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3 SHENTON WAY
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THE INFLUENCE OF INSTITUTIONAL PARTNERSHIP AND HOSPITAL REPUTATION ON HOSPITAL PERFORMANCE IN WEST KALIMANTAN

Helman Fachri, Universitas Padjadjaran
Dwi Kartini, Universitas Padjadjaran
Hilmiana, Universitas Padjadjaran
Martha Fani Cahyandito, Universitas Padjadjaran

ABSTRACT

The performance of hospital in West Kalimantan is unoptimal yet, indicated by the achievement levels of Bed Occupancy Ratio (BTO), Bed Turn Over (BTO), and Turn Over Interval (TOI) have not reached the target of standard. Such conditions are alleged to be related to issues of reputation and partnership, so that this study aims to examine the influence of institutional partnerships and hospital reputation on the performance of hospitals in West Kalimantan.

The research is conducted by quantitative method. The unit of analysis is hospital in West Kalimantan. The unit of observation is the management of the hospital. The observation is conducted in time horizon as cross section/one shoot in 2017. Population of hospital in West Kalimantan consists of 36 general hospitals of various classes (B, C and D). Due to the small population size, the sampling method is conducted by census.

The results show that institutional partnership and hospital reputation had a significant effect on hospital performance either partially or simultaneously. The reputation of the hospital has a greater impact on improving hospital performance when compared to institutional partnerships. The results of this study provide implications for hospital management to improve the reputation and partnership of the institution in an effort to support the performance of the hospital.

Keywords: Institutional Partnerships, Hospital Reputation, Hospital Performance

INTRODUCTION

Research Background

West Kalimantan region has an area of 146,807 km² with a population of 4,789,574 people in 2015 has 36 general hospitals and 8 special hospitals. However, the performance of hospital services in the region tends to be not optimal which is indicated by still not able to the hospital management in reaching the set target. Based on data in 2015 revealed that the level of hospital service standard achievement includes BOR (Bed Occupancy Rate) that is the percentage of beds occupied in one time unit only reach 51.80%. Bed Turn Over (BTO) 39.19 times, and Turn of Interval (TOI) 4.49 days.

Based on the preliminary survey (2017) of 15 general hospitals in West Kalimantan seen from health service quality indicator, the average performance achievement of general hospital is

presented in the following table:

Table 1			
INDICATORS OF HOSPITAL'S SERVICE QUALITY			
No.	Indicator	Achievement	Ideal (Department of Health, 2005)
1.	BOR (Bed Occupancy Rate)	55.68%	60-85%
2.	LOS (Length of Stay)	3.6 day	6-9 hari
3.	TOI (Turn Over Internal)	3.81 day	1-3 hari
4.	BTO (Bed Turn Over)	32.92 time	40-50 kali
5.	NDR (Net Death Rate)	11.5 permil	≤25 permil
6.	GDR (Gross Date Rate)	26.9 permil	≤45 permil

Source: Preliminary Survey, 2017

Based on Table 1 above, there are 4 (four) items from indicators that are still below ideal achievement, they are: BOR, LOS, TOI and BTO. While the NDR (Net Death Rate) is the death rate 48 hours after treated every 1000 patients out and GDR (Gross Date Rate) is the death rate for every 1000 patients out of ideal category. BOR is also used in the research of (La Ode Kamalia, Alida Palilati, Endro Sukotjo & La Hatani, 2015) which measures the performance of General Hospital in Southeast Sulawesi based on Bed Occupancy Ratio (BOR) dimension, cost recovery, market share, employee satisfaction, patients and their families satisfaction. In addition, there is an increase in the number of passengers destined for Malaysia, among them for treatment, with the number of passengers sick during the year 2015 as many as 445 people, thus increasing competition to get patients.

So based on the above description, it can be said that the performance of hospitals in West Kalimantan cannot be said superior. It is allegedly caused by poor hospital reputation. This is indicated by the lack of public confidence in the credibility of hospital's services. So many Indonesian citizens who trust hospitals abroad to treat certain diseases. It shows that not all hospitals in Indonesia have service advantages. Particularly at local government-owned hospitals where the services provided are sometimes slow in dealing with accident patients or emergency patients. Whereas the local government-owned hospitals in terms of financing are financed partly by the local government concerned. This causes some patients to choose alternative treatment paths such as acupuncture, reflection, and herbal remedies. Meanwhile, according to (Fombrun, 2001), there are some basic elements that should be the center of attention in improving the reputation namely: credibility, reliability, trustworthiness, and responsibility.

