

The Effect of Public Hospitals Service Quality on Customer Satisfaction in Case of Gurage Zone

Chernet Zerga

Wolkite University School of Graduate Studies

ABSTRACT: The primary purpose of this study is to assess the influence of public service delivery quality on customer satisfaction. It investigates the linkage between various dimensions of service quality and the level of satisfaction among clients in public hospitals within the Gurage Zone, Ethiopia. Service quality is the customer's perception of how well a service meets their expectations, and it is a key driver of customer satisfaction. The study focuses on five major dimensions—reliability, responsiveness, assurance, empathy, and tangibility—to determine how each contributes to customer satisfaction. Data was gathered from patients through structured questionnaires distributed to randomly chosen participants using a systematic sampling technique. And from the respondents' demographic results shows that 64% of respondents were male and 36% were female. The largest age group of respondents (46%) fell between 36 and 45 years, while the smallest group (46–55 years) represented a minor portion, suggesting that the majority of hospital customers are relatively young adults. Regarding educational background, most respondents had completed secondary education (33.6%), whereas only 8.8% held a university degree. The collected data were analyzed using descriptive and inferential statistical methods such as frequencies, percentages, means, standard deviations, regression analysis, as well as tests for multicollinearity, heteroskedasticity, and linearity and the descriptive statistics showed that 50.4% of respondents were satisfied and 14.8% were highly satisfied with hospital services. Meanwhile, 18.8% were dissatisfied, 4% were highly dissatisfied, and 12% remained neutral. The mean satisfaction score of 3.392 indicates general satisfaction among hospital customers. However, these results highlight the need for hospitals to further enhance service quality to fully meet patient expectations. The results of the study enhance understanding of the determinants of customer satisfaction concerning service quality and provide practical insights for improving healthcare service delivery in Gurage Zone public hospitals.

KEYWORDS: Quality Service Delivery, Customer Satisfaction, Public Hospitals, Gurage Zone, Healthcare.

CHAPTER ONE INTRODUCTION

1.1. Background of Study

The primary aim of organizing the public sector is to enhance service delivery and provide it with a clear strategic direction. Globally, the public sector stands as the largest provider of services, with its core mission centered on maintaining high-quality service standards and strengthening the government's capacity to perform vital administrative and developmental functions. By doing so, it contributes significantly to the achievement of sustainable economic growth and social development (Theodore, 2003).

In the context of Ethiopia, improving the efficiency and quality of public services has been a key governmental priority. Like many nations, Ethiopia recognizes that effective service delivery is a worldwide concern that demands continuous reform to address evolving citizen needs and expectations. Over the past decades, the Ethiopian government has introduced a range of political, economic, and social reforms designed to enhance the performance and quality of public service institutions. Among these initiatives, the Civil Service Reform Program—launched in the early 1990s under the Office of the Prime Minister—plays a central role. This program consists of five core subcomponents, one of which is specifically dedicated to improving service delivery and ensuring quality. It promotes transparency, fairness, and accountability by establishing mechanisms such as structured complaint-handling systems.

A hospital, as defined by Singh (2010), is an institution dedicated to providing medical care through diagnostic, therapeutic, and rehabilitative services to individuals suffering from illness or injury. Its central mission is to restore and maintain the health of patients. The healthcare sector, being one of the most critical components of a nation's development, plays a pivotal role in ensuring the well-being of its population.

Public hospitals have a clear and important purpose in a country's health-care system. Their mission is broader than simply treating patients, they exist to protect public health, ensure equity, and provide essential services to all people, regardless of ability to pay (Alemu, A.T., Bogale, E.K., Bogale, S.K. et al. 2024).

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According to Gaster and Squires (2003), enhancing the quality of public service delivery serves as a cornerstone for public sector reform efforts. The concept of public service refers to the range of services delivered by the government either directly or through partnerships and financial support to private entities. Evaluating service quality and measuring customer satisfaction are essential to assessing the outcomes of such reforms. However, one major challenge lies in the absence of a universally accepted definition and standard indicators of service quality. Most researchers agree that service quality should be viewed from the customers' perspective, though they differ in their approaches to measuring satisfaction. Leisen and Vance (2001) distinguished between two major perspectives: the European approach, which evaluates both process and outcome dimensions, and the U.S. approach, which focuses mainly on process efficiency.

Customer service involves direct or indirect interactions with clients through various communication channels, aiming to achieve both operational effectiveness and client satisfaction. Every employee who engages with clients—either routinely or occasionally—contributes to the overall quality of service delivery. Therefore, maintaining a balance between functional performance and customer satisfaction is crucial.

The purpose of this study is to identify problems that prohibit achieving objectives, to assess the effect of service quality on customer satisfaction in public hospitals in the case of Gurage Zone.

1.2. Statement of the Problem

Public hospitals play a crucial role in delivering quality and affordable healthcare services, particularly in developing and middle-income countries. However, despite significant investments in health-care infrastructure and human resources, patient satisfaction levels in public hospitals remain relatively low. Recent studies in Ethiopia and specifically in Gurage Zone report inpatient satisfaction levels ranging between 50% and 60%, indicating that a substantial proportion of patients are dissatisfied with the care they receive. Persistent challenges such as long waiting times, poor communication, inadequate privacy, limited availability of essential drugs, and overcrowded facilities continue to undermine the perceived quality of care.

Service quality is widely recognized as a key determinant of patient satisfaction, influencing not only patient outcomes but also hospital reputation, service utilization, and trust in the health-care system. Frameworks such as SERVQUAL highlight dimensions like reliability, responsiveness,

assurance, empathy, and tangibility as critical predictors of satisfaction. However, evidence suggests that public hospitals in Gurage zone struggle to meet patient expectations along these dimensions. This gap between expected and actual service quality raises concerns about the overall effectiveness of public hospitals services.

As noted by Mohammed et al. (2010), cited in Benjamin (2012), public service organizations recognize that effective service delivery is a critical factor in establishing their credibility and reputation within society. They further argue that issues such as long queues, poor-quality services, and a lack of adequate physical and material resources negatively impact the overall image and performance of public institutions—particularly hospitals.

Despite the Ethiopian government's ongoing efforts to improve service quality and strengthen grievance-handling systems, many public organizations, including hospitals, still struggle to meet the expectations of their clients. Yoseph (2011) also observed that inefficiency in service delivery systems remains a major issue in Ethiopia's public sector, leading to dissatisfaction among service users.

Despite the importance of service quality in shaping patient satisfaction, there is limited empirical research—particularly at local or regional levels—examining how each aspect of service quality affects patient satisfaction in public hospitals. Without such evidence, hospital managers and policymakers lack the data needed to design targeted interventions that improve service delivery and increase patient satisfaction.

Therefore, the problem addressed in this study is the **uncertain and insufficiently understood effect of public hospitals' service quality on customer satisfaction**, and the need to identify which dimensions of service quality most strongly influence patient satisfaction within the public hospitals in Gurage Zone.

1.3. Research Question

The study seeks to answer the following research questions:

1. What is the current level of service quality in public hospitals within the Gurage Zone?
2. Which service quality dimension responsiveness, empathy, reliability, assurance, and tangibility—are most prioritized in these hospitals?
3. Which of these service quality dimensions have the strongest relationship with customer satisfaction?
4. How does overall service quality influence customer satisfaction in Gurage Zone public hospitals?

1.4. Objectives of the Study

1.4.1. General objective

The main objective of the research is to assess the effect of public service delivery quality on customer satisfaction in Gurage zone public hospitals.

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1.4.2. Specific Objectives

This study tries to:

1. Assess the overall level of public service delivery quality in public hospitals of the Gurage Zone.
2. Identify the key service quality dimensions that are most emphasized in Gurage Zone public hospitals.
3. Determine which service quality dimension has the strongest influence on customer satisfaction.
4. Analyze the effect of service quality on customer satisfaction in Gurage Zone public hospitals.

1.5. Research Hypothesis

Based on the specific objectives outlined above, the study tested the following hypothesis:

H1: There is a positive relationship between **tangibility** (physical facilities, equipment, appearance of staff) and customer satisfaction.

H2: There is a positive relationship between **reliability** (ability to perform the promised service dependably and accurately) and customer satisfaction.

H3: There is a positive relationship between **responsiveness** (willingness to help customers and provide prompt service) and customer satisfaction.

H4: There is a positive relationship between **assurance** (knowledge and courtesy of employees and their ability to convey trust and confidence) and customer satisfaction.

➤ **H5:** There is a positive relationship between **empathy** (caring and individualized attention provided to customers) and customer satisfaction

1.6. Significance of Study

This study examined the relationship between public service delivery quality dimensions and customer satisfaction in Gurage Zone public hospitals, and the study is significant for several communities. Specifically

For the Healthcare Sector it helps

- To improve Service quality by identifying gaps in quality service delivery in public sector.
- Resource Allocation: Understanding factors influencing patient satisfaction can guide resource allocation for optimal service delivery.
- Performance Evaluation: The study can provide a baseline for measuring the impact of quality improvement initiatives and policy changes.

For Patients it provides

- Enhanced Patient Experience: deeper understanding of factors affecting patient satisfaction can lead to improvements in the overall healthcare experience.
- Increased Access to Quality Care: By highlighting service delivery challenges, the study can contribute to efforts to improve access to quality healthcare for all.

For the Government

- Accountability and Transparency: The study can help the government assess the performance of public hospitals and hold them accountable for delivery service.
- Effective Resource Utilization: Understanding the relationship between service quality and patient satisfaction can inform efficient resource allocation within the healthcare sector.
- Public Trust Building: Improving public service delivery quality can enhance public trust in the government and its healthcare system.

1.7. Scope of the Study

This research is delimited in three main aspects: conceptual, geographical, and participant scope. Conceptually, the study concentrates on examining the impact of public service delivery quality on customer satisfaction. Geographically, it is confined to public hospitals located within the Gurage Zone. In terms of participants, the study involves patients or outpatients and customers of the hospitals.

1.8. Operational Definition

Public service delivery refers to the process by which governments provide essential services to their citizens. These services are typically funded through taxes and other public revenues. The goal is to improve the quality of life for the population by addressing their needs and promoting overall well-being.

