

Value Creation of Outpatient Service in Hospital X

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Abstract- Hospital X is a type C hospital in the Administrative City of Cimahi, Bandung. The Results from customer satisfaction assessment questionnaire showed a figure of 81.27 percent in October, 83.94 percent in November and 86.62 percent in December, the figure have not achieved the company targets where the target of patient satisfaction in the Hospital X is 90 percent or more. This study aims to analyze and explain: (1) The Process Value Chain Outpatient Services in the Hospital X, (2) The Mapping of the Outpatient Services Value Chain Process in the Hospital X, (3) the Strategy of the Hospital X in handling the Increase in Patients Every Year with Analysis Value Chain. The research method used is descriptive research method with analysis tools, value chain analysis. The stages of this research value chain analysis process are pre-service, point of service, and after-service supported by supporting activities and strategic resources. The results of the data analysis prove that the competitive strength of the Hospital X is in its strategic geographical location, the registration system uses a technological system, and the specialist doctors who work there are already known by many patients. Whereas the weaknesses that need to be corrected are the organizational culture of the company and evaluation after the service which has not been maximized. From these data conclusions can be drawn: (1) The Value Chain Process Outpatient Services in the Hospital consists of Patients coming with or without Referral, Registration, Waiting for Queues, Medical Examination, and Returning, (2) Mapping the Value Chain Process is divided into Strength Analysis and Internal Weaknesses in each Value Chain Analysis Process, (3) The strategy that needs to be applied by the Hospital X is a differentiation strategy.

Keywords: Value Chain, Pre Service, Point of Service, After Service, Differentiation Strategy.

1. Introduction

Value chain is a perspective in which business is seen as a chain of activities that converts inputs into outputs that are of value to customers. Value for customers comes from three basic sources: activities that differentiate products, activities that lower product costs, and activities that can immediately meet customer needs (Pearce & Robinson, 2008).

Value chain analysis (VCA) seeks to understand how a business creates value for customers by examining the contribution of different activities in the business to that value. VCA takes a process point of view, this analysis divides the business into groups of activities that occur in the business, starting with the input received by the company and ending with the company's products or services and after-sales service for customers. VCA seeks to look at costs across the range of activities undertaken by the business to determine where there is a low cost advantage or a cost disadvantage. VCA looks at the attributes of each different activity to determine in what way each activity that occurs between input purchases and after-sales service differentiates the company's products and services.

The purpose of the value chain is to increase the company's competitive advantage. Competitive advantage comes from companies' performance in the areas of designing, marketing, delivering, producing and supporting their products. All of these areas can influence a company's cost position, competitive advantage can be achieved by creating effective strategies and by putting their strategies into practice. As a result, the company is able to be cheaper or better than competitors (Christopher, 2005).

In the discussion of this research, the researcher will examine the service value chain analysis at the hospital. Health services provided by the hospital to patients are basically to provide superior values to customers. This superior value is in the form of customer satisfaction and loyalty to health service providers. From this value chain, there are three main activities in providing health services, namely before service, during service, and after service.

Prior to service activities, the hospital conducts marketing and determines the target market to be served, services provided, prices offered, promotions and distribution / logistics provided. The services offered are related to the brand. The hospital offers products in the form of services for general practitioners and specialist doctors. When Health Services are provided, there are several things that must be considered, namely when providing medical services (clinical operations), patients should be satisfied with the quality of service provided. The intended service quality is in accordance with service standards or exceeds the minimum service standards and is in accordance with the expectations or exceeds the expectations of the patient.

After health services are also no less important than before and when receiving health services. Health services in the hospital consist of clinical and non-clinical services. Non-clinical services are received by patients since they enter the hospital area, comfort, friendly staff, easy parking, available places of worship, cafeterias, and clean and comfortable toilets. Since services are invisible and only felt directly by those who receive services, physical evidence becomes important as a pleasant attraction for patients and their families. This research will be carried out at the Hospital Xin Cimahi City.

