

MANAGING EMOTIONS IN HEALTHCARE SERVICE ORGANIZATIONS: WINNING THE HEARTS OF PATIENTS IN A BUCHAREST-BASED PRIVATE CLINIC

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-Abstract-

The present paper focuses on explaining the impact of a positive emotional climate within an organization's culture, with regards to employee engagement and customer satisfaction. Scholars affirm that emotional considerations impact more the human behavior (even with its economic dimension) than rational reasoning does. Therefore, in order to achieve high customers satisfaction and high quality employee-driven services, an organization's management must focus on developing the right emotions within the employee-customer encounter.

The paper proceeds in the following manner: first, the theoretical foundations of understanding the emotional economy is assessed, second the key performance indicators in managing emotions are analyzed, third, the research team presents a case study consisting in an empirical exploratory research on employees and customers of a private healthcare organization located in Bucharest, Romania.

Keywords: *relationship marketing, enterprise engagement, customer satisfaction*

JEL Classification: M31

1. INTRODUCTION

1.1. The Importance of Healthcare Organizations

The healthcare system represents a fundamental service for the modern society and therefore, its degree of efficiency and effectiveness has an impact on the overall society. Healthcare represents for most of the nations a financial expense that must be adjusted due to several financial constraints countries experience in the present decade. Scholars have affirmed that the basic mechanisms of the healthcare system make it difficult for efficiency to find its place, due to the fact that in the healthcare system many factors appreciate heroic action that is resource consuming (Trusko et al, 2007), while prevention is not rewarded financially. Because of the recent economic crisis, which is still ongoing for most of the nations, changing realities have impacted the healthcare sector through a continuing depressing demand, an increased price sensitivity and an increased cost along the value chain (Ernst&Young, 2009). Managers across the healthcare sector are looking towards innovative methods of increasing the economic value of the service their organizations are offering.

1.2. A relationship approach to service quality

From a social perspective the value of almost any healthcare activity is many times thought of as being inherent to the action, but from an economic perspective its value depends on the success of output but also on the level of resources that have been involved in producing the positive outcome (Grönroos, 2005). The way an organization creates and delivers its value has changed in recent year from a transactional perspective of mass marketing to a relational (Doyle, 1995), soft dimension of managing a life-long relationship with the customer (Payne and Ballantyne, 1991). From a relationship marketing perspective, value for healthcare organizations would be increased by creating and managing a relationship with their customers, preventing health problems and increase the customers' share of wallet offering an increased value for their needs (Gummesson, 2008). Because relationships involve human beings and because the human nature is often volatile and irrational (Ariely, 2007) an important factor for creating and managing successful relationships is a proper management of emotions.

2. THE EMOTIONAL ECONOMY OF SERVICES: THE RIGHT PATH TO QUALITY

2.1. Studying quality for the service sector

In the last decade, managers and scholars drew the conclusion that many of the quality management methods that are being applied in the service sector are not

appropriate (Fleming and Asplund, 2007). Most of the quality management systems have been elaborated based on empirical research done in the manufacturing sector and thus making it only partially relevant for the service sector, due to numerous distinctive characteristics between services and products (Kotler, 2007). Because quality in the service sector depends on the performance of human interaction, the way customers and employees behave is related to their reasoning and feeling.

2.2. The foundations of behavioral economics

The role and impact of emotions have been a concern for economists since the classic authors like Adam Smith who wrote *The Theory of Moral Sentiments* and was concerned with the emotions that determined (Smith, 2009) much of what he understood to be the economic activities. Neo-classical economists such as Francis Edgeworth, Vilfredo Pareto, Irving Fisher and John Maynard Keynes took Smith's concerns to a more complex level and twentieth century psychology built around cognitive and environmental models (Camerer et al, 2004). Kahneman and Tversky wrote about the psychology of risk taking (Kahneman and Tversky, 1979), while Mehrabian and Russell elaborated a list of eighteen pairs of emotions that arise within the employee-customer encounter (Mehrabian and Russell, 1974). Behavioral economics became of public interest when Dan Ariely published his work entitled *Predictability Irrational* in which he pleaded for the paramount importance of emotions for the economic activity, proving that rational, cold reasoning is not a strong cause for economic decision (Ariely, 2008). The Gallup Organization undergone a study on 10 million employees, 3 million customers and 200,000 managers (Coffman and Gonzales-Molina, 2007) in order to identify the key elements of human behavior that must be managed in order to increase an organization's efficiency.

