testing in this study, the following recommendations are put forward;

According to the results of this study, image and trust were found as the core factors that affect customer loyalty towards the selected private hospitals thus, the management of private hospitals is recommended to take extra effort to improve their image and build trust towards their hospital to attain high level of customer loyalty. The managements of private hospitals should focus on building positive image of the hospital in the minds of customers by creating awareness, offering fast and reliable service, and involving more in the community which helps the hospital maintain a good reputation and be able to create a unique position than other hospitals. They also should make an effort to get customers trust by keeping promises, showing concern, providing quality services consistently, and showing respect for patients.

Commitment, customer satisfaction, and switching cost were also found to affect customer loyalty as a result; the management of private hospitals is additionally recommended to understand their customers' commitment, satisfaction and expected switching cost which in turn will increase customer loyalty. The management of private hospitals should increase customers' commitment by offering flexible services, following up on customers to know whether they are satisfied or not, and remind them of future services. They are also recommended to keep customers satisfied with the services by exceeding customer expectation and offering high quality services. Additionally, it is recommended to create higher cost of switching to another hospital by developing different strategies like having more specialized physicians that couldn't be found in other hospitals and minimizing waiting time which makes customers stay loyal.

5.4. Recommendation for further research

The study only focused on the five variables identified on examining the factors that affect customer loyalty in private hospitals; however, this can be further explored as there are other various factors such as service quality, perceived value, perceived enjoyment, and technology according to Al-Maamari and Abdulrab (2017) that directly or indirectly affect customer loyalty not examined in this study.

Future research might also investigate moderating variables that could possibly change the strength or direction of an effect between the independent and dependant variable as there is an absence of mediating variable in this study. A study conducted by Walsh, Evanschitzky, & Wunderlich (2008) provides evidence of the importance of moderating variables like satisfaction with assortment/services, satisfaction with employees, and demography in influencing the link between satisfaction and loyalty. Researchers have also established that satisfaction goes about as a mediating variable between service quality and purchase intentions (Cronin & Taylor, 1992; Cronin et al., 2000). Thus, with regards to health care, patients' satisfaction serves as a mediating variable between service quality and customer loyalty. This can be further investigated in the context of private hospital in Addis Ababa.

The factors used in this study can also be used in future study to see their impact on customer loyalty but in different sector other than private hospitals such as hotels, banks, etc.

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Appendix: Survey Questionnaire

Addis Ababa University School of Commerce

Department of Marketing Management

Questionnaire to be filled by patients of private hospitals

Dear respondent, this questionnaire is designed to collect data on the factors affecting customer loyalty in private hospitals. The research is being conducted by a student of Addis Ababa University School of Commerce as a partial fulfillment of the requirement for a master's degree in marketing management. The questionnaire is organized in two sections, the first section is general information and the second one is about factors affecting customer loyalty. The information gathered through this questionnaire will be accessed only by the student researcher and will be kept strictly confidential and the result of the study will be used for academic purposes only. Please note that there are no right or wrong answers I am only interested in your personal opinion. I kindly request you to take a few minutes and respond to all questions honestly. Thank you in advance for your cooperation!

Demographic Data (please put a "√" mark on the box that best describes you)

1. Gender: Female ☐ Male ☐

2. Age: 18- 25 ☐ 26- 35 ☐ 36-45 ☐ 46-55 ☐ 56 & above ☐

3. Patient type: In patient ☐ out patient ☐

Part two: Factors affecting customer loyalty

No	**Factors**	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
	Trust					
1.	I have confidence in the hospital.					
2.	The hospital is consistent in providing quality service.					
3.	The hospital fulfills its obligation to patient.					
4.	The hospital treats me in an honest way.					
5	I consider the hospital staffs are concerned for my wellbeing.					

6	Hospital staff are trustworthy					
	Commitment					
7.	The hospital is flexible when serving my needs					
8.	I feel emotionally attached to this hospital					
9.	The hospital offers personalized services to meet customers need.					
10.	The hospital is very committed to continue relationship with customers					
11.	I would like to improve my patronage to the hospital					
12.	The hospital contacts customers to remind them of the future services.					
	Satisfaction					
13.	I am very satisfied with this hospital					
14.	The hospital services always meet my expectations.					
15	I am delighted with the services provided by the hospital.					
16.	I am satisfied with pricing of the hospital.					
17.	I am satisfied with the extended operation hours of the hospital.					
18.	I am satisfied with the effort of the hospital to inform new products and services.					
	Customer loyalty					
19.	I consider myself to be loyal to the Hospital.					
20.	I would recommend the hospital to friends and relatives					
21.	Every time I need a hospital, this hospital will be among my first option					
22.	I do not like to change to another hospital because I value this hospital					
23.	When talking about the hospital my comments are positive					
24.	My intention to use the services of this hospital would not be changed					
	Switching Cost					
25	To change to another hospital involves much effort in deciding which other hospital to use.					
26.	I feel uncertain about whether other hospital can give the same service as					

	this one.					
27.	I feel that switching to a new hospital causes monetary cost.					
	Image					
28.	This hospital has a good reputation.					
29.	This hospital is widely known among customer.					
30.	The hospital offers fast and reliable service.					