Service quality is the customer's perception of how well a service meets their expectations, and it is a key driver of customer satisfaction

Customer satisfaction is a measure of how customers feel with services given by public and private sectors, and overall experience. Actually, customer's satisfaction is the customer's evaluation of goods and services in term of whether it is according to the

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customer's needs.

1.9. Organization of the Study

This thesis is organized into five main chapters, each addressing an essential aspect of the research.

The first chapter introduces the study, presenting the background, problem statement, research objectives (both general and specific), significance, research questions, and the scope of the research.

The second chapter reviews relevant literature, summarizing previous studies and scholarly discussions related to the connection between public service delivery quality and customer satisfaction.

The third chapter explains the research methodology, detailing the qualitative and quantitative methods used for data collection, analysis, and interpretation.

The fourth chapter presents, analyzes, and discusses the research findings derived from the gathered data.

Finally, the fifth chapter outlines the main conclusions of the study and offers practical recommendations aimed at enhancing public service delivery and improving customer satisfaction.

REVIEW OF RELATED LITERATURE

2.1. INTRODUCTION

The relationship between the quality of public service delivery and customer satisfaction has been widely explored in previous research. This chapter presents both theoretical and empirical literature related to the study topic. It offers a comprehensive review of existing studies that correspond to the problem identified in the first chapter. The discussion covers major concepts such as the characteristics of services, dimensions of service quality, customer satisfaction, the connection between service quality and satisfaction, key service quality models, and the conceptual framework guiding this research. Collectively, these components provide a strong foundation for understanding the central themes examined in the study.

2.2. Theoretical Literature Review

2.2.1. Definitions and Concepts of Service

The concept of service has evolved alongside human civilization and is deeply integrated into modern social and economic life. Despite its long history, there is no single universally accepted definition of the term "service." According to the International Business Machine (IBM) research initiative Service Science, a service can be understood as an interaction between a provider and a customer that generates and delivers value (Yuan, 2013).

Hermen (2009) described a service as an activity characterized by intangibility, involving an interaction between a provider and a customer or the customer's property, which does not result in ownership transfer. Instead, a service may bring about a change in condition or produce an outcome that might or might not be linked to a tangible product. Similarly, Jayaraman et al. (2010) simplified the concept by defining services as acts, processes, or performances.

In a broader context, Enyonam (2011), Benjamin (2012), and Biljana and Jusuf (2011) suggested that services encompass all economic activities that do not yield a tangible product. Such activities are typically consumed as they are produced and create value by offering convenience, comfort, health, timeliness, or recreation—features that are inherently intangible.

Ahmad (2011) further explained that a service is any performance or activity provided by one party to another, which is intangible and does not lead to ownership of any physical object. He emphasized that services are intangible, heterogeneous, perishable, and inseparable, and therefore require higher levels of quality control, provider credibility, and adaptability.

Gronroos (2000) also defined services as a series of intangible activities that occur in interactions between customers and service providers, involving personnel, physical resources, or systems, all aimed at providing solutions to customers' needs or problems.

2.2.2. Characteristics of Service

Kotler et al. (1997) identified four key characteristics that differentiate services from tangible goods. The first is intangibility, which means that services cannot be seen, touched, tasted, heard, or smelled before they are purchased. Additionally, services are produced and consumed at the same time, making the service provider an essential part of the service experience. Consequently, the way a service is delivered plays a crucial role in determining its overall quality.

Second, services are heterogeneous, as their quality and outcomes largely depend on who provides them, as well as the time, place, and circumstances of delivery. This variability makes standardization challenging and emphasizes the importance of skilled and consistent service provision.

Third, services are perishable and cannot be stored for future use. As a result, managing the timing and availability of services is critical to meeting demand and maintaining efficiency.

Finally, services are inseparable from their providers, as production and consumption occur simultaneously, further highlighting the direct interaction between the service provider and the customer in determining service quality.

2.2.3. Understanding Customer Expectation

According to Harris (2014), a consumer's expectations—referred to as client prospects—represent their anticipated outcomes from

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specific purchases or interactions. Harris explains that primary expectations arise from meeting the consumer's basic needs, such as buying food or clothing, while secondary expectations are built upon the fulfillment of these primary needs. Harris (2014:24) further notes that the influence of consumer feedback is often asymmetric: negative experiences are widely shared and can reach numerous people, whereas positive experiences are typically communicated only to close family and friends.

The dissemination of negative experiences can therefore discourage potential customers from engaging with a company, ultimately impacting business performance. Machado et al. (2012) argue that many service providers in business contexts, whether in the private or public sector, do not fully understand the true meaning of client satisfaction. In line with this, Cronin and Taylor (1994), as cited in Tsotsa (2002), define consumer satisfaction as an evaluative response regarding the perceived outcome of a specific consumption experience. They further suggest that satisfied customers tend to develop brand loyalty, demonstrate a willingness to repurchase, and share positive experiences with others. Crous (2005) adds that organizations can enhance client satisfaction by investing in service quality, continuously improving standards, and recognizing employees who contribute to exceeding customer expectations, thereby ensuring that client prospects are met or surpassed.

2.2.4. Customer Expectation

Customer expectations refer to the beliefs or assumptions a consumer holds about a product or service before experiencing it (Olson & Dover, 1979). When no prior information is available, these expectations may be vague or very general. In reality, however, consumers form expectations based on multiple sources of information, such as previous experiences with the service, recommendations from others, expert opinions, marketing efforts (including advertising, personal selling, and pricing strategies), and exposure to alternative services (Zeithaml et al., 1993).

At the pre-purchase stage, expectations influence decisions about which brand or type of product or service to choose. During the consumption stage, expectations may be shaped by the behavior of service staff, interactions with other customers, and the physical environment of the service. Finally, at the post-purchase stage, these expectations act as a benchmark against which consumers evaluate their satisfaction with the service (Oliver, 1980).

2.2.5. Service quality

The concept of service has been a focus of research since the 1980s. Churchill and Surprenant (1982), as well as Parasuraman et al. (1985), expanded the understanding of customer satisfaction by comparing an organization's actual service performance with the expectations held by its customers. They emphasized that service quality is determined not only by fulfilling basic needs but also by meeting or exceeding customers' desires and requirements. Building on this foundation, Parasuraman et al. (1988) further developed the concept into five dimensions of service quality: tangibles, reliability, responsiveness, assurance, and empathy. Later research further developed and refined the understanding of service quality dimensions. For instance, Lehtinen and Lehtinen (1982) categorized service quality into physical quality, commercial quality, and interactive quality. In a similar vein, Grönroos (1982, 1984) proposed that service quality could be evaluated based on corporate image, the functional quality of the service delivery process, and the technical quality of the service outcome.

Parasuraman et al. (1988) later introduced the SERVQUAL model, which operationalized service quality using the five dimensions. The tangibles dimension refers to the physical aspects of service delivery, including facilities, equipment, and the appearance of personnel, as well as communication tools and environmental conditions (Fitzsimmons & Fitzsimmons, 2014). This dimension has also been shown to significantly impact service quality in sectors such as higher education (Davis et al., 2003). The reliability dimension measures an organization's ability to deliver promised services accurately and consistently. It includes accuracy in billing, record-keeping, and fulfillment of commitments (Parasuraman et al., 1988). Research in the European banking sector by Korda et al. (2010) indicated that perceived value can mediate the relationship between perceived service quality and customer satisfaction, highlighting the importance of reliability.

Responsiveness reflects the willingness and promptness of an organization to assist customers and address their needs (Parasuraman et al., 1988). Johnston (1997) refined this dimension to emphasize the timely delivery of services and rapid response to customer inquiries and complaints. The empathy dimension, as defined by Parasuraman et al. (1985), involves providing individualized attention and understanding customers' specific needs. Studies by Ananth et al. (2011) and Johnston (1997) have confirmed that empathy positively influences customer satisfaction, particularly in private sector banking. Finally, the assurance dimension relates to instilling confidence and trust in customers by ensuring that services are delivered securely and reliably, thereby reducing customer anxiety and reinforcing the perception of positive outcomes.

The SERVQUAL model, introduced by Parasuraman and colleagues in 1985 in the United States, has become one of the most widely adopted frameworks for assessing service quality (Saunders et al., 2009). It measures both customer expectations and perceptions across key service quality dimensions. Over time, SERVQUAL has been recognized as an effective tool for evaluating, analyzing, and improving service quality, thereby enhancing customer satisfaction (Tessa et al., 2011). Nevertheless, while the model is robust, it is not universally applicable and often requires adaptation to fit specific organizational contexts. Its dimensions have also been modified by various authors to better suit different industries and service environments.

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In their foundational study, Parasuraman et al. (1985) identified ten elements of service quality: reliability, responsiveness, competence, access, courtesy, communication, credibility, security, understanding the customer, and tangibles. Later, in 1988, these elements were consolidated into five core dimensions: reliability, responsiveness, tangibles, assurance, and empathy. Reliability refers to a service provider's ability to deliver the promised service consistently and accurately, while responsiveness reflects the provider's willingness to promptly assist customers and address their questions, complaints, or problems in a timely manner. Tangibility pertains to the appearance of physical facilities, equipment, and personnel, representing the service's physical image, which customers use to assess quality. Assurance relates to the knowledge, courtesy, and ability of staff to instill trust and confidence, particularly in services perceived as high-risk or difficult to evaluate. Empathy emphasizes providing individualized attention to customers, signaling that each customer is unique and their specific needs are recognized and addressed (Tessa et al., 2011). SERVQUAL has been widely regarded as an effective model for measuring service quality, including in the public sector. Its comprehensive nature and adaptability make it a preferred method for assessing service quality across different organizations (Parasuraman, 1988). Therefore, this study adopts the SERVQUAL model to examine the effect of public service delivery quality on customer satisfaction.