2.3. The emerging field of enterprise engagement

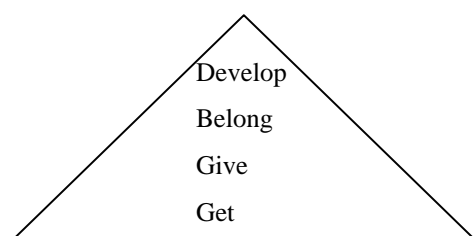
Because emotions have a fundamental role in economic decisions such as making purchases and appreciating one particular brand or another, the importance of managing the customer and employee experience from a relationship and emotional point of view has become a priority for many managers and scholars who are researching and developing models of an emotional relationship engagement between the organization and its customers and employees (Coffman and Gonzalez-Molina, 2007). When understanding that the employees and customers are the most important assets of a company (Fleming and Asplund, 2007), finding new creative methods for determining emotional engagement in their customers' hearts and minds becomes a priority for service managers.

3. KEY ISSUES IN MANAGING SERVICES: ENGAGING CUSTOMERS AND EMPLOYEES

3.1. Foundations of Employee Engagement

The Gallup Organization developed a model of four dimensions in which employees must become emotionally engaged (Fleming and Asplund, 2007). Because the customer satisfaction is proportional to the employee engagement, developing practical intervention measures that will yield higher levels of engagement for employees is crucial for team leaders and C-class managers all over the service sector (Wagner and Harter, 2009). The Gallup model, entitled HumanSigma, offers a path to be followed: as seen in Figure 1, the way to ensure an engaged workforce is to make them feel they get value from the company's management, make them feel competent and sure that they are giving back value for the company, create a sense of belonging to the workplace (with regard to colleagues and company mission) as well as helping them understand the long term value that the company is developing in them (Buckingham and Coffman, 2005).

Figure-1: Gallup's Employee Emotional Engagement Dimensions



Source: John H. Fleming, Ph.D., and Jim Asplund, 2007

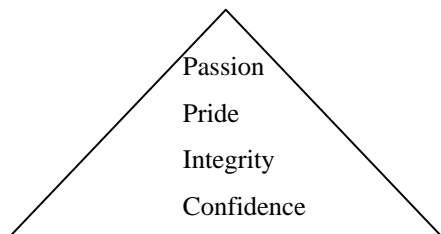
Engaged employees will determine satisfied customers because the emotional climate of the organization will influence the level of service quality (Wagner and Harter, 2009) a customer will experience.

3.2. Steps towards emotionally satisfied customers

The Gallup Organization mentions four dimensions of customer engagement, as part of the HumanSigma model. Because the customer satisfaction is related to the organization's financial performance (Fleming and Asplund, 2007) and effectiveness in attaining its mission, finding the elements that contribute to customer emotional satisfaction is a key step towards increasing a company's performance. As seen in Figure 2, customers must be assured of a standardized service that determines a feeling of confidence with regard to the future actions of

the organization's employees, a sense of company's integrity when unexpected problems occur, determining pride of being a customer as well a passion that excludes the alternatives provided by the competitors (Coffman and Gonzalez-Molina, 2007).

Figure-2: Gallup's Customer Emotional Engagement Dimensions



(John H. Fleming, Ph.D., and Jim Asplund, 2007)

The levels of customer engagement influence the percentage of those who repurchase services or who refer the company to others. Engaged customers are not likely to switch service providers but become the most profitable assets a company will have (Fleming and Asplund, 2007).

4. CASE STUDY: BUCHAREST PRIVATE HEALTHCARE ORGANIZATION

4.1. Overview of the clinic and its social-economic environment

The organization where the study was carried is a private clinic located in Bucharest which offers full healthcare services, including general practitioners, specialist, operation rooms. We will further refer to this organization under the generic name of Bucharest Clinic.

Bucharest Clinic has 18 employees who are in constant direct contact with the patients. While most of healthcare organizations in Romania are state owned, Bucharest Clinic represents a minority of healthcare service providers who are private. Such a distinction must be kept in mind when analyzing the attitudes and emotional reactions of customers, because of numerous deficiencies and corruption scandals in Romanian state-owned healthcare organizations (Vladescu et al, 2008).

Public (state-owned) healthcare organizations pay employees salaries under the industry average (due to recent wage cuts determined by the present economic crisis) and therefore much of the national and international studies show a high level of corruption of medical staff with regards to "informal payments". Public healthcare organizations are lacking appropriate funding and therefore many times

are not able to provide up to date equipments or appropriate facility and rooms (Vladescu et al, 2008).

Patients are assessing the quality of private healthcare organizations relatively to the performance of state-owned clinics and are constantly doing a subconscious cost-benefit analysis (Ariely, 2007) that provides them with decisions regarding the justification of higher prices of private healthcare services versus the corruption and lack of service quality of state-owned healthcare providers.

