

The Impact of Service Distinction on Durable Competitive Advantage: An Investigation in Private Hospital Outpatient Units During the COVID-19 Pandemic

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KEYWORDS

Service differentiation, Sustainable competitive advantage, Hospital Strategy

ABSTRACT

The COVID-19 pandemic has compelled hospitals to sustain their competitive edge in delivering healthcare services, with service differentiation being a key factor in maintaining this advantage. This research aims to evaluate how service differentiation impacts a hospital's ability to maintain a sustainable competitive advantage during the COVID-19 pandemic. This research, conducted in 2020, is a quantitative descriptive study involving 204 outpatients at Aisyiyah Bojonegoro Hospital. The survey was carried out online using Google Forms and achieved a response rate of 31.2%. The data were analyzed using linear regression. The findings indicate that service differentiation positively influences sustainable competitive advantage ($p = 0.00$). According to the study, during the COVID-19 pandemic, patients tend to prefer hospitals that offer distinct services.

1. Introduction

Artanti, 2020; Ika, 2020; and Sumartiningtyas, 2020, the COVID-19 pandemic has resulted in a decrease in the number of patients who attend hospitals. Visitor charts indicated a downward trend from March to May 2020, primarily because people were hesitant to visit hospitals in person due to lingering concerns about COVID-19 (Artanti, 2020; Sumartiningtyas, 2020). Within this framework, private hospitals are going up against one another more and more to maintain their services (Amiruzzaman et al., 2022). By the Decree of the Regent of Bojonegoro No. 440/1615A/412.202/2020, Aisyiyah Bojonegoro Hospital, which is classified as a Type C private-public hospital and a Satellite Referrals Hospital, also saw a decrease in the number of patients that visited the facility. Although there was a significant drop in visits to Aisyiyah Bojonegoro Hospital in May 2020, by September the total number of visits had risen by 4,912, representing a 53.7% increase since May. This substantial growth occurred mainly in outpatient services between May and September 2020. The number of visits even surpassed those of the previous year. Alongside the rise in patient visits, the hospital also experienced a 66.95% growth in assets over the past four years. Due to these achievements, Aisyiyah Bojonegoro Hospital became the largest private hospital in Bojonegoro Regency. According to Kotler, differentiation involves creating a significant distinction that sets a company's products apart from those of competitors (Kotler & Kevin Lane, 2006). In a hospital setting, physical products are often not easily distinguishable. In increasing services that consumers find useful and expanding the quality of those services, the route to competitive success may lie in this direction. The year 2012, Anyim. Approaches for difference in hospitals entail attempting to differentiate the services that are provided by various hospitals from those of other hospitals (Kodric et al., 2021). The management department puts these ideas into action to maintain and improve the value of the services that are provided (Susanto, 2019). It was also brought to Porter's attention that distinction is a key strategy that organizations can employ to leverage their strengths and attain a sustainable competitive advantage (Porter, 1985). This strategy can help hospitals grow their business by offering new and distinct products or services, thereby establishing the hospital's uniqueness and securing a sustainable competitive advantage (Noor et al., 2013; Susanto, 2019). Noor proposes that a company may generate advantages that are difficult for rivals to imitate by adopting a differentiating approach, which can lead to future success (Noor et al., 2013; Wheelen & Hunger, 2012). This can be accomplished by distinguishing oneself from the competition [16]. Other research, such as Anyim (2012) and Susanto (2019), have also indicated that increasing customer satisfaction and loyalty via the use of service-differentiating initiatives is beneficial.

2. Methodology

Materials

The study is used in this research is a description survey. The independent variable is service differentiation, and the dependent variable is competitiveness. All of these variables are investigated in this study. Specifically, the following is the research hypothesis: H1: As seen from the point of view of patients who were treated in the outpatient department of Aisyiyah Bojonegoro Hospital during the COVID-19 pandemic, service differences could maintain sustainability in comparative advantages (Kutlu et al., 2021).

Data collection procedures

The study population consisted of outpatients at Aisyiyah Bojonegoro Hospital between April and December 2020. Purposive and proportional sampling methods were used to select participants, patients who have previously attended more than one service or clinic and had submitted their phone numbers in their medical records were the focus of this particular campaign. Patients who were suitable for the study were then chosen at random and supplied a link to a Google Form using WhatsApp. A total of 204 individuals participated in the research, which resulted in a response rate of 31.2%. A Likert scale that ranged from 1 to 5 was used in the questionnaire, and answers ranged from "strongly disagree" to "strongly agree." The questionnaire has been validated and verified for its reliability and validity. When referring to the process of separating the services offered by the hospital from those offered by rivals, the term "service differentiation" is used. Having a sustainable competitive advantage is a strategy that aims to retain a better position in comparison to rivals operating within the same sector or market (Ahmad et al., 2024). This is accomplished by using the resources and characteristics that are accessible over an extended period. Each variable was broken down into several statements, phrased in a way that is easily comprehensible to patients.