2.2.6. Customer Satisfaction

Customer satisfaction is defined as the customer's assessment of a product or service based on the extent to which it fulfills their needs and expectations. Customers may be dissatisfied if the performance of a product or service falls short of their expectations, or they may experience high satisfaction when performance exceeds expectations (Kotler, 2012). In today's highly competitive business environment, achieving customer satisfaction is critical. A service provider's ability to deliver a high level of satisfaction not only helps differentiate their offerings but also fosters strong and lasting customer relationships (Deng et al., 2009). Satisfied customers contribute to profitable business outcomes, while positive interactions and behavior by service providers foster favorable impressions and strengthen customer relationships, ultimately enhancing satisfaction (Soderlund & Rosengren, 2008). According to Harris (2008), customer satisfaction reflects the overall feeling of contentment resulting from a customer interaction and is influenced by the gap between customer expectations and perceptions. Perceptions are shaped by personal experiences and prior interactions with the service (Harris, 2007). Zeithaml and Gremler (2006) further note that satisfaction is often associated with feelings of delight, such as being positively surprised or experiencing relief. Consequently, in the modern business context, service quality has emerged as one of the most strategic tools for measuring and ensuring customer satisfaction (Gustafsson et al., 2005).

2.2.7. Customer Satisfaction Benefits

Customer satisfaction refers to the customer's overall evaluation of goods or services in terms of how well they meet their needs and expectations. It arises when the performance of a product or service aligns with, exceeds, or falls short of what the customer anticipates (Kotler, 2012). Customers may feel dissatisfied if the product or service fails to meet their expectations, while exceeding expectations can lead to heightened satisfaction and delight. In today's competitive business environment, customer satisfaction is particularly critical, as it not only influences repeat purchases but also strengthens customer loyalty and fosters long-term relationships. Positive interactions and behavior by service providers contribute significantly to shaping customer perceptions, creating favorable impressions, and ultimately enhancing satisfaction (Deng et al., 2009; Soderlund & Rosengren, 2008).

From a psychological perspective, customer satisfaction is shaped by the gap between customer expectations and actual perceptions of service quality. Perceptions are influenced by prior experiences, personal judgments, and the quality of interactions with the service provider (Harris, 2007; Harris, 2008). Satisfaction is often associated with positive emotional responses, such as delight or relief, when services surpass expectations (Zeithaml & Gremler, 2006). In this context, service quality has emerged as one of the most strategic tools for assessing and improving customer satisfaction, as it directly impacts both customer retention and loyalty (Gustafsson et al., 2005). Measuring satisfaction allows organizations to evaluate cumulative customer experiences over time, providing insights into how effectively services meet expectations and where improvements are needed (Smith, 2007).

Ultimately, customer satisfaction serves as a cornerstone of effective service management. High levels of satisfaction not only retain existing customers but also attract new ones, creating a positive cycle of business growth and stability. Organizations that prioritize understanding and enhancing customer satisfaction can gain a competitive advantage, improve market share, and cultivate strong, long-term relationships with their clientele. By systematically measuring satisfaction and addressing gaps between expectations and performance, businesses can ensure that their service delivery consistently meets or exceeds customer expectations, thereby fostering loyalty and long-term profitability.

2.3. Empirical Review

The SERVQUAL model has been extensively used to evaluate service quality and customer satisfaction in a variety of service contexts, showcasing its flexibility as both a diagnostic and assessment tool. Developed by Parasuraman et al. (1985), SERVQUAL assesses service quality by identifying gaps between customer expectations and perceptions across five main dimensions: reliability, responsiveness, assurance, empathy, and tangibles. By identifying specific areas where services fall short of customer expectations, the model enables organizations to implement targeted improvements to enhance service delivery and overall satisfaction. Its

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application has spanned multiple sectors, including healthcare, education, and public services, illustrating its broad relevance.

A study conducted by Parasuraman et al. (1985) applied the SERVQUAL framework to evaluate the quality of services provided by the University of Houston Health Center clinic. The findings revealed that patients were generally dissatisfied across all five dimensions, indicating notable gaps between their expectations and the actual service received. Among the dimensions, assurance—reflecting staff competence, courtesy, and the ability to instill trust—was the area with the highest dissatisfaction. In contrast, tangibles, such as physical facilities and equipment, and empathy, representing individualized attention, exhibited the lowest levels of dissatisfaction, suggesting that patients were relatively satisfied with these aspects of service delivery.

Similarly, Minazzi (2008) applied the SERVQUAL model to evaluate customer satisfaction in the public sector, specifically examining various services provided by Scottish Councils. In the context of library services, the analysis of gap scores showed that tangibles and reliability had negative gaps, suggesting that customer expectations were not fully satisfied. In contrast, responsiveness and assurance displayed positive gaps, indicating that service performance in these areas exceeded customer expectations. These results highlight that even within public sector services, certain dimensions of SERVQUAL are more likely to influence overall satisfaction, while others reveal areas requiring improvement.

Overall, the application of SERVQUAL in these studies underscores the model's effectiveness in identifying strengths and weaknesses in service delivery across different contexts. By examining specific dimensions individually, organizations can prioritize interventions to enhance customer satisfaction strategically. Furthermore, these findings emphasize the importance of addressing both technical and interpersonal aspects of service, as gaps in assurance or responsiveness can significantly impact customer perceptions and loyalty. Collectively, SERVQUAL provides a systematic approach for understanding the relationship between service quality and customer satisfaction, making it an invaluable tool for service management and quality improvement initiatives.

In the Malaysian public sector, Chingang et al. (2010) examined management and customer perceptions of service quality practices. Their study emphasized that, although the SERVQUAL model is widely employed to identify gaps between customer expectations and actual service delivery, it primarily focused on the perspectives of management and customers, leaving out the views of frontline employees. This omission is notable, as frontline staff are directly involved in service delivery and have a significant impact on customer experiences and satisfaction. The findings underscore the importance of including all stakeholders in service quality evaluations, since relying solely on management and customer perceptions may provide an incomplete picture of the service process. Similarly, Mohamad et al. (2009) investigated service quality and customer satisfaction within a Malaysian public sector department using Rust and Oliver's three-component model, which encompasses service product, service delivery, and service environment. Their results indicated that all three components were positively related to customer satisfaction, but the service product dimension was the only one with a strong and statistically significant impact. Service delivery and service environment, while positively related, did not significantly affect satisfaction, suggesting that certain aspects of service quality contribute more prominently to customers' overall evaluation of services. These results indicate that not all service dimensions are equally influential in shaping customer satisfaction and highlight the need for public sector organizations to focus on the most critical factors that directly impact customer perceptions.

Together, these studies underscore the utility of the SERVQUAL model and related frameworks in identifying specific gaps in service delivery and understanding the determinants of customer satisfaction. By systematically measuring differences between expected and perceived service performance, organizations can pinpoint areas requiring improvement while also recognizing strengths that enhance customer experiences. Moreover, these studies illustrate the relevance of service quality assessment tools across different public sector contexts, from healthcare services to administrative departments, demonstrating their adaptability and practical value in improving service provision.

Ultimately, considering the insights from both studies, it becomes evident that effective service quality evaluation requires a holistic approach that integrates perspectives from management, customers, and frontline employees. Such a comprehensive assessment allows organizations to design targeted strategies to improve service delivery, enhance customer satisfaction, and foster long-term loyalty. By bridging the gaps between expectations and actual performance, public sector organizations can not only meet but potentially exceed customer expectations, thereby contributing to higher levels of trust, satisfaction, and overall service excellence.

2.4. Research Conducted in Ethiopia

Several studies in Ethiopia have explored service quality and customer satisfaction, offering important insights into public healthcare delivery. A notable example is a 2014 study conducted at Butajira Referral Hospital in the Southern Nations, Nationalities, and Peoples' Region (SNNPR), titled "Service Delivery and its Impact on Customer Satisfaction." The study aimed to evaluate service delivery quality and its effect on customer satisfaction, with specific objectives including the assessment of customer satisfaction across the five SERVQUAL dimensions—tangibles, responsiveness, assurance, reliability, and empathy—and the identification of gaps in the hospital's service process.

The findings indicated that most respondents were dissatisfied with the hospital's service delivery. Among the SERVQUAL dimensions, responsiveness received the lowest mean scores and was identified as having the greatest impact on overall customer satisfaction, followed by tangibles, reliability, assurance, and empathy. These results highlight that delays, lack of prompt attention,

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and inefficient responses were major factors negatively affecting patient satisfaction.

Another study conducted at Dilla University Referral Hospital in 2011, titled “Level of Client Satisfaction and Associated Factors in Public Service Delivery,” provided further evidence of service quality challenges in Ethiopian healthcare facilities. The study reported that 36% of patients were dissatisfied with employees’ interactions and skills, while 47% were disappointed with the overall service delivery system. Additionally, 52% and 61% of respondents expressed dissatisfaction with the service delivery process and the complaint handling procedures, respectively. Overall, 49% of customers reported being dissatisfied with the services provided by the hospital, reflecting significant gaps in meeting patient expectations. These findings highlight the critical need for healthcare facilities to improve both interpersonal interactions and systemic processes to enhance patient satisfaction.

The high levels of dissatisfaction reported in these studies suggest that hospitals have a significant opportunity to evaluate and improve their existing service delivery mechanisms. By examining patient feedback and identifying deficiencies in responsiveness, reliability, tangibles, assurance, and empathy, healthcare institutions can implement targeted interventions to improve service quality. Furthermore, addressing complaints effectively and enhancing staff competence and communication skills are essential steps toward meeting patient expectations and fostering higher levels of customer satisfaction.

Collectively, these studies underscore the importance of continuous monitoring and assessment of service quality in Ethiopian hospitals. They demonstrate that gaps in service delivery not only impact patient satisfaction but also provide actionable insights for hospital management to enhance operational efficiency, service effectiveness, and overall patient experiences. By systematically addressing the identified weaknesses, hospitals can strengthen public trust, improve healthcare outcomes, and ensure that service delivery aligns more closely with patient expectations.

2.5. Conceptual Framework of the study

This section aims to summarize key findings from previous literature and highlight their relevance to the present study. It begins with general insights drawn from earlier research and then emphasizes specific contributions that inform this study. A recurring theme in the literature is the strong and significant relationship between service quality and customer satisfaction. Numerous studies indicate that improvements in service quality enhance customer satisfaction, whereas shortcomings in service delivery often result in dissatisfaction. Additionally, research consistently shows that service quality can be effectively evaluated through five core dimensions—tangibles, reliability, responsiveness, assurance, and empathy—with the SERVQUAL model being the most widely recognized and validated tool for this purpose.