4.2. Methodology

The present case study is an exploratory research on the customer-employee interaction in a Romanian healthcare service organization. Questionnaires were used for all 18 employees and for 39 of the patients Bucharest Clinic had in September 2010. The exploratory research on which is based this case study had three main objectives: first, it intended to provide an overview on the general trends of customer satisfaction and employee motivation; second, offer insights in which areas the organization is doing well in respect of stirring the proper emotions in the employee-customer encounter; third, the research intended to highlight issues that can be improved in managing the emotional climate of the Bucharest Clinic.

The questionnaires were elaborated with multiple sections, of which most are tested scales authored by past scholars and researchers (Bearden and Netemeyer, 1999) aiming at identifying every customer's service experience with regard to 18 pairs of emotions that can be felt during the interaction with the organization's employees. One section of the questionnaires is taken from Gallup research methods and aims at assessing the emotional dimensions of customers and employees (Fleming and Asplund, 2007).

4.3. Analysis of Employee engagement

Human resources scholars show that employee engagement is attained more by emotional dimensions than by rational thoughts and therefore the path towards leveraging the rational reasons an employee should be satisfied is through determining such an organizational culture that will be dominated by a climate of emotionally satisfied professionals (Wagner and Harter, 2009).

Using the HumanSigma framework of assessing employee emotional attachment, the research team found out that Bucharest Clinic staff has the following levels of engagement:

Table-1: Levels of employee emotional attachment at Bucharest Clinic

Emotional dimension	Engagement level
What do I get?	59%
What do I give?	58%
How much do I belong?	56%
How do we all develop?	53%

The employee engagement levels highlight the fact that the first dimensions of engagement show a higher rate (59%) of engagement, fact that proves the existence of a natural development of commitment, as opposed to artificial higher engagement levels in upper dimensions, as experienced by other companies.

Using the research scale elaborated by Desphande, Farley and Webster (Bearden and Netemeyer, 1999), we found the following aspects of the organizational culture:

Table-2 Findings about the Bucharest Clinic organizational culture

# Emotional dimension	Degree of agreement
1 Bucharest Clinic is a very personal place. It's like a larger family. People seem to be open here.	65%
2 The leader of Bucharest Clinic is seen as a mentor	35%
3 The glue that keeps Bucharest Clinic together is loyalty and tradition.	52%
4 Bucharest Clinic emphasizes its human resources. Unity and motivation are important aspects here.	41%

Low levels (35% for #2 and 41% for #3) in unity and motivation as well as in perceived leadership highlight a need for more of the company's commitment in developing the organizational culture and its human resources.

4.4. Analysis of Customer emotional satisfaction

The levels of customer engagement have been assessed using the HumanSigma framework, resulting the following:

Table-3: Levels of customer emotional attachment at Bucharest Clinic

Emotional dimension	Engagement level
Confidence	44%
Integrity	52%
Pride	48%
Passion	29%

Levels of customer engagement regarding confidence (44%) prove the existence of factors that diminish customer trust in the organization.

Using the scale elaborated by Mehrabian and Russell (Bearden and Netemeyer, 1999) the research team came up with the following results:

Table-3: Levels of emotions experienced by Bucharest Clinic customers

Emotion	Degree felt by customers	Emotion	Degree felt by customers
Happiness	55%	Stimulation	32%
Contentment	51%	Excitement	52%
Satisfaction	42%	Dynamism	45%
Support	54%	Awaking	13%
Hope	38%	Passion	6%
Relaxation	36%	Importance	12%

Using a linear regression analysis on the responses customer gave related to the above mentioned emotions, the conclusion was that the top three factors that determined customer happiness with Bucharest Clinic service were: excitement (r square = .551), stimulation (r square = .542) and support (r square = .435). Given the fact that these emotions contribute most to customer satisfaction, Bucharest Clinic should emphasize programs that determine these emotions.

Using a linear regression analysis and the scale elaborated by Parasuraman, Zeithaml and Berry (Bearden and Netemeyer, 1999) regarding the Bucharest Clinic service quality, researchers found that in the minds of patients, the most important factors that determined their trust in Bucharest Clinic were the facilities (r square 0.46), the modern equipments (r square = 0.35), flexibility of service (r square 0.36), and respectful employees (r square = 0.27).

4.5. Conclusions and limitations

It was not the intent of the paper to provide managerial implications or recommendations to the Bucharest health organisation. Therefore it is our conclusion that healthcare organizations in Romania as well as all service organizations slowly become aware of the importance of measuring satisfaction and engagement of employees in order to be able to offer high quality and satisfactory services to customers, turning them into engaged stakeholders. Relationship marketing should become a focus for these organizations in order to benefit of the increase of customer's share of wallet by a proper management of their emotions. This study was aimed to be an exploratory study, with its classic

limitations, and therefore it is necessary to further the study within larger private clinics in Romania and also within public clinics to have a good comparison of the results.

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