Meanwhile, (Hall & lee, 2014) show a positive relationship between company performance and company reputation and found the importance of corporate reputation as an important strategic asset to be managed by the company. (Yih-Chang Ou & Li-Chang Hsu, 2013) show that the company's reputation moderated the relationship between human capital and innovative performance. In addition, (Iwu-Egwuonwu, 2014) finds that cultivating a strong reputation is a necessary foundation for companies to beat competition, improve market prospects, and to warn ongoing financial performance and existence.

The low performance and reputation of the hospital is alleged due to the weakness in the development of partnerships implemented by the hospital. The current phenomenon shows the still low ability of hospital management in developing and maintaining strategic partnership with various parties. Among them are partnerships with patients, where only high-class hospitals are already practicing a better customer relationship program. In addition there are still some weaknesses in the development of partnerships with suppliers that is in terms of selection of

qualified and professional suppliers. Some hospitals still apply unprofessional procurement tenders where only companies with proximity to directors can win the tender, so that it risks the quality of the required goods. In addition, there are still some problems in the inter-functional coordination aspect. Meanwhile, according to (Cravens & Piercy, 2013) that partnership is an effort to cooperate with stakeholders, where strategic alliances are used by many competing companies around the world. Partnerships include vertical relationships consisting of relationships with suppliers and customers as well as horizontal partnership consisting of lateral and internal partnerships.

Meanwhile, (Agus & Hassan, 2012) found that the practice of strategic supplier partnerships and their implementation has a significant relationship with product quality performance and business performance. In addition, (Clement, 2013) finds that overall performance in companies that implement partnerships is better than single-ownership firms.

Research Objective

Based on the background of the research, this study aims to examine the effect of institutional partnerships and hospital reputation on the performance of hospitals in West Kalimantan.

LITERATURE REVIEW

Institutional Partnership

(Simoes & Mason, 2012) explain that the company is part of a network of suppliers, customers and other parties involved in a relational. (Song, Su, Liu & Wang, 2012) explain that the focus of business partnerships is the creation of customer value.

In the concept of (Cravens & Piercy, 2013) partnership is an effort to cooperate with stakeholders, where strategic alliances are used by many competing companies around the world. Partnerships include vertical relationships consisting of relationships with suppliers and customers as well as horizontal partnership consisting of lateral and internal partnerships. While (Wheelen & Hunger, 2015) state that a partnership strategy can also be used to create competitive advantage in an industry by working with other companies in the form of collusion or strategic alliance.

(Tsu-Wei Wu & Yung-Ming Shiu, 2014) state that “Partnership refers to a strategic alliance established between independent companies which share common objectives; it holds in great account the interdependent relationship between allied companies and may attain goals otherwise unachievable by their individual efforts”.

In this study, institutional partnership is measured by dimensions that refer to (Cravens & Piercy, 2013), namely internal partnerships, partnerships with suppliers, partnerships with customers, and lateral partnerships.

Hospital Reputation

(Walker, 2010) illustrates the importance of a reputation for a company where a good reputation can provide strategic advantages such as lowering company costs, enabling companies to provide the highest price, attracting bidders, attracting investors and customers, adding to profitability, and creating a competitive buffer.

The importance of reputation for the hospital is explained by (Hibbard, 2005) in (Bourke, 2009) if a hospital's reputation is affected, it may eventually experience market share decline via customer choice, purchaser choice, or physician referral. Also stated by Healthcare Collector (2006) on hospitals, marketing and maintaining your reputation is vital. The article also states that surveyors J.D. Power and Associates found that 75% of patients use reputation-related information as their primary criteria in selecting which hospital they attend; therefore studying reputation in the healthcare industry is essential. Hospitals need to enhance the quality of patient care and effectively communicate their performance to the communities in which they operate.

(Bourke, 2009) mentions hospitals that have a positive reputation impact on: hospital-related pride, staff will tell where they work, feel tied to winners and stories of success, development of hospitals and facilities, positive perceptions formed by the public with high support to hospitals, and staff will feel proud to work in the hospital.