Building on these insights, prior studies have developed questionnaires and data collection instruments based on the SERVQUAL dimensions to assess both customer and employee perspectives within public service organizations. These instruments allow researchers to measure perceived gaps between expected and actual service performance, thereby identifying specific areas for improvement. By applying this framework, organizations can not only evaluate overall service quality but also understand which dimensions have the greatest impact on customer satisfaction. Consequently, the findings from past literature provide a strong foundation for the current study, supporting the use of the SERVQUAL model as a methodological tool to examine the relationship between service quality and customer satisfaction in public service settings.

This synthesis of previous research underscores the importance of systematically measuring service quality and its impact on customer satisfaction. It also highlights the relevance of incorporating multiple perspectives—including those of customers and employees—to obtain a comprehensive understanding of service delivery performance. By adopting these approaches, the current study aims to contribute to the body of knowledge by providing empirical evidence on the service quality–customer satisfaction relationship, particularly in the context of public service organizations, and by identifying practical areas for improving service delivery.

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The five service quality dimensions framed as the following:

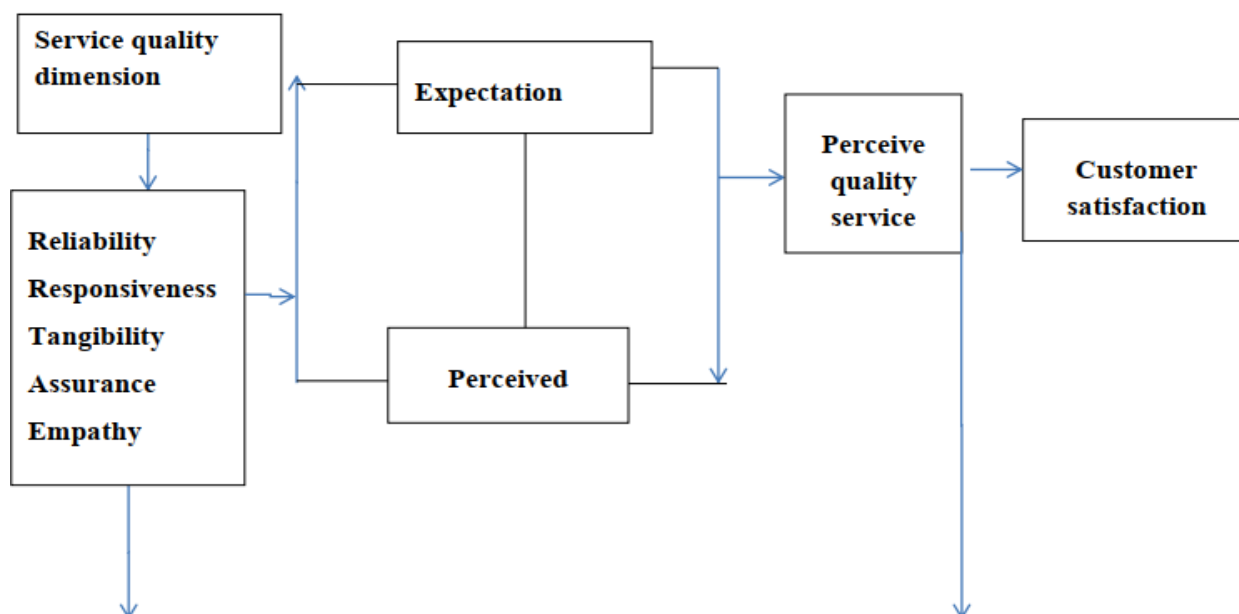


Figure 1 Service Delivery Quality Dimensions

Source: (Research Model adapted from Parasuraman, et al, 1988)

CHAPTER THREE RESEARCH METHODOLOGY

This chapter presents aspects of how the research was conducted, focusing on the research design and methodological framework. It begins by outlining the overall research design and approach, followed by discussions on the sampling techniques, data collection instruments, and the procedures employed to gather data. Additionally, the chapter addresses the methods used for data analysis, as well as considerations regarding the reliability and validity of the study. Ethical issues related to the research are also discussed within this chapter.

3.1. Research Design and Research Approaches

3.1.1. Research Design

This thesis employs both descriptive and explanatory research designs to examine the impact of service quality on customer satisfaction and to explore the relationships among the variables of interest. The descriptive research design is used to provide a detailed account of the current situation under study. According to Creswell (1994), the descriptive research method involves systematically collecting information about existing conditions. This approach enables the researcher to conduct a fact-finding study while ensuring accurate and meaningful interpretation of the findings. In addition, the study utilizes an explanatory research design to explain, understand, predict, and analyze the relationships between the variables, thereby providing deeper insights into how service quality influences customer satisfaction.

3.1.2. Research Approach

In this study, a mixed-methods approach was employed, combining both qualitative and quantitative research techniques. As Kumar (2011) notes, qualitative research is particularly useful for understanding and explaining the feelings, values, attitudes, experiences, and practices of a specific group. This approach was therefore well-suited for exploring the selected issues in depth, assessing respondents' attitudes, behaviors, and opinions, and examining aspects that cannot be captured through numerical data alone. Conversely, the quantitative approach enabled the researcher to measure the scale and magnitude of the problem, as properly designed quantitative methods allow findings from a sample to be generalized to the broader population. Data collected through questionnaires were analyzed using descriptive statistics such as frequency, percentage, mean, and standard deviation, along with regression analysis and tests for collinearity, heteroskedasticity, and linearity. By integrating both approaches, the study benefits from triangulation, which strengthens the reliability, validity, and overall rigor of the findings.

3.2. Sampling and Sample Design

3.2.1. Study Area

The study area of the paper includes Gurage Zone which is one of the administrative zones in central Ethiopia, with Wolkite town serving as its capital, situated approximately 153 kilometers southwest of Addis Ababa, the capital city of the country. The zone is administratively divided into 16 districts and town administrations. According to the 2007 national household census, Gurage Zone has an estimated population of 1,279,646, of which 657,568 are women and 622,078 are men.

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3.2.2. Target Population

The target population for this study consists of customers of public hospitals in the Gurage Zone, located in the Central Ethiopia region. Within the zone, six public hospitals—comprising five primary hospitals and one specialized hospital—are tasked with providing quality public healthcare services to the population. These hospitals include Mehal Amba Primary Hospital, Hawariyat Primary Hospital, Gunchire Primary Hospital, Quante Primary Hospital, Agena Primary Hospital, and Wolkite University Specialized Hospital.

3.3. Sampling Technique and Size

3.3.1. Sampling Size

It is known that sampling is “part of whole to show what the rest is like and plays a vital role in business research in a sense that it determines that the corresponding value of the population”. There different sampling techniques probability and non-probability sampling. This research will be employed purposive probability sampling (is the intentional selection of participants based on predefined characteristics or criteria that align directly with the study's purpose) to select the customers/patients in public hospitals from the total population, in Gurage Zone. There are six public hospitals in the zone. Out of this, samples of all six public hospitals will be taken to conduct the research. According to the statistical data of Gurage zone health office over 254,594 (**Hamle 2015 - Sene 2016**) outpatient or customers visits six public hospitals annually. During my observation at the time of selecting respondents total of 730 outpatients visits all six public hospitals daily. From the data gained from the hospitals number of outpatients who visits the public hospitals presented in number as:

Table 1 Sample Customers Visit the Hospitals

Name of Hospitals	Number of outpatient visits
Agena Primary Hospital	65
Gunchre Primary Hospital	180
Hawariyat Primary Hospital	15
Mehalamba Primary Hospital	200
Quante Primary Hospital	65
Welkite University Specialized Teaching Hospital	205
Total	730

Which indicates total population of outpatient visits public hospitals daily. It needs to estimate the sampling size of the research. The total population involving in the study covers large number so to take the sampling size, using the formula;

$$n = N / (1 + N(e)^2)$$

where: n = sample size

N= total population size

e = margin of error (5%)

n = sample size

Now, N= 730

e= 0.05

n= 730/ (1+ 730(0.05)²) = 258 sampling size

3.4. Types, Sources and Methods of Data Collection

3.4.1. Data Sources and Types

According to Biggam (2008), primary data refers to information collected directly by the researcher on a specific topic. In this study, primary data was obtained from respondents through questionnaires and semi-structured interviews. Likewise, secondary data offers researchers' additional insights that help in understanding and interpreting the research problem (Biggam, 2008).

For this study, secondary data were gathered from a range of sources, including books, journals, research papers, internet sources, periodic reports, and evaluation documents related to the impact of service quality on customer satisfaction. These secondary sources were used to deepen understanding of the research topic, establish a theoretical foundation, and support the development of the study's conceptual framework.

3.4.2. Methods and Data Collection Tools

The data collection instruments used in this study included questionnaires, interviews, document analysis, and observations. Questionnaires and interviews were employed to gather information directly from primary sources. The questionnaires contained both closed ended (for gathering quantitative data that can be statistically aggregated and compared) and open-ended (to allow respondents to answer in their own words. These yield qualitative data that provides rich, contextual insights) questions, while the interviews were conducted using open-ended, structured, and semi-structured formats. By employing these instruments, the study was able to collect both qualitative and quantitative data, which were later analyzed and interpreted based on the responses from participants.

Using these instruments both qualitative and quantitative data was collected, and the analysis and interpretation was collected and the analysis and interpretation was made based on the information collected.

3.6. Methods of Data Analysis

This section outlines the procedures used to process the collected data, including editing, coding, classification, and tabulation. Both descriptive and inferential statistical techniques were employed for data analysis. Descriptive statistics, such as percentages, frequencies, means, and standard deviations, were used to summarize the data, while inferential methods, including correlation and multiple regression analysis, were applied to explore relationships between variables. The data from the questionnaires were analyzed using Statistical Package for the Social Sciences (SPSS) software.

3.6.1. Data Processing and Analysis Techniques

For this thesis, both descriptive and inferential statistical methods were employed to analyze the collected data. Descriptive statistics, including frequency, percentage, mean, and standard deviation, were used to summarize the data, while regression analysis was applied to test for collinearity, heteroscedasticity, and normality, as well as to interpret the research findings. Both quantitative and qualitative data from the survey were analyzed. Descriptive statistics were specifically used to present demographic characteristics of the respondents and the mean scores of the service quality dimensions. Inferential statistics, on the other hand, were applied to examine the relationships between the service quality dimensions and customer satisfaction using multiple linear regression analysis, conducted through SPSS version 27 software.

