



# Mindfulness, reliability, pre-emptive conflict handling, customer orientation and outcomes in Malaysia's healthcare sector<sup>☆</sup>

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## ABSTRACT

This paper draws from the mindfulness theory in examining the effects of service reliability (including reliable health information and care), pre-emptive conflict handling, and customer orientation on customer satisfaction and loyalty in healthcare service delivery in Malaysia. A survey of 423 consumers of healthcare services in Malaysia provides support for the theory. The findings of the study indicate that care reliability, information reliability, and pre-emptive conflict handling directly affect customer orientation; all four directly affect customer satisfaction, and indirectly affect customer loyalty via customer satisfaction. Thus, customer satisfaction fully mediates in the relationship of care reliability, information reliability, pre-emptive conflict handling, and customer orientation with customer loyalty. These findings lead to research and managerial implications that conclude the paper.

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## 1. Introduction

Healthcare organizations (HCO) operate in an extremely difficult environment with little or no room for errors or service failures, as errors may result in disastrous consequences, including death (in extreme circumstances), customer dissatisfaction, and defection. None of these outcomes is good for the HCO. While customer defection may not be as catastrophic as death, it is an unwelcome result for the organization since attracting new customers tends to be more expensive than keeping existing customers (Reichheld and Sasser, 1990). Consequently, an increasing number of service organizations (in particular HCO) are recognizing the importance of stable customer relationships and focusing on the enhancement of the overall customer experience (Johnston, 1999).

Some try to create healthcare initiatives and programs in ways that prevent disastrous outcomes by applying the mindfulness strategies. According to Zeithaml and Bitner (2003), the first rule of service quality is to implement a procedure right the first time, which would make service recovery largely unnecessary. To get it right first time, is to create reliable service. When individuals and institutions increase mindfulness or decrease mindlessness (Langer and Moldoveanu, 2000) they can enhance service reliability. Changing existing procedures (or services) to eliminate those aspects that unwittingly

promote mindlessness or by implementing procedures that strategists develop mindfully (Langer and Moldoveanu, 2000) can enhance service reliability.

Systems and processes need to promote individual and collective mindfulness — a way of working marked by a focus on the present, attention to operational detail, willingness to consider alternative perspectives, and an interest in investigating and understanding failures (Langer, 1989; Weick and Sutcliffe, 2001). Mindfulness theory provides a succinct and compelling lens for viewing key aspects of reliability (Butler and Gray, 2006). Mindfulness theory is useful for confronting errors and failures in healthcare services. Tucker and Edmondson (2003), in a study of hospitals distinguish between errors which are the execution of a task that is either or incorrectly carried out, and errors that hospitals could avoid making with information. This study examines healthcare service reliability in terms of care reliability and information reliability (Issel and Narasimha, 2007; Tucker and Edmondson, 2003).

While extant literature shows that service recoveries positively affect customer satisfaction and loyalty (e.g., Mattila and Patterson, 2004; Maxham and Netemeyer, 2002), researchers neglect other important areas. Little understanding of the ways service firms can avoid service failures exists (e.g., Vázquez-Casielles et al., 2007). Another area is in the context of healthcare delivery where service recovery may leave the customer incompletely restored with some costly avoidable losses. While effective service recovery may help regain customer satisfaction in some sectors, it may not be equally effective in the area of healthcare. In the long-term, the ability of a firm to avoid service failure and conflict is likely to have a greater bearing on overall customer satisfaction and loyalty (La and Kandampully, 2004). Because of the low error tolerance of healthcare

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service delivery, mindfully pre-empting errors, failures and other sources of conflicts and adequate understanding of target customers can help HCOs improve customer satisfaction and loyalty.

Research on the implementation and outcomes of these pre-emptive mechanisms in the healthcare sector remains scarce. This scarcity is paradoxical in view of the probable positive effect of a firm's effectiveness in anticipating and eliminating future sources of customer complaints (Lapidus and Pinkerton, 1995) on customer satisfaction and customer loyalty, in line with the reciprocity theory. The reciprocity theory advocates that an individual (a firm) can create increased utility (value) by distributing it fairly with relevant stakeholders who behave in a fair and equitable manner (Bosse et al., 2008).

The study aims to understand: (1) the direct effects of care reliability, information reliability and pre-emptive conflict handling on perceived customer orientation; (2) the direct effect of care and information reliability, pre-emptive conflict handling and customer orientation on customer satisfaction; and (3) the indirect effect of care and information reliability, pre-emptive conflict handling and customer orientation on customer loyalty (via customer satisfaction).

The setting of the study is Malaysia (dubbed as “Malaysia Truly Asia”), a representative Asian country with a unique potpourri of Asian cultures. There are several calls for more service research in non-western countries (Zhang et al., 2008). The Malaysian healthcare sector is increasingly gaining global importance, attention, and patronage as seen in the rapid growth of its healthcare tourism sub-sector. Kuala Lumpur (the setting of the study) is experiencing an increase of visitors seeking medical treatments due to its high standards and medical cost that is one of the most competitive in the world (<http://www.myhealthcare.gov.my/en/index.asp#>). Quality and affordability are the key benefits proposal that the sector uses to woo customers.