As for developing a reputation, (Fombrun, 2001) explains that to help companies establish a strong reputation so that it will have positive and profitable impacts, there are some key elements that need to get attention, namely: credibility, reliability, trustworthiness, and responsibility.

In this study, hospital reputation is measured by dimensions refer to (Fombrun, 2001) namely credibility, reliability, trustworthiness, and responsibility.

Hospital Performance

(Hubbard & Beamish, 2011) argue that the type of organization affect on performance measurement. According to (Wheelen & Hunger, 2015), performance is the end result of an activity compared to the goals set in the strategy formulation process, which relates to profitability, market share and cost reduction.

With regard to hospital performance measurement, (Markazi-Moghaddam, 2016) noted that the number of studies on hospital performance has improved significantly in the last two decades. The performance of hospitals has become an emerging field of research and requires a systematic analysis of its knowledge structure. The performance of the hospital is a complex issue because it deals with many factors. This concept includes several dimensions such as effectiveness, efficiency, safety, patient centeredness and human resources. From a search of 2350 articles on hospital performance from 1975 to 2014, found several more important hospital performance dimensions such as efficiency, effectiveness, quality and safety and some other indicators highlighted such as death, length of stay, readmission rate and patient satisfaction. In the last decade, several concepts have become more significant in hospital performance literature such as "mortality", "quality of care" and "quality improvement".

Regarding to readmission rate, (Press, 2013) using these measures to measure the quality of the hospital. From the results of his research, it was found that the rate of readmission rate for low-performing hospitals in 2009 tended to improve in 2011, while for higher-performing hospitals tended to worsen.

Meanwhile, (Downing, 2017) measure hospital performance by applying big data analytics. They developed a new approach to characterize hospital performance that highlights the similarities and differences between hospitals and identifies general patterns of hospital performance. The performance of a hospital is measured through characteristics that include the level of neighborhood, Process, Experience, Value, Safety, Surgery Readmission, and Mortality. According to (Sabarguna, 2004), the quality of hospital services can be seen in terms of the

following aspects: clinical aspects (doctors services, nurses and technical medical related), aspects of efficiency and effectiveness of service, patient safety, and patient satisfaction. Some indicators to determine the quality of hospital efficiency include: bed utilization, utilization of energy, utilization of medical support, and finance. Bed-side indicators that easy to see is BOR/Bed Occupancy Ratio, BTO/Bed Turn Over, ALOS/Average Length Of Stay, TOI/Turn Over Interval. BOR (Bed Occupancy Ratio) increases which means the percentage of bed use goes up, BTO (Bed Turn Over) tends to increase which means the frequency of bed usage increases, and TOI (Turn Over Interval) decreases which means less empty bed day.

(La Ode Kamalia, Alida Palilati, Endro Sukotjo & La Hatani, 2015) measure the general hospital performance in South East Sulawesi through the dimensions of Bed Occupancy Ratio (BOR), cost recovery, market share, employee satisfaction, patients and their families satisfaction.

In this study, hospital performance is measured by dimensions of BOR (Bed Occupancy Ratio), service operation performance, and profitability.

Previous Studies

Previous research noted that partnerships and reputations affect the company's performance. (Agus & Hassan, 2012) find that the practices of strategic supplier partnerships and their implementation have significant relationships with product quality performance and business performance. In addition, (Clement, 2013) find that overall performance in companies that implement partnerships is better than single-ownership firms. On the other hand, (Hall & lee, 2014) find a positive relationship between company performance and company reputation and finds the importance of corporate reputation as an important strategic asset that needs to be managed by the company. (Yih-Chang Ou & Li-Chang Hsu, 2013) find that the company's reputation moderated the relationship between human capital and innovative performance. In addition, (Iwu-Egwuonwu, 2014) finds that cultivating a strong reputation is a necessary foundation for companies to beat competition, improve market prospects, and to warn ongoing financial performance and existence.

Based on the literature review, it can be arranged the hypothesis as follows:

H1: Institutional partnership and hospital reputation have an effect on hospital performance either simultaneously or partially.