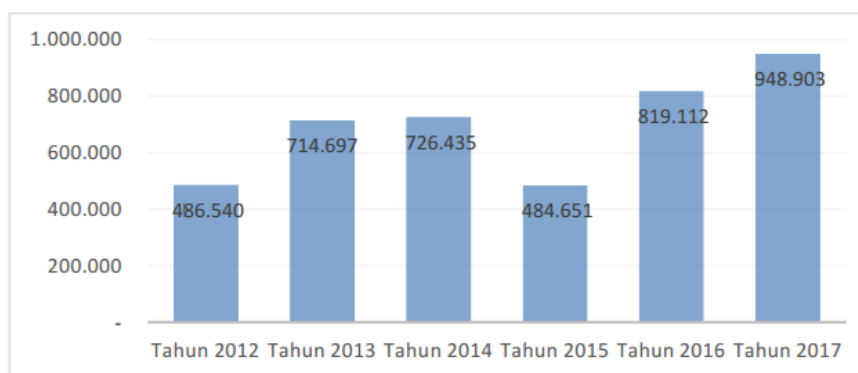


Figure 1. 2012-2017 Hospital Outpatient Visits
Source: The City of Cimahi Health Care Profile (2017)

Based on the Regulation of the Minister of Health of the Republic of Indonesia Number 56 of 2014, public hospital services for the Ministry of Health and Local Government are classified into classes or types A, B, C, D and E. In 2017, in The City of Cimahi there were 2 class B hospitals, 3 class C hospitals, and 1 class D hospital. Hospital X belonged to Class C Hospital. Total outpatient visits of all hospitals in The City of Cimahi were

948,903 people, while inpatient visits to the hospital were 94,833 visits.

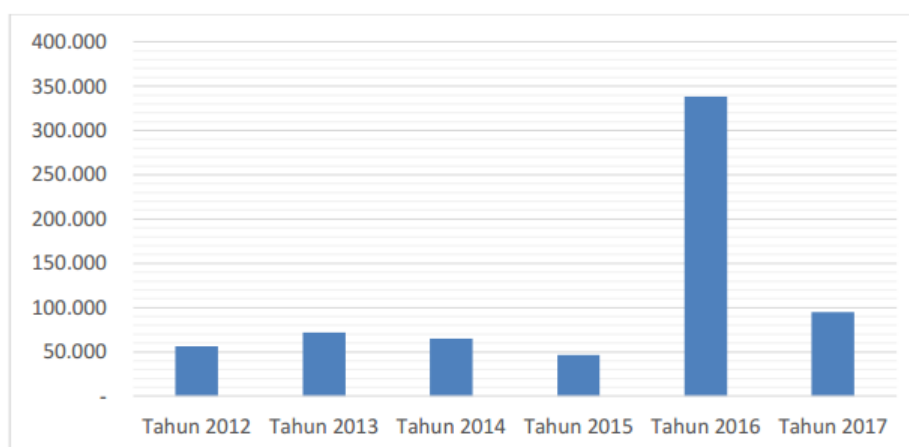


Figure 2. 2012-2017 Hospital Inpatient Rate
Source: The City of Cimahi Health Care Profile (2017)

As shown from the graph of inpatient visits and hospital outpatient visits in 2012-2017, it can be concluded that there is a significant increase in outpatient visits at 2016 and 2017 with a total of 819,112 visits and 948,903 patients. The opposite result occurred in hospital inpatient visits which experienced a significant decline in 2017 with a total of 94,883 visits from 2016.