Data analysis

The completed questionnaires were scored and analyzed descriptively to examine every single indication of the variable that is independent. Additionally, to determine whether or not there was a correlation between the independent factors and the required factors, statistical tests were carried out. Linear regression analysis was used for this purpose. If the p-value is less than 0.05, then the first hypothesis will be confirmed; however, if the p-value is more than 0.05, then the first hypothesis will be dismissed. Additionally, classical assumption testing is required as a prerequisite for linear regression analysis. The normality test is the initial assumption test, and it determines whether or not the residuals follow a normal distribution when considered. A well-functioning regression model should have residuals that follow a normal distribution (Malathi et al., 2024). In this study, the Kolmogorov-Smirnov test will be utilized for this purpose. Following, a multicollinearity test was conducted to determine if there was any correlation between the independent variables. When the tolerance value is less than 0.01, or when the Variance Inflation Factor (VIF) is larger than 10, multicollinearity is suggested as a possible explanation. Additionally, a heteroscedasticity test was performed to assess whether there is a variance inconsistency in the residuals across different observations in the regression model. Homoscedasticity occurs if the variance of residuals is consistent across observations, while heteroscedasticity occurs if the variance differs.

3. Results and discussion

Demographic Data

The initial analysis involved computing descriptive statistics based on the respondents' demographic data. Most participants in this study were between 21 and 30 years old, female, employed in private sector jobs, held a bachelor's degree (S1), and predominantly visited an obstetrics clinic. The descriptive statistics for these respondent characteristics are presented in Table 1 below:

Table 1. Characteristics Of Respondents

		Frequency	Percentage
Age	<= 20	12	5.88%
	21-30 years old	81	39.71%
	31-40 years old	51	25.00%
	41-50 years old	30	14.71%
	51-60 years old	12	5.88%
	> 60 years old	18	8.82%
Gender	Male	96	47.06%
	Female	108	52.94%
Profession	Not Yet Working	3	1.47%
	Hodge	5	2.45%
	Lecturer	3	1.47%
	Teacher	6	2.94%
	Housewife	24	11.76%
	Private Sector Employee	84	41.18%
	College Student	18	8.82%
	Student	3	1.47%
	Retired	9	4.41%
	Civil Servant	14	6.86%
	Entrepreneur	29	14.22%
	Employee / Non-Permanent Teacher	6	2.94%
Education	Elementary School	5	2.45%
	Junior High School	6	2.94%
	Senior High School	72	35.29%
	S1	113	55.39%
	S2/S3	8	3.92%

Service Differentiation

Table 2 displays the distribution of respondents' responses to each statement regarding the service differentiation variable. For the statement "Aisiyiah Bojonegoro Hospital offers clinical services that other hospitals do not provide," the score was notably below 4.38. Despite Aisiyiah Bojonegoro Hospital currently having the largest number of clinics and service types compared to other hospitals, the lower score suggests that respondents may either be unaware of the differences in service types between hospitals or do not perceive additional value in the variety of services offered. Similarly, for the assertion that "Aisiyiah Bojonegoro Hospital's clinic has a facility that allows for online consultations" that facilitates doctor consultations during the pandemic," a significant number of respondents were uncertain. This suggests that patients may not have been adequately informed about the teleconsultation services offered by Aisiyiah Bojonegoro Hospital. Additionally, another statement that obtained a rating that was lower than the median was the one that said, "Clinical services at Aisiyiah Bojonegoro Hospital are more challenging to get than those at other hospitals". This indicates that improvements are needed in service delivery, particularly in terms of ease of access for patients. The statement "Services in the clinic's waiting room prioritize patients" was rated as less favorable based on patient perceptions. This suggests that while service differentiation at Aisiyiah Bojonegoro Hospital is perceived to be focused on the variety of clinics, the services provided in the waiting area of the Outpatient Installation have not received as much attention.