METHODOLOGY

The method used in this study is a quantitative research method that is a research that demands a lot of use of numbers, ranging from data collection, interpretation of the data, and the appearance of the results. The unit of analysis in this study is hospital in West Kalimantan. The unit of observation is the management of the hospital. The observation is done in a cross section/one shoot time horizon namely in 2017. Based on this understanding, the population in this research is hospital industry in West Kalimantan which amounts to 36 public hospitals of various classes (B, C and D). Due to the small population size, the sampling method is conducted by census. The following Table 2 shows the number of hospitals with the following classes in the study area.

Class	Population
B	5
C	18
D	13
Amount	36

Source: Dinas Kesehatan Kalimantan Barat (2017)

The analysis to answer the purpose of research, using Partial Least Square that is one of the multivariate techniques that check the series of dependency relationship between latent variables.

RESULT AND DISCUSSION

PLS Result

Goodness of Fit-Outer and Inner Model

There are two sub models in a structural equation model; the inner model specifies the relationships between the independent and dependent latent variables, whereas the outer model specifies the relationships between the latent variables and their observed indicators.

Inner Model

Analysis of structural model (inner model) shows the relationship among latent variables. Inner model is evaluated by R Square and Prediction relevance (Q square) from Stone-Geisser's with blindfolding procedure. Refer to Chin (1998), the value of R square amounted to 0.67 (strong), 0.33 (medium) and 0.19 (weak) and Prediction relevance (Q square) 0.02 (minor), 0.15 (medium) and 0.35 (large).

Latent Variable	R Square	Cronbachs Alpha	AVE	Composite Reliability	Q square
Hospital Performance	0.810	0.721	0.547	0.828	0.586
Hospital reputation		0.869	0.520	0.894	0.396
Institution Partnership		0.929	0.595	0.938	0.482

Source: Smart PLS 2.0

The table show that the value of R^2 of hospital performance as endogenous variable is in the strong criteria (>0.67), and the value of Q square is in the large criteria (>0.35), so it can be concluded that the research model is supporting by empirical conditions or the model is fit.

To check the convergent validity, each latent variable's Average Variance Extracted (AVE) is evaluated. From Table 3, it is found that all of the AVE values are greater than the acceptable threshold of 0.5, so convergent validity is confirmed.

Outer model

Analysis of measurement model (outer model) is used to test the validity and reliability of latent variables and dimensions as measured by the indicators. Measurement Model explained by Cronbachs Alpha to know the reliability of indicators in measuring dimensions and latent variables. If the value of Cronbachs Alpha is greater than 0.70 (Nunnally, 1994), it shows that the dimensions and indicators are reliable in carrying out variables. Table 3 shows that Composite reliability and Cronbachs Alpha of the variable >0.70 so that the variables and dimensions in the model meet discriminant validity criteria and finally all the variables have good reliability.

The Table 4 show the result of measurement model for each dimensions on indicators.

Table 4				
LOADING FACTOR OF LATENT VARIABLE-DIMENSION-INDICATOR				
Variable-Dimension	Indicator-Dimension	λ	SE	t-value
Institutional Partnership->Internal Partnership		0.879	0.024	36.608*
	X1<-Internal Partnership	0.6477	0.1026	6.3134*
	X2<-Internal Partnership	0.5026	0.1039	4.8354*
	X3<-Internal Partnership	0.8796	0.0202	43.6466*
Institutional Partnership->Supplier		0.983	0.003	348.977*
	X4<-Supplier	0.8143	0.0812	10.0254*
	X5<-Supplier	0.6587	0.0635	10.3728*
	X6<-Supplier	0.7900	0.0870	9.0842*
	X7<-Supplier	0.7075	0.0481	14.7121*
	X8<-Supplier	0.6950	0.0949	7.3212*
	X9<-Supplier	0.7410	0.0420	17.6539*
	X10<-Supplier	0.7514	0.0923	6.8546*
Institutional Partnership->Customer		0.958	0.010	91.618*
	X11<-Customer	0.7998	0.0380	21.0258*
	X12<-Customer	0.7279	0.0925	7.8704*
Institutional Partnership->Lateral		0.974	0.004	250.272*
	X13<-Lateral	0.8696	0.0264	32.9623*
	X14<-Lateral	0.5637	0.0982	5.7428*
	X15<-Lateral	0.8454	0.0329	25.7218*
	X16<-Lateral	0.6759	0.0774	8.7336*
Hospital reputation->Credibility		0.953	0.008	120.368*
	X17<-Credibility	0.7524	0.0555	13.5477*
	X18<-Credibility	0.6262	0.1580	3.9630*
	X19<-Credibility	0.7996	0.0480	16.6458*
	X20<-Credibility	0.6189	0.1585	3.9046*
Hospital reputation->Trustworthiness		0.872	0.025	34.546*
	X21<-Trustworthiness	0.8327	0.0525	15.8598*
	X22<-Trustworthiness	0.8529	0.0338	25.2126*
Hospital reputation->Reliability		0.953	0.009	108.587*
	X23<-Reliability	0.6831	0.1484	4.6014*
	X24<-Reliability	0.6769	0.0700	9.6720*
	X25<-Reliability	0.6711	0.1644	4.0810*
	X26<-Reliability	0.7347	0.0704	10.4347*
Hospital reputation->Responsibility		0.614	0.089	6.943*
	X27<-Responsibility	0.6916	0.1332	5.1928*
	X28<-Responsibility	0.8801	0.0500	17.5990*
Hospital Performance->BOR		0.723	0.050	14.569*