3.6.2. Quantitative Data Analysis Technique.

The participants' responses were first organized by respondent categories and reviewed for completeness and accuracy. The raw

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data collected through the questionnaires were entered into the Statistical Package for the Social Sciences (SPSS) and analyzed, with results converted into frequencies and percentages. The findings were then presented using tables and figures to enhance interpretation and understanding. Furthermore, responses from key informants were analyzed using simple descriptive statistics, such as frequencies and percentages, to clearly summarize and present the collected information.

3.6.3. Descriptive Analysis

The results of the descriptive statistical analysis were presented using tables, frequency distributions, and percentages to provide a clear summary of the data. Summary statistics, such as mean values and percentages, were calculated for each variable in the study. Additionally, multiple regression analysis was conducted to examine the impact of public service quality dimensions—tangibility, reliability, responsiveness, assurance, and empathy—on customer satisfaction.

3.6.4. Multiple Regressions Model

The regression model in this study is built around two groups of variables: the dependent variable, which is customer satisfaction, and the independent variables, comprising tangibility, reliability, responsiveness, assurance, and empathy. The primary aim of applying regression analysis is to enable the researcher to describe, understand, predict, and examine the relationships among these variables in a systematic and meaningful way.

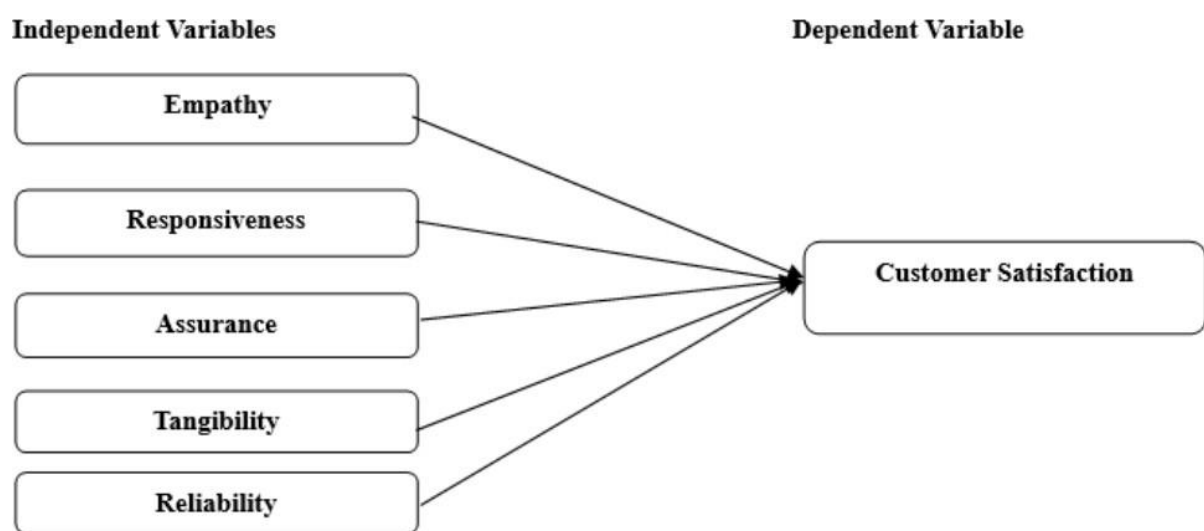


Figure 2. Service Quality and Customer Satisfaction Model Regress customer satisfaction on the service quality dimensions

$$Y_i = B_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + e$$

In this equation, Y represents the dependent variable, customer satisfaction, while X₁, X₂, X₃, X₄, and X₅ represent the independent (explanatory) variables. B₀ is the intercept term, indicating the mean or average value of the dependent variable when all independent variables are equal to zero. The coefficients β_1 , β_2 , β_3 , β_4 , and β_5 correspond to their respective independent variables and measure the expected change in the mean value of Y for a one-unit change in each independent variable.

3.7. Validity and Reliability

3.7.1. Validity

A valid test ensures that the results accurately reflect the concept or dimension being measured. Validity refers to the extent to which an instrument measures what it is intended to measure, and it is essential for ensuring that the results can be correctly interpreted and applied. In this study, the validation process involved providing both open- and closed-ended questionnaires, along with the research questions, to experts in the field. Their feedback, including comments, corrections, and suggestions, was incorporated to enhance the validity of the data collection instrument.

3.7.2. Reliability

Reliability refers to the consistency and stability of a measurement instrument over time (Bryman & Bell, 2013). A reliable instrument yields similar results under consistent conditions. In this study, Cronbach's Alpha was employed to assess the internal consistency of the questionnaire items within each variable or dimension.

In this study, Cronbach's alpha was applied to evaluate the reliability of the collected data. Cronbach's alpha measures internal consistency, reflecting how closely related a set of items are as a group, and is commonly regarded as an indicator of scale reliability. Cronbach's Alpha values range from 0 to 1, with higher values indicating greater reliability. According to Hair (as cited in Mengstie,

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2019), an alpha (α) value above 0.70 is considered highly reliable; a value between 0.50 and 0.70 is deemed acceptable, while a value below 0.30 indicates poor reliability.

It is calculated as a function of the number of items in a scale and the average intercorrelation among them. For conceptual purposes, the formula for Cronbach's alpha is presented below

Here:

α = Cronbach's alpha

N = the number of items

$\bar{v}$ = the average inter-item covariance among the items C = the average variance.

$\alpha = NC/\bar{v} (N-1) C$

$\alpha = 5(1.1466) / (2.871875(5-1) (1.1466)) = 4.5864/9.8786 = 0.417$

Therefore: the relationship between customer satisfaction and perception with independent variables (Tangibility, and responsiveness) has statistically significant differences.

α = Cronbach's alpha

N = the number of items

$\bar{v}$ = the average inter-item covariance among the items C = the average variance.

$\alpha = NC/\bar{v} (N-1) C$

$\alpha = 4(1.1466) / (2.871875(4-1) (1.1466)) = 4.5864/9.8786 = 0.464$

Therefore: the relationship between customer satisfaction and perception with independent variables (Assurance, Empathy and Reliability) has statistically significant difference.

3.8. Ethical and Legal Consideration

This thesis was submitted to the Research Review Committee of the Department of Management at Wolkite University for approval. A formal permission letter from Wolkite University was also presented to the public hospitals in the Gurage Zone. All respondents involved in the study were approached in a language they understand, and participation was entirely voluntary. To facilitate this, the researcher translated the questionnaires into Amharic and ensured that respondents' willingness to complete the questionnaire was respected.

DATA PRESENTATION, ANALYSIS AND DISCUSSION

4.1. Introduction

This chapter presents the analysis and findings based on data collected from customers through questionnaires and personal interviews. The responses were first organized according to respondent categories. Data obtained from the questionnaires and interviews were analyzed using SPSS software, with results expressed in terms of frequencies and percentages. The findings were then presented in tables to facilitate interpretation and understanding. Additionally, qualitative data collected through various data collection techniques were systematically organized, categorized into thematic areas, and analyzed following standard qualitative data analysis procedures.

4.2. Response Rate

The survey instrument was distributed to customers of six public hospitals in Garage Zone using medium standard sampling, which lays from 501-1200 sample frames. So, from the total population (730) the questionnaire was distributed to total 258 respondents. From the total respondents, 250 respondents turned the questionnaire with a total response rate of 96.9% and 8 or 3.1% respondents did not return the questionnaire.

4.3. Demographic Factors of Respondents

This portion of the paper gives basic information about the demographic characteristics and frequency distribution of the respondents which include their sex, age, educational background, and responsibilities.

Table 2. Demographic factors of respondents

Item		Frequency	percentage
Sex	male	160	64%
	female	90	36%
Total		250	100

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Age	<20	0	0
	20-35	82	32.8%
	36-45	115	46%
	46-55	53	21.2%
	above 55	0	0
Total		250	100
Educational level	Uneducated	55	22%
	Primary school completion	66	26.4%
	Secondary School Completion	84	33.6%
	Diploma	23	9.2%
	Degree	22	8.8%
	PhD	0	0
Job	private	162	64.8
	government	45	18
	NGO	35	14
	others	8	3.2
Total		250	100

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As shown in the table, the gender distribution of respondents is relatively balanced, though male respondents (160, 64%) slightly outnumber females (90, 36%). Regarding age, the majority of respondents (115, 46%) fall within the 36–45 years category, followed by 53 respondents (21.2%) in the 46–55 years group, and 82 respondents (32.8%) in the 20–35 years range. This indicates that most participants are in the young to middle-aged adult category. In terms of educational status, a significant portion of the respondents have completed secondary school (84, 33.6%) or primary school (66, 26.4%), while 55 respondents (22%) are uneducated, and smaller numbers hold diplomas (23, 9.2%) or degrees (22, 8.8%). No respondents reported holding a PhD. Concerning employment, the majority (162, 64.8%) are employed in the private sector, followed by government employees (45, 18%) and NGO workers (35, 14%), with a few engaged in other occupations (8, 3.2%). Overall, the data suggest that the respondents are largely literate, with a substantial representation of private-sector workers, many of whom are also involved in farming activities.

4.4. Findings and Analysis of Measures

Customer satisfaction refers to the degree to which users feel that the performance of an institution or organization meets their expectations. It involves assessing the gap between prior expectations and the actual performance of the organization's services or products. This section focuses on evaluating the level of service delivery and the corresponding customer satisfaction in public hospitals within the Gurage Zone. To measure the extent of satisfaction, the study employed descriptive statistical tools, including frequency, percentage, mean, and standard deviation.

4.4.1. Reliability Test

Reliability analysis was conducted for each variable in the instrument to assess the internal consistency of the measures using Cronbach's alpha coefficients. According to Hair et al. (1998), a Cronbach's alpha value between 0.6 and 0.7 is considered acceptable, indicating that the items within a construct are generally understood by respondents. Values above 0.7 reflect a high level of consistency and understanding, whereas values below 0.6 may suggest varied perceptions among respondents regarding the items in the domain.