Due to the continued increase in outpatient visits from 2015 to 2017 and the number of inpatients, Cimahi City Government needed adequate health facilities that are able to help deal with the community in their health problems,

Table 1. The Total Amount of Outpatients and Inpatients of Hospital X
Year 2016 - 2018

Type pf Patient	2016	2017	2018
Outpatients	94.908	130.301	144.327
Inpatients	7.128	8.170	9.061

Source: Data of Visiting Patient (Hospital X, 2016 – 2018)

2. Theoretical Background

Value Chain

Value chain approach was first introduced by Michael Porter in his book "Competitive Advantage: Creating and Sustaining Superior Performance" (1985). Value chain analysis describes the performance of an organization and its network to the competitive position of the organization. Every company must be seen as a collection of activities carried out to design, produce, market, deliver and support its products so that their strengths and weaknesses can be identified. It is an analytical tool that is useful for defining a company's core competencies in order to pursue a competitive advantage. The competitive advantage consists of cost and differentiation advantages. Cost advantage is achieved by reducing the costs of value chain activities. Meanwhile,

differentiation is carried out by focusing on activities related to core competencies and doing better than competitors (Porter, 1985).

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In Kotler and Keller (2008), the value chain is a tool for identifying ways to create more customer value. According to this model, each company is a synthesis of the activities undertaken to design, produce, market, provide and support its products. The value chain identifies nine strategic and relevant activities that create value and costs in a particular business. The nine activities that create value consist of five main activities and four supporting activities.

Porter (1985) in his book entitled "Competitive Advantage: Creating and Sustaining Superior Performance" separates value chain activities into two, namely primary activities and support activities. The main activities are those that are directly related to the creation or delivery of a product or service. These can be grouped into five main areas, namely logistics on incoming trips from outside the company or inbound logistics, operations, logistics on the way out of the company or outbound logistics, marketing and sales, and after-sales services.

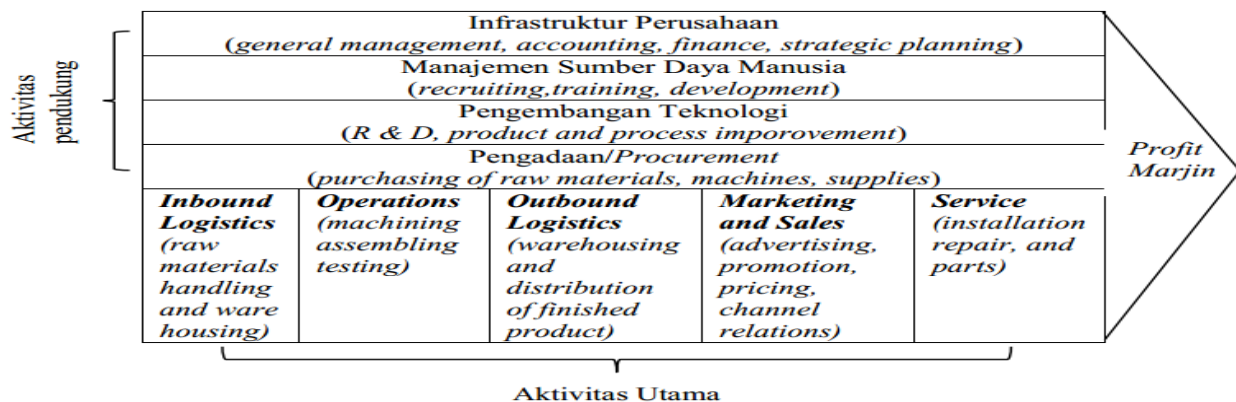


Figure 3. Industrial Value Chain (Assauri, 2016)

Relationship between activities in the value chain is very important for the success of the company. This relationship includes the flow of information, goods and services, as well as systems and processes for adjusting activities. Activities will run smoothly and provide a profit margin only if the marketing and sales functions send sales forecasts for the next period to all other departments at reliable time and accuracy, procurement will be able to order the required materials for the correct date. And only if procurement does a good job does logistics order information flow smoothly, only if operations are able to schedule production and can guarantee delivery of goods on time, so marketing can run effectively. As a result, the value chain creates corporate relationships and information flows that are not visible in their activities.

The Health Care Service Value Chain

Duncan (1998) in his book entitled Strategic Management of Health Care Organizations explains that health care services provided by hospitals to patients are basically to provide superior values to customers. This superior value is in the form of customer satisfaction and loyalty to health service providers. To be able to create superior value through a series of value chains as shown in Figure 4.