Table 2. Analyzing service differences descriptively

SERVICE DIFFERENTIATION	Respondent's Answers					Total	Average	Information
	STS	TS	R	S	SS			
Like other hospitals, Aisiyyah Bojonegoro Hospital offers a certain kind of clinical care	17	10	37	97	43	204	3.68	Low
	8.3%	4.9%	18.1%	47.5%	21.1%	100%		
There are many kinds of clinical services offered by Aisiyyah Bojonegoro Hospital	0	1	10	66	127	204	4.56	Good
	0.0%	0.5%	4.9%	32.4%	62.3%	100%		
Patients' needs are given priority in the clinic's waiting area	1	4	24	80	95	204	4.29	Low
	0.5%	2.0%	11.8%	39.2%	46.6%	100%		
Compared to other hospitals, Aisiyyah Bojonegoro Hospital's clinical services are more difficult to get	98	53	19	15	19	204	3.96	Low
	48.0%	26.0%	9.3%	7.4%	9.3%	100%		
The registration process is streamlined by the online registration function available at the clinic at Aisiyyah Bojonegoro Hospital	0	2	19	42	141	204	4.58	Good
	0.0%	1.0%	9.3%	20.6%	69.1%	100%		
During a pandemic, I may more easily visit a doctor because of an online option at the clinic at Aisiyyah Bojonegoro Hospital	4	11	49	65	75	204	3.96	Low
	2.0%	5.4%	24.0%	31.9%	36.8%	100%		
The clinic at Aisiyyah Bojonegoro Hospital applies strict protocol Health so that the patients feel safe to visit	0	1	6	68	129	204	4.59	Good
	0.0%	0.5%	2.9%	33.3%	63.2%	100%		
In contrast to other hospitals, the Aisiyyah Bojonegoro Hospital clinic features excellent amenities	0	2	10	94	98	204	4.41	Good
	0.0%	1.0%	4.9%	46.1%	48.0%	100%		

Service Differentiation on Sustainable Competitive Advantage

The probability value for the parameter β_1 is 0.000, which is less than 0.05, causing H_0 to be rejected and H_1 to be accepted. This indicates that Service Differentiation significantly impacts Sustainable Competitive Advantage. These results allow for the following expression of the regression model:

Sustainable competitive advantage = 0,081 + 0,305 Service differentiation

It follows that the average value of the Sustainable Competitive Advantage variable should increase by 0.305 if the average value of the Service Differentiation variable grows by one unit.

Table 3. Linear regression

	<i>Unstandardized Coefficients</i>		<i>Standardized Coefficients</i>	<i>t</i>	<i>P-value</i>
	<i>B</i>	<i>Std. Error</i>	<i>Beta</i>		
(Constant)	0.081	0.254		0.317	0.751
Service Differentiation	0.305	0.063	0.296	4.841	0.000
a. Dependent Variable: Sustainable Competitive Advantage					

These findings align with several prior studies that indicate service differentiation enhances a hospital's uniqueness, thereby gaining a long-lasting edge over competitors. References: Wheelen & Hunger (2012), Susanto (2019), Noor et al. (2013). According to Lestari et al. (2021), service differentiation is acknowledged as a strategic component of sustained competitive advantage. The approach of differentiation is regarded to be a general approach inside Porter's framework, along with a cost leadership approach. Customers tend to place a high value on businesses that strive to differentiate themselves from their competitors, as Porter points out, who are willing to pay a premium price for their unique offerings. Aisiyiah Bojonegoro Hospital is currently a Type C private public hospital with 20 outpatient clinic services. It offers specialized clinics such as Neurosurgery and Cardiology, which are considered advanced compared to competitors, as well as Physiotherapy and Medical Rehabilitation services not yet provided by other hospitals. Additionally, the outpatient department will soon feature an Andrology specialist clinic. Currently, Aisiyiah Bojonegoro Hospital operates a dedicated COVID clinic in a separate building to handle suspected cases and manage COVID-19 care. This demonstrates the hospital's wide competitive reach and its ability to leverage internal activities for strategic advantages (Porter, 1985). For instance, post-stroke patients can continue their recovery at the Medical Rehab Clinic within Aisiyiah Bojonegoro Hospital without needing to transfer to another facility for rehabilitation. Porter also noted that buyers often struggle to evaluate differentiation due to limited knowledge. They rely on indicators such as advertising, reputation, service packaging, professionalism, appearance, employee demeanor, facility appeal, information provided, and overall image (Porter, 1985). Aisiyiah Bojonegoro Hospital has effectively communicated several of these indicators, allowing buyers to perceive value and establish a competitive edge. However, hospitals must carefully assess their target buyer segments to ensure that their differentiation efforts are meaningful and do not lead to an excess of perceived uniqueness.

4. Conclusion and future scope

At the Outpatient Installations of Aisiyiah Bojonegoro Hospital during the COVID-19 pandemic, the results suggested that service differentiation had a favorable effect on the hospital's ability to maintain a durable competitive advantage. The Aisiyiah Bojonegoro Hospital has successfully distinguished its services from those of its competitors, management must carefully evaluate buyer segments to ensure that their uniqueness remains valuable and does not lead to excessive differentiation. This study has several limitations: First, data collection was done using an online questionnaire via Google Forms, which limits the ability to gauge the depth of respondents' thoughts and perceptions and provides only brief statements without further explanation. Second, there is a challenge with patients' limited awareness in evaluating the indicators thoroughly. Patients could only notice the most fundamental parts of the hospital and focus more on the care they are receiving, without taking into consideration the administrative components of the service. Third, the response rate was 31.2%, which is relatively low and may lead to biased results that are difficult to generalize.

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Conflict of interest

All authors have given their approval to the final draft of this work, and the authors state that there is no problem of interest in the paper.

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