## 2. Reliability and mindfulness

Hannan and Freeman (1984, p. 153) define “organizational reliability” as the “capacity to produce collective outcomes of a certain minimum quality repeatedly”. Deming (1982) defines “performance reliability” as attainment of desired outcome level and ability to control variance in outcomes through elimination of unwanted variances in attributes of services, which can lead to customer satisfaction and loyalty (Butler and Gray, 2006). Studies of human systems reveal two strategies for achieving reliable performance: routine-based reliability and mindfulness-based reliability (Butler and Gray, 2006). Winter (1986, p. 156) defines routine as a “relatively complex pattern of behavior... functioning as a recognizable unit in a relatively automatic fashion.” Routine-based reliability posits that creating repeatable packages of decision rules and associated actions will achieve reliable performance (Butler and Gray, 2006). The individual level involves learning steps to be taken, often to the point where executing the routine becomes automatic (Langer and Piper, 1987), whereas routine-based reliability at the organizational level involves the creation and execution of standard operating and decision-making procedures, which may be unique to the organization or widely accepted across an industry (Spender, 1989). Routine-based reliability becomes ineffective when there is a situation–response mismatch. While the focus of routine-based approaches is on reducing or eliminating situated human cognition as the cause of errors, mindfulness-based approaches focus on promoting highly situated human cognition as the solution to individual and organizational reliability problems (Weick and Sutcliffe, 2001).

Mindfulness-based approaches hold that the ability of individuals and organizations to achieve reliable performance in a changing environment depends on how individuals think, gather information, perceive the world around them, and whether they are able to change their perspective to reflect the situation at hand (Langer, 1989).

Mindfulness-based approaches posit that, more than just consistency of action, properly situated cognition is ultimately the basis for reliable performance.

At the individual level, mindfulness focuses on the ability to continuously create and use new categories in perception and interpretation of the world (Langer, 1997), whereas mindlessness is a state of reduced attention resulting from premature commitment to beliefs that may not accurately reflect the phenomena at hand (Chanowitz and Langer, 1980).

Sternberg (2000), drawing from Langer's, 1997 work remarks that individual-level mindfulness involves: (a) openness to novelty (i.e. ability to reason about new kinds of stimuli); (b) alertness to distinction (ability to compare, contrast, and make judgments about the similarities and differences); (c) sensitivity to different contexts (awareness of the characteristics of particular situations and the changes in such situations); (d) awareness of multiple perspectives (seeing things from different points of view); and (e) orientation in the present (i.e. paying attention to the immediate situation). Individuals who are mindfully engaged in a task are both motivated and able to explore a wider variety of perspectives, make more relevant and precise distinctions about phenomena in their environments, enabling them to adapt to shifts in those environments (Butler and Gray, 2006; Fiol and O'Connor, 2003).

For organizations, mindfulness is collective. Weick and Sutcliffe (2001, p. 42) define “collective mindfulness” as: a combination of ongoing scrutiny of existing expectations, continuous refinement and differentiation of expectations based on newer experiences, willingness and capability to invent new expectations that make sense of unprecedented events, a more nuanced appreciation of context and ways to deal with it, and identification of new dimensions of context that improve foresight and current functioning. Organizational mindfulness focuses on an organization's ability to observe, interpret, and respond to cues in an appropriate manner. Examples of collectively mindful organizations according to Kohn et al. (1999) include hospitals that provide life and death services under tight resource constraints.

Researchers interested in organizational reliability highlight preoccupation with failure, reluctance to simplify, attention to operations, focus on resilience, and the migration of decisions to expertise as key aspects of organizational mindfulness (Weick and Sutcliffe, 2001; Weick et al., 1999). According to these scholars, a preoccupation with failure focuses the organization on converting errors and failures into grounds for improvement, often treating failures and near failures as indicators of the health of the overall system. Such focus helps to avoid overconfidence, complacency, and inattention that can result when success becomes a routine. Reluctance to simplify refers to a collective desire to see continually problems from different perspectives, which can increase the HCO's chances of noticing and reacting appropriately to small anomalies and errors, and reduce the chances of larger, disastrous failures.

Sensitivity to operations implies the development of an integrated overall picture of operations in the moment, and a commitment to resilience refers to a tendency to cope with dangers and problems as they arise, through error detection and error containment (Butler and Gray, 2006). Migration of decisions to experts refers to a departure from hierarchical decision structures to permit problems to migrate to the experts most capable of solving them (Weick et al., 1999). In general, mindfulness involves the ability to detect important aspects of the context and take timely, appropriate actions; it increases an organization's ability to achieve reliable performance in dynamic, unstable environments (Weick et al., 1999) such as the healthcare sector.

## 3. Conceptual framework and hypotheses

Mindfulness strategies such as service reliability, pre-emptive conflict handling, and customer orientation lead to customer satisfaction

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