	Y1<-BOR	1.0000	-	-*
Hospital Performance->SO performance		0.765	0.058	13.131*
	Y2<-SO performance	1.0000	-	-*
Hospital Performance->Profitability		0.944	0.014	68.841*
	Y3<-Profitability	0.8285	0.0306	27.088*
	Y4<-Profitability	0.7258	0.0638	11.374*

*valid for $\alpha=0.05$

The result of measurement model of dimensions by its indicators shows that the indicators are valid which the value of $t < 2.03$ (t table at $\alpha=0.05$). The result of measurement model of latent variables on their dimensions shows to what extent the validity of dimensions in measuring latent variables.

Following Figure 1 show the complete path diagram:

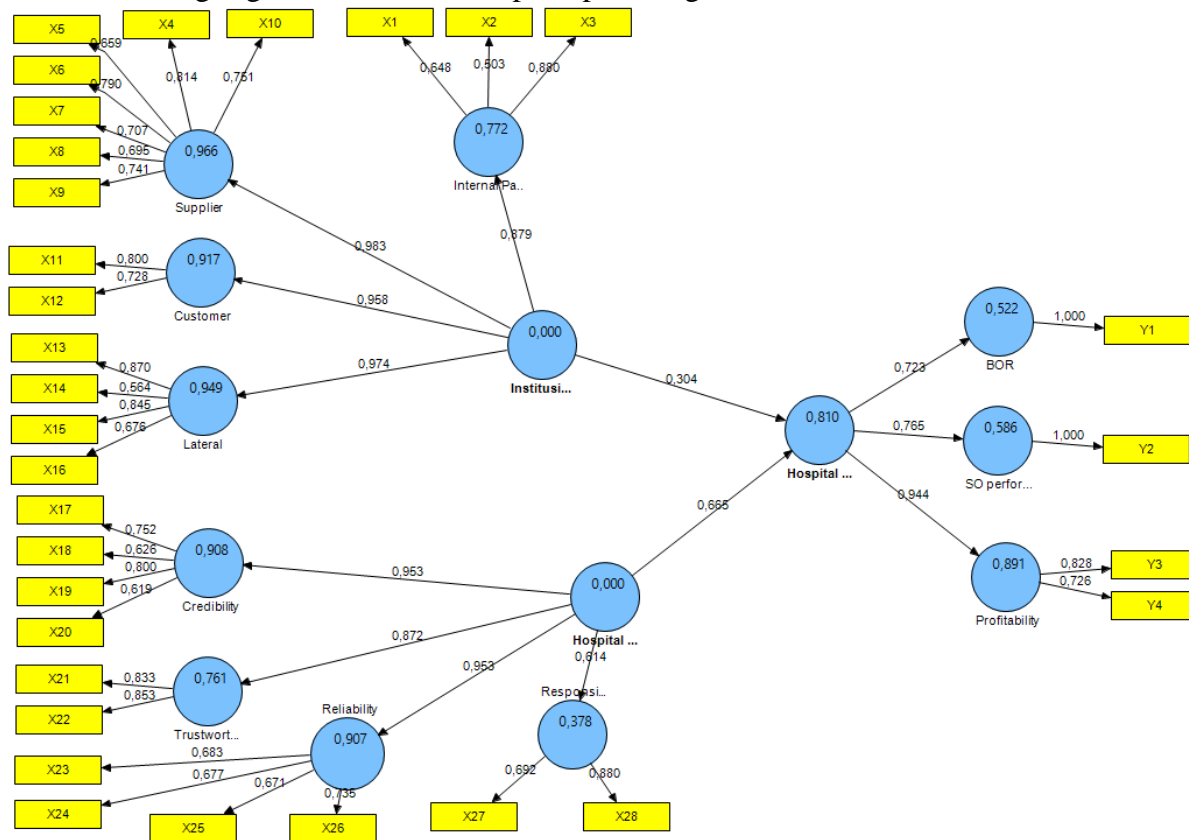


Figure 1
COMPLETE PATH DIAGRAM OF RESEARCH MODEL

Structural Model

Based on the research framework, then obtained a structural model as follow:

$$\eta_1 = 0.304\xi_1 + 0.665\xi_2 + \zeta_1$$

Which are:

η_1 =Hospital Performance

ξ_1 =Institution Partnership

ξ_2 =Hospital Reputation

ζ_i =Residual

Hypothesis Testing Result

Tabel 5 shows the result of simultaneous hypothesis testing and Tabel 6 shows the result of hypothesis testing for partially.

Simultaneous Hypothesis Testing

Below is the result of simultaneous testing of hypothesis:

Table 5 SIMULTANEOUS TESTING OF HYPOTHESIS			
Hypothesis	R²	F	Conclusion
Institutional Partnership and Hospital reputation-> Hospital Performance	0.810	61.427*	Hypothesis accepted

* Significant at $\alpha=0.05$ (F table=3.276)

Based on the Table 5, it is known that within the degree of confidence of 95% ($\alpha=0.05$) simultaneously there is the influence of Institutional Partnership and Hospital reputation significantly to Hospital Performance, amounted to 81%, while the rest of 19% is affected by other factor did not examined.

Partial Hypothesis Testing

Below is the result of partial testing of hypothesis:

Table 6 PARTIAL TESTING OF HYPOTHESIS				
Hypothesis	γ	t	R²	Conclusion
Institutional Partnership-> Hospital Performance	0.304	3.316*	0.230	Hypothesis accepted
Hospital reputation-> Hospital Performance	0.665	6.646*	0.580	Hypothesis accepted

* Significant at $\alpha=0.05$ (t table=2.03)

The Table 6 show that partially, Institutional Partnership and Hospital reputation influential significantly to Hospital Performance, which is Hospital reputation has a greater influence (58%).

Research Finding

Based on hypothesis testing result, will describe the Research Model Finding in Figure 2:

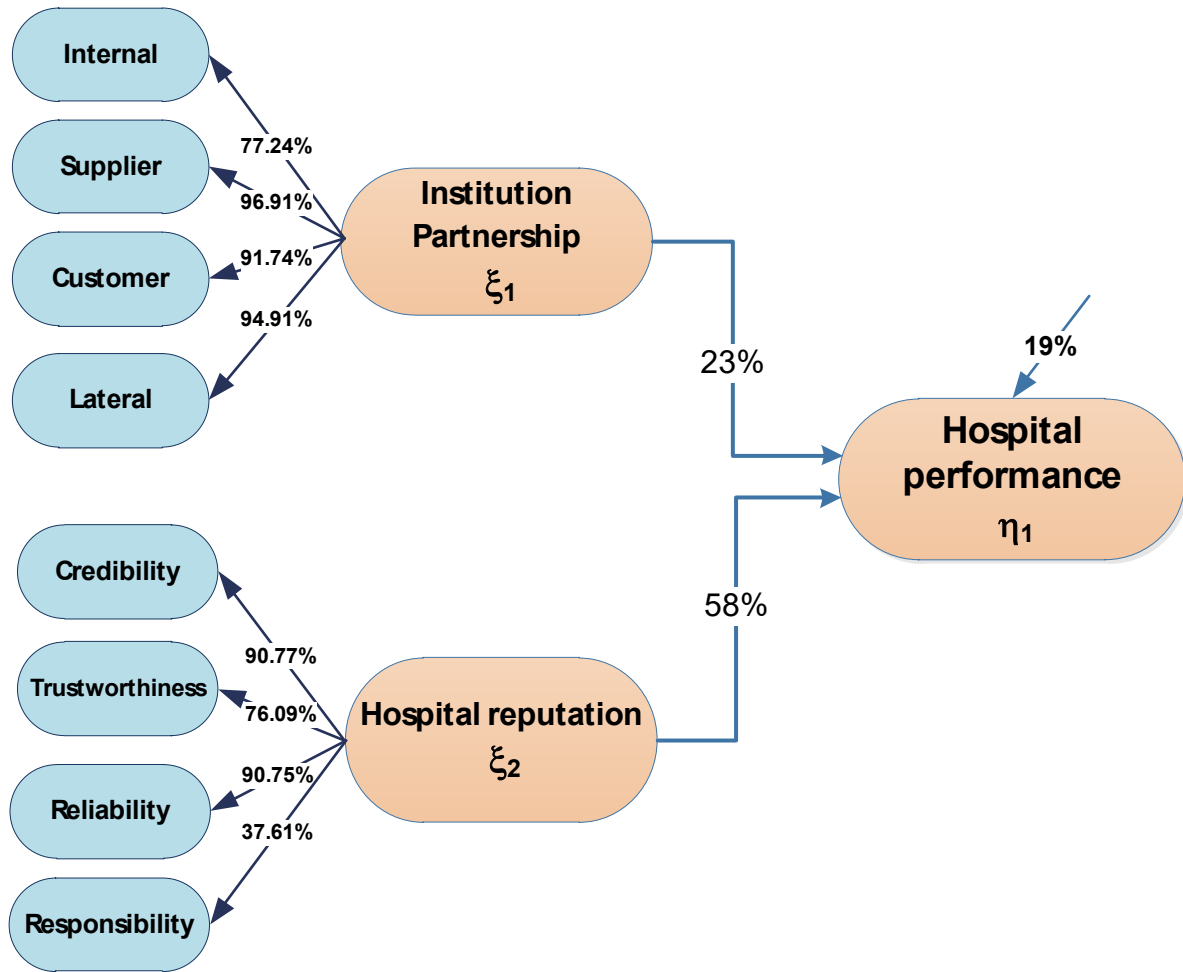


Figure 2
RESEARCH FINDING

Based on the results of hypothesis testing it is known that both institutional partnership and hospital reputation, both have significant effects on the performance of the hospital either partially or simultaneously, so the results support the hypothesis. Hospital reputation has a greater impact on improving hospital performance when compared to institutional partnerships. The reputation aspect that gives the highest effect in improving hospital performance is credibility. Credibility shows that hospitals can be trusted, showing growth in business scale, fulfilling customer value, and having future prospects. While in the institutional partnership aspect, the finding shows that supplier partnership is the most dominant aspect in supporting the hospital performance because it supports the service to patient. The results of this study provide implications for hospital management to improve the reputation and partnership of the institution in an effort to support the performance of the hospital.

The findings of this study support the results of previous research: (Agus & Hassan, 2012; Clement, 2013; Hall & lee, 2014), as well as (Yih-Chang Ou & Li-Chang Hsu, 2013; Iwu-Egwuonwu, 2014) which show that partnership and reputation affect the company's performance.

CONCLUSION

Conclusion

Institutional partnership and hospital reputation have a significant effect on hospital performance either partially or simultaneously. The company's reputation has a greater impact on improving hospital performance when compared to institutional partnerships.

Recommendation

Based on the results of this study it is suggested to the hospital management to improve the reputation development that is accompanied by the development of institutional partnership as an effort to improve the performance. The increase in reputation is mainly realized by increasing the credibility of hospitals supported by increased reliability, trustworthiness and responsibility.

From the findings of this study can also be the preparation of the premise to conduct a research related to hospital performance, both with the same variables and population as well as by taking a wider population.

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