Table 3. Reliability Test

Measures'	No of item	Cronbach's Alpha
Responsiveness	5	.731
Tangibility	5	.651
Empathy	4	.7522
Assurance	4	.729
Reliability	4	.715
Satisfaction Level	3	.891

The results indicate that Cronbach's alpha for Responsiveness is 0.731, Tangibility is 0.651, Empathy is 0.752, Assurance is 0.729, Reliability is 0.715, and overall Satisfaction Level is 0.891. All values exceed the minimum acceptable threshold of 0.60, demonstrating that the items within each domain are well understood by respondents and that the instrument effectively measures the intended constructs.

In the above need to use three items for satisfaction level to ensure the measure is accurate and to reducing survey length and respondent fatigue.

4.4.2. Descriptive Analysis

The summary statistics indicate that the mean response for most construct variables is close to three, suggesting the absence of outliers in the data. The study aimed to assess customer perceptions of service quality in public hospitals, and the mean scores provide insights into these perceptions. Among the service quality dimensions, reliability received the highest mean score (3.625),

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followed by responsiveness (3.47) and assurance (3.444), indicating that customers perceive these aspects of hospital service positively. In contrast, empathy (3.197) and tangibility (3.40) received the lowest scores, reflecting areas where customer expectations are less adequately met.

Table 4. Descriptive Analysis

Constructs	Mean	Standard Deviation	Skewness
Tangibility	3.40	.7356	.43
Reliability	3.625	.7529	.101
Responsiveness	3.47	.7501	1.6405
Assurance	3.444	.7575	.018
Empathy	3.197	.802	.1031
Customer satisfaction	3.392	.704	.035

The analysis of mean scores helps to identify how customers actually perceive the services provided by the hospitals. Higher scores for reliability, responsiveness, and assurance suggest that these dimensions are strengths in service delivery, whereas lower scores for empathy and tangibility highlight gaps where improvements are needed. The variability in perception may also reflect differences in employee performance, as some customers may experience higher-quality service than others.

The tangibility dimension exhibited the lowest standard deviation (0.756), indicating that responses were closely clustered around the mean. Furthermore, the analysis of skewness shows that the data is positively skewed but within acceptable limits, suggesting that the independent variables effectively explain the dependent variable, customer satisfaction.

4.4.3. Satisfaction Level

The descriptive statistics presented in Tables 7 and 8 provide an overview of the level of customer satisfaction with the services delivered by public hospitals in the Gurage Zone. The findings indicate that more than half of the respondents, 50.4%, reported being satisfied with the overall service quality, while 14.8% expressed being highly satisfied. This combined proportion of satisfied and highly satisfied customers demonstrates that a majority of patients perceive the hospitals as meeting their expectations to a reasonable degree. The mean satisfaction score of 3.40 further confirms that the general perception of service quality is above average, reflecting a moderate to positive level of customer satisfaction in the hospitals under study.

Descriptive Statistics for Satisfaction (Source: Own Survey, 2025)

Table 5. Descriptive Statistics for overall Satisfaction

		Minimum	Maximum	Mean	Std.
Total	250	1	5	3.40	0.70
Valid	250				

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Table 6. Descriptive Statistics for Satisfaction

Valid		Frequency	Percent (%)
	Strongly dissatisfied	10	4
	Dissatisfied	47	18.8
	Neutral	30	12
	Satisfied	126	50.4
	Highly satisfied	37	14.8
	Total	250	100%

Despite the majority expressing satisfaction, there are respondents which reported their level dissatisfaction. Specifically, 18.8% were dissatisfied, and 4% were strongly dissatisfied with the services provided. This indicates that a significant minority of customers feel that their expectations were not adequately met, highlighting gaps in service delivery that require attention. The dissatisfaction may stem from various factors, including delays in service, insufficient attention from staff, lack of facilities, or unmet individual needs of patients. Addressing these issues is critical for hospital management to improve service standards and ensure a more consistent quality of care.

Additionally, 12% of respondents indicated a neutral stance regarding their satisfaction level. This suggests that these customers neither had particularly positive nor negative experiences, which may reflect variability in service quality or inconsistent interactions with hospital staff. The presence of a neutral group underscores the need for hospitals to standardize their service delivery processes to provide a more predictable and satisfactory experience for all customers.

In conclusion, while the overall satisfaction levels indicate that the public hospitals in the Gurage Zone are generally performing satisfactorily, the presence of dissatisfied and neutral customers signals the need for targeted interventions. Hospitals should focus on improving areas that fall short of customer expectations, such as responsiveness, empathy, and facility-related services, to enhance overall patient satisfaction. This approach would not only improve the quality of care but also strengthen public trust and confidence in the healthcare services provided.

4.5. Multiple Linear Regression Analysis

This study employed multiple linear regression analysis to examine the relationship between service quality dimensions and customer satisfaction. This technique allows researchers to investigate how a single dependent variable—customer satisfaction—is influenced by several independent variables, namely the five service quality dimensions: tangibility, reliability, responsiveness, assurance, and empathy. Using multiple regression enables the study to determine not only the strength and direction of these relationships but also the relative contribution of each service quality dimension to overall customer satisfaction.

A key consideration in multiple regression analysis is sample size. A sufficiently large sample is necessary to ensure the stability, accuracy, and generalizability of the results. Small or inadequate samples can produce unreliable estimates, lower statistical power, and increase the risk of Type I or Type II errors. Therefore, careful attention to sample size, along with verification of assumptions such as multicollinearity, linearity, homoscedasticity, and normality, is essential for producing valid and meaningful regression outcomes.

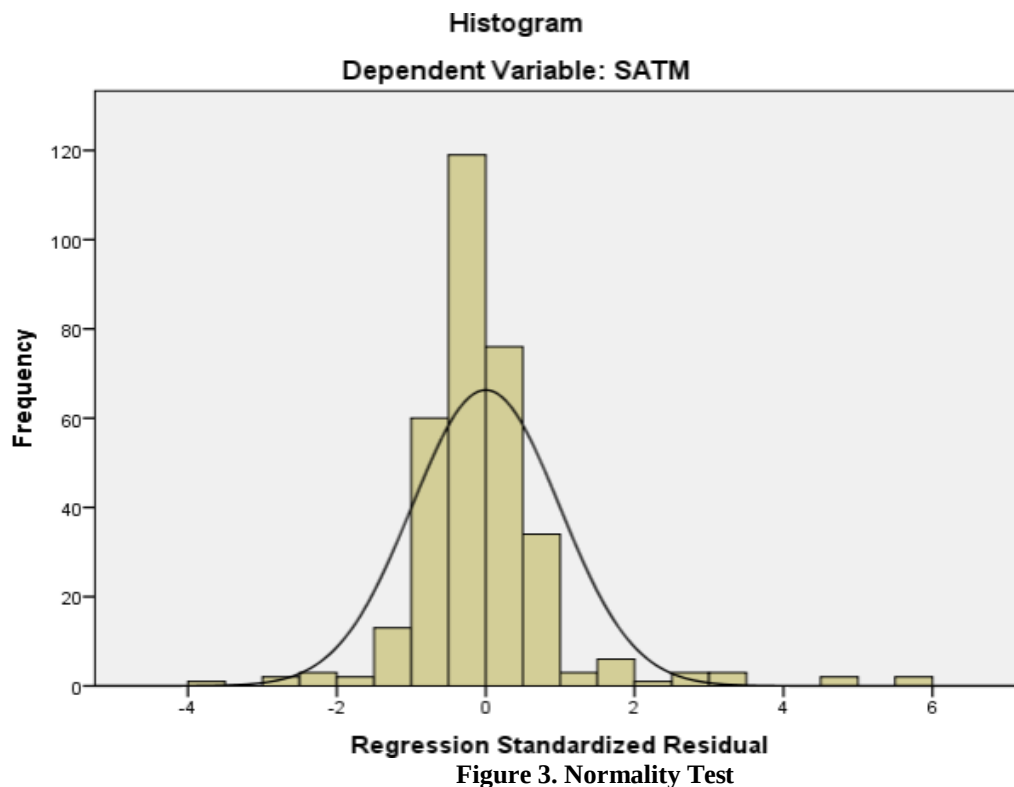
In the context of this study, multiple linear regression provides a robust framework to quantitatively assess how improvements in each dimension of service quality could potentially enhance customer satisfaction in public hospitals of the Gurage Zone. By interpreting the regression coefficients, hospital management can identify priority areas for intervention and resource allocation to improve service delivery and patient experiences.

Overall, the application of multiple linear regression in this study not only facilitates understanding of the individual and combined effects of service quality dimensions but also serves as a predictive tool for assessing how changes in service quality could influence overall customer satisfaction.

4.5.1. Normality Test

Brooks (2008) emphasized that for hypothesis testing regarding model parameters to be valid, the assumption of normality must be satisfied. In line with this, the researcher assessed the data for normality, linearity, and the presence of outliers using graphical

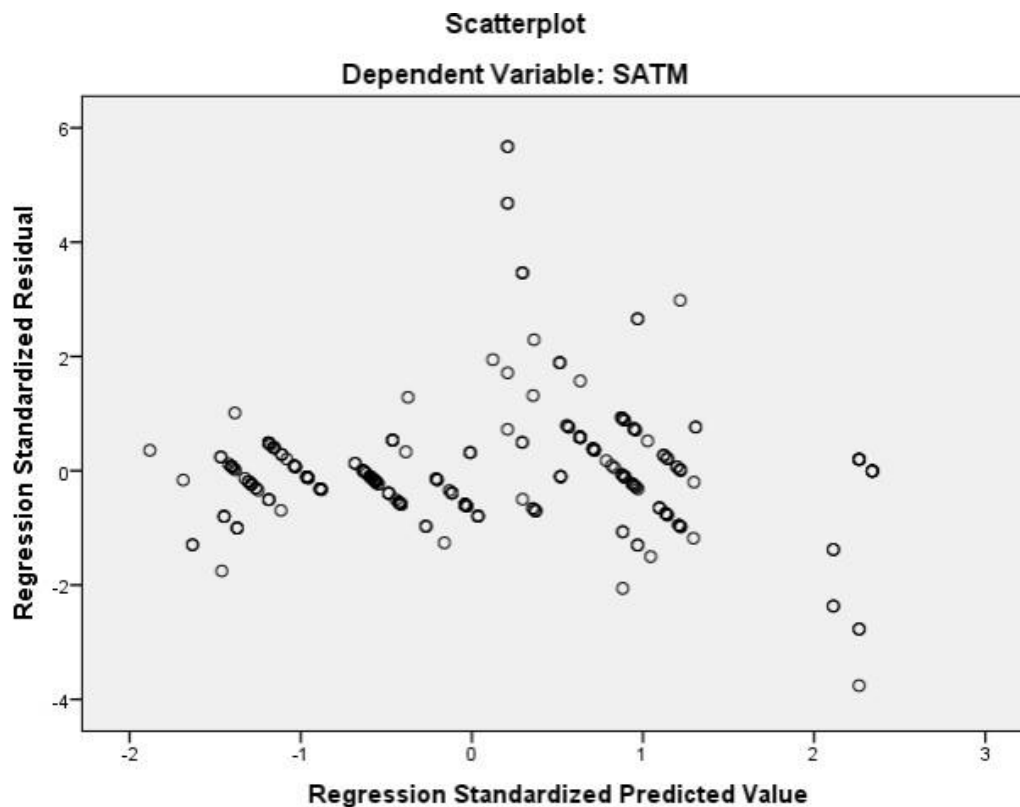
methods.



The histogram presented in Figure 4 illustrates that the data largely conform to the normality assumption. The residuals are distributed along a straight line, indicating no significant deviations from normality. Additionally, the bell-shaped appearance of the histogram further confirms that the assumption of normality is reasonably met. These findings suggest that the data are suitable for conducting parametric analyses, such as multiple linear regression, without concerns about serious violations of underlying statistical assumptions

4.5.2. Heteroskedasticity Test

Heteroskedasticity occurs in regression analysis when the variance of the error terms is not constant across different levels of the independent variables. This violation can lead to inefficient estimates and compromise the reliability of hypothesis tests. To check for heteroskedasticity in this study, a scatter plot of the residuals was examined



.Figure 4. Heteroskedasticity Test

As shown in Figure 5, the scatter plot displays an approximately rectangular pattern with no noticeable clustering, fanning, or systematic structure. This indicates that the variance of the residuals remains relatively constant across the observations. Therefore, the assumption of homoscedasticity is satisfied, suggesting that the regression model produces reliable and unbiased estimates. Maintaining homoscedasticity is essential for the validity of regression results, as it ensures that standard errors and significance tests are accurate.

4.5.3. Multicollinearity Test

This refers to the relationship between the independent variables. Multi collinearity occurs when two or more independent variables have highly correlated in regression model (Pallant, 2007). The accepted degree of multi collinearity is its tolerance and VIF values are above 0.10 and below 10 respectively.

Table 7. Collinearity test

Independent Variables	Constants	Collinearity Statistics	
		Tolerance	VIF
Responsiveness		.19	5.2
Tangibility		.37	2.671
Assurance		.14	6.75
Empathy		.65	6.1
Reliability		.18	9.6

From the table above, the tolerance values for all variables are above 0.1, and their Variance Inflation Factor (VIF) values are below 10, indicating that there is no multicollinearity problem among the variables.

In the multiple linear regression analysis, the dimensions of service delivery quality (used as independent variables) were employed as predictors of customer satisfaction.

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Model	R	Rs Square	Adjusted R Square	Standard Error
1	.97	.94	.943	.171
Independent Variable (Constant), Responsiveness, Tangibles, Assurance, Empathy, Reliability				
Dependent Variable: Customer Satisfaction				

Multiple linear regression analysis was conducted to examine the relationship between the dependent variable, customer satisfaction, and the independent variables, namely responsiveness, tangibility, assurance, empathy, and reliability. The primary purpose of this analysis was to determine how each of these service quality dimensions influences customer satisfaction in public hospitals of the Gurage Zone.

So, the value of R is 0.97 it is close to positive one and it indicates that there is strong relationship between the independent variables and the dependent variable. In addition, the value of R square is 0.94(94%) which indicates that the independent variables are extremely strong impact on the dependent variable (customer satisfaction).

Model		Sum of Square	D.f	Mean Square	F	Sig.
1	Regression	817256.65	5	163411.35	923.28	.000b
	Residual	42458.92	32	131.8		
	Total	859715.57	325			
Independent Variables (Constant), Responsiveness, Tangibles, Assurance, Empathy, Reliability						
Dependent Variable: Customer Satisfaction						

Source: (SPSS 27 Output)

The table indicates a statistically significant relationship between the independent variables (service quality dimensions) and the dependent variable (customer satisfaction). The F-value is 923.28 with a p-value of 0.000 ($P < 0.05$), confirming that the service delivery quality dimensions have a significant effect on customer satisfaction.

Table 8. Coefficient's

Model		Unstandardized Coefficients		Standard Coefficients	T	Sig.	Collinearity Statistics	
		B	Standard Error	Beta			Tolerance	VIF
1	Constants	.15	.055		2.90	.004		
	Tangibility	.082	.025	.089	3.81	.085	.37	2.67
	Reliability	.5	.42	.045	.122	.124	.185	9.6
	Assurance	.623	.043	.068	-1.725	.000	.174	6.78
	Empathy	.30	.031	.67	9	.000	.167	6.01
	Responsiveness	.186	.027	.32	9.95	.000	.194	5.13
Dependent Variable: Customer Satisfaction								

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Source: (SPSS 27 Output)

The affair in the analysis of the multiple regression models represents the affair for the beta portions of each service quality dimension. The regression equation for this exploration is presented as:

$$CS = Bo(B1) + TAN(B2) + REL(B3) + RES(B4) + ASSU(B5) + EMAP + e$$

Where, CS = Customer Satisfaction, TAN = tangibility, REL= Reliability, RES = Responsiveness, ASSU = assurance, EMPA = empathy, BO = Constant, B1 to B5 = beta coefficient, and e = the error term

Substituting the results in the model gives-

$$CS = 0.15 + 0.082 TAN + 0.5 REL + 0.186 RES + 0.623 ASSU + 0.30 EMP + e$$

Before interpreting the beta coefficients, it is important to check the regression model for multicollinearity, which can distort the estimated relationships between independent and dependent variables in multiple regression analysis. Multicollinearity arises when two or more predictor variables are highly correlated, resulting in unreliable coefficient estimates and inflated standard errors.

In this study, multicollinearity was assessed using both the Variance Inflation Factor (VIF) and tolerance values. Typically, a tolerance below 0.10 or a VIF above 10 indicates a potential multicollinearity problem. The results presented in the table show that all predictors fall within acceptable ranges, suggesting that multicollinearity is not an issue in this model and that the estimated coefficients can be considered reliable.

The analysis further reveals that certain dimensions of service quality significantly influence overall customer satisfaction in public hospitals of the Gurage Zone. Specifically, responsiveness (B = 0.186), empathy (B = 0.30), and assurance (B = 0.623) were found to have a statistically significant positive effect on guest satisfaction at a 95% confidence level ($p < 0.05$). These findings suggest that guests place substantial value on timely and attentive service, understanding and empathetic interactions, as well as the knowledge and competence demonstrated by service providers. In practical terms, this highlights the importance of training and motivating hospital staff to focus on these service quality dimensions to enhance patient satisfaction.

Conversely, two other service quality dimensions—tangibility and reliability—did not exhibit a statistically significant impact on overall satisfaction ($p > 0.05$). This indicates that while the physical appearance of facilities, equipment, and materials, as well as the consistency and dependability of services, are important, they are perceived as less critical in shaping guests' overall satisfaction compared to responsiveness, empathy, and assurance. These findings align with prior research suggesting that interpersonal and assurance-related aspects of service often weigh more heavily in patient satisfaction assessments, particularly in public healthcare settings.

In summary, the results underscore the need for hospital management to prioritize service quality dimensions that directly affect guest perceptions and experiences. By focusing on enhancing responsiveness, empathy, and assurance, public hospitals in the Gurage Zone can significantly improve overall patient satisfaction, even if tangibility and reliability aspects are less emphasized.

CONCLUSION AND RECOMMENDATION

This chapter presents a comprehensive summary of the study's findings, the conclusions derived from these findings, and recommendations aimed at enhancing the quality-of-service delivery in public hospitals of the Gurage Zone. The recommendations focus not only on areas where the hospitals scored relatively lower but also emphasize the need to sustain and strengthen performance in dimensions where higher scores were achieved. The chapter is organized under three main sections: summary of findings, conclusions, and recommendations. This structure provides a clear framework for understanding the study's outcomes and for guiding practical interventions to improve overall service quality in the public healthcare sector.

5.1. Summary of Major Findings

The primary objective of this study was to assess the effect of public service delivery quality on customer satisfaction in public hospitals located in the Gurage Zone. Data were collected using a structured questionnaire from a sample of 250 respondents across all hospitals in the zone. The initial analysis focused on respondents' demographic characteristics and the reliability of the measurement instrument and its dimensions. Descriptive statistics and Cronbach's alpha were used to assess and validate the variables of interest.

The demographic results indicate that 64% of respondents were male and 36% were female. The largest age group of respondents (46%) fell between 36 and 45 years, while the smallest group (46–55 years) represented a minor portion, suggesting that the majority of hospital customers are relatively young adults. Regarding educational background, most respondents had completed secondary education (33.6%), whereas only 8.8% held a university degree.

Descriptive statistical analysis revealed that customers expressed higher satisfaction with the dimensions of reliability, responsiveness, and assurance, with mean scores of 3.65, 3.47, and 3.44, respectively. Conversely, tangibility and empathy received lower satisfaction scores. In particular, customers reported dissatisfaction with the ability of hospitals to provide services on time, indicating challenges in timely service delivery and overall service quality. Complaints related to long waiting times and poor service experiences were frequently observed. Although hospital staff

demonstrated a willingness to assist, responded promptly to requests, and possessed professional skills, there remains considerable

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room for improvement in ensuring swift and efficient service delivery.

In terms of overall customer satisfaction, the descriptive statistics showed that 50.4% of respondents were satisfied and 14.8% were highly satisfied with hospital services. Meanwhile, 18.8% were dissatisfied, 4% were highly dissatisfied, and 12% remained neutral. The mean satisfaction score of 3.392 indicates general satisfaction among hospital customers. However, these results highlight the need for hospitals to further enhance service quality to fully meet patient expectations.

The relationship between service quality dimensions and overall customer satisfaction was found to be moderate. Multiple linear regression analysis showed that service quality has a significant influence on customer satisfaction, with an R^2 value of 0.934, indicating that 93.4% of the variation in overall satisfaction can be explained by the service quality dimensions.

The analysis further revealed that assurance ($B = 0.623$), empathy ($B = 0.30$), and responsiveness ($B = 0.186$) have a statistically significant effect on customer satisfaction at the 95% confidence level ($p < 0.05$). In contrast, tangibility ($B = 0.082$) and reliability ($B = 0.050$) showed a comparatively weaker influence on overall satisfaction.

Overall, these findings suggest that public hospitals in the Gurage Zone must prioritize enhancing assurance, empathy, and responsiveness to improve patient satisfaction while continuing to maintain and strengthen performance in other service quality dimensions.

5.2. CONCLUSION

This study set out to investigate the effect of public service delivery quality on customer satisfaction in public hospitals within the Gurage Zone. Based on the analysis, it is evident that the quality of service provided by these hospitals has a significant influence on overall customer satisfaction. Specifically, the study highlights that the dimensions of assurance, responsiveness, and empathy are the most critical determinants of patient satisfaction, while tangibility and certain aspects of reliability require considerable improvement.

The findings demonstrate that patients value prompt, professional, and empathetic service. Assurance, which encompasses the competence, courtesy, and trustworthiness of hospital staff, emerged as a major contributor to satisfaction, indicating that patients rely heavily on the confidence and expertise of service providers. Responsiveness also plays a significant role, underscoring the importance of timely and attentive service delivery. The empathy dimension, which involves providing individualized care and understanding patients' needs, was found to be a strong predictor of satisfaction, although it was currently one of the weakest-performing areas in Gurage Zone public hospitals.

Tangibility, including the availability of modern facilities, well-maintained equipment, and a comfortable hospital environment, was observed to be lacking. Similarly, some reliability attributes, such as clarity in service procedures and the timely execution of commitments, failed to meet patient expectations. These gaps suggest that despite relatively higher scores in some areas, public hospitals must prioritize enhancing both tangible resources and patient-centered care practices to achieve higher overall satisfaction. The regression analysis further reinforces the importance of focusing on assurance, responsiveness, and empathy, as these dimensions exhibited strong predictive power for customer satisfaction. This indicates that improving staff professionalism, attentiveness, and personalized care can lead to meaningful improvements in patients' experiences and perceptions of hospital services.

In general, the study concludes that while public hospitals in the Gurage Zone perform moderately well in certain service quality dimensions, comprehensive efforts are needed to improve areas with lower performance scores. By addressing weaknesses in tangibility, empathy, and specific reliability aspects, hospitals can foster higher levels of trust, satisfaction, and loyalty among patients. Ultimately, this research emphasizes that patient satisfaction in public hospitals is multifaceted, requiring a balanced approach that combines technical competence, timely service, and empathetic patient care.

In sum, the study confirms that service quality is a significant determinant of customer satisfaction in public healthcare settings. Public hospitals that prioritize improvements in assurance, responsiveness, and empathy, while also addressing gaps in tangibility and reliability, are likely to achieve greater patient satisfaction, better service outcomes, and a stronger reputation within the community.

5.3. RECOMMENDATION

The primary purpose of measuring service quality and customer satisfaction is to identify gaps and implement corrective actions. The findings of this study indicate that patients in Gurage Zone public hospitals are satisfied by the service delivered in hospitals but the customers often expect more than what is currently delivered, resulting in unmet expectations and lower satisfaction levels. Therefore, public hospitals should focus on improving all dimensions of service quality to enhance perceived service quality and overall patient satisfaction.

Public hospitals face several challenges in delivering high-quality and reliable services. One of the most significant challenges is meeting patient expectations for timely, efficient, and professional care. Based on the analysis, the following recommendations are proposed to help hospitals improve their service quality and enhance customer satisfaction:

1. Leverage Technology for Improved Service Delivery:

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Given that tangibility and reliability scored relatively high, hospitals should continue to adopt and integrate technological innovations in their strategic plans. Utilizing modern medical equipment, electronic health records (EHRs), and digital tools can improve data accuracy, streamline patient tracking, and facilitate effective communication among healthcare teams.

2. Enhance Physical Facilities and Tangibles:

Well-maintained and appealing facilities contribute significantly to patient perception of quality. Hospitals should prioritize cleanliness, comfort, up-to-date equipment, and amenities that create a welcoming environment. A pleasant physical environment reinforces the hospital's brand image and fosters patient trust in the quality of care.

3. Strengthen Core Service Quality Dimensions:

The study identified responsiveness, assurance, and empathy as the most critical factors influencing patient satisfaction. To improve these dimensions:

- Responsiveness: Ensure staff promptly attend to patient needs, reduce waiting times, and streamline service processes such as registration, appointments, and clinical care.
- Assurance: Staff should demonstrate professionalism, competence, and reliability in all interactions, inspiring confidence in patients.
- Empathy: Provide personalized attention, actively listen to patient concerns, and communicate treatment plans clearly. Cultivating empathy enhances patient experience and loyalty.

4. Promote Patient Safety and Effectiveness:

Implement robust safety protocols and standardized procedures, especially for high-risk interventions. Utilizing checklists and adhering to evidence-based clinical guidelines ensures safe, effective, and consistent care delivery.

5. Standardize Clinical Care:

Ensure that all medical procedures and treatments follow the latest scientific evidence and standardized treatment guidelines. This minimizes errors, improves outcomes, and reinforces reliability.

6. Enhance Patient-Centeredness and Access:

Develop processes that prioritize patient needs and convenience. This includes improving scheduling systems, reducing bottlenecks in patient flow, and ensuring equitable access to services for all patients.

7. Improve Communication and Information Sharing:

Healthcare personnel should maintain clear and open communication, explaining treatment plans, procedures, and patient rights. Providing individualized attention helps build trust and strengthens the patient-provider relationship.

8. Strengthen Leadership and Governance:

Quality improvement initiatives must be driven by strong leadership. Hospitals should establish dedicated quality management teams, create a clear organizational structure, and ensure leadership actively supports patient-centered care and continuous improvement.

In conclusion, implementing these recommendations will help public hospitals in the Gurage Zone improve overall service quality, enhance patient satisfaction, and foster trust in public healthcare. A strategic focus on responsiveness, assurance, and empathy, combined with technological advancement, process optimization, and leadership commitment, is essential for achieving high-quality, safe, and patient-centered healthcare services.

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APPENDIX

WOLKITE UNIVERSITY COLLEGE OF BUSINESS AND ECONOMICS

DEPARTMENT OF MANAGEMENT MBA PROGRAM

Survey Questionnaire

Dear Respondents,

My name is Arega Fisha, and I am an MBA student at Wolkite University, School of Graduate Studies. I am conducting a research study entitled “Effect of Public Service Delivery Quality on Customer Satisfaction in Gurage Zone Hospitals” as part of the requirements for the Master of Business Administration program.

The purpose of this questionnaire is to collect information on how public service delivery quality affects customer satisfaction in hospitals. Your honest and thoughtful responses are extremely valuable and will contribute significantly to the success of this research.

Please note the following:

- **Confidentiality:** All responses will be treated with strict confidentiality and used solely for academic purposes.
- **Voluntary Participation:** Participation in this survey is completely voluntary. You are not required to provide your name.

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- **Honesty:** Your sincere responses will ensure the accuracy and reliability of the research findings.

Thank you very much for your time and cooperation. Your input is highly appreciated.

Part One: - Demographic Information (Personal information)

1. Age: ____less than 25 ☐ 26-35 ☐ 36-45 ☐ 46-55 ☐ above 55 ☐
2. Gender: Male ☐ Female ☐ Other ☐
3. Occupation: _____
4. Education Level: High School ☐ Undergraduate ☐ Postgraduate Other (please ☐ specify) .

Part Two: - Questions related to the topic:

2.1. Which kind of service you need from the Hospital?

full Medication ☐ Checkup ☐ patient visiting ☐ If other mention ☐

2.2. For how long have you been a customer of the Hospital?

Below 30 days ☐ 1-2 month ☐ 3- 6 month ☐ 6 – 11months ☐ above a year ☐

2.3. How did you get the service of the hospital?

Good ☐ very good ☐ Excellent ☐ c an't decid ☐

2.4. How do you evaluate the service of the hospital?

Very low ☐ Low ☐ Medium ☐ High ☐ Very high ☐

Part Three: -

General Instruction Based on your own observation and evaluation, rate the degree of effect of public service delivery quality on customer satisfaction in Gurage zone hospitals. After you carefully read each point, please put your rating a «☐»symbol under the number you agree in each question. To rank the degree of each point please use the following scale.

5 = strongly agree 4 = agree 3 =Neutral 2=disagree 1 =strongly disagree

No	TANGIBILITY	1	2	3	4	5
1	The hospital is quality and modern looking equipment?					
2	Is the physical feature of the hospital appealing?					
3	Is the hospital being impress for the customer to get treatment?					
	RELIABILITY					
1	Do the hospital workers provide service in responsible manner?					

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2	The hospital top leader checks the workers how they provide service for the customer?					
3	Do the hospital workers provide service badly?					
4	Do the hospital workers use their time efficiently?					
	Responsiveness					
1	Do the hospital workers ask what you need and how you get?					
2	Are the hospital workers interested to help the customers?					
3	The hospital workers give your desired treatment?					
	ASSURANCE					
1	The customers feel save communicating with the doctors					
2	The doctors keep the customers privacy?					
3	Do the doctors give respect to the customers, and speak politely?					
	EMPATHY					
1	Do the doctors ask the customers what they feel and what to do later transparently?					
2	The doctor gives priority for elders, pregnant women and disables?					
3	Doctors communicate with their customers in their favorite language?					
	CUSTOMER SATISFACTION					
1	Are you satisfied with the service you get from the hospital?					
2	How do you get the delivery service of the hospital?					
3	Are you satisfied with the knowledge and behavior of the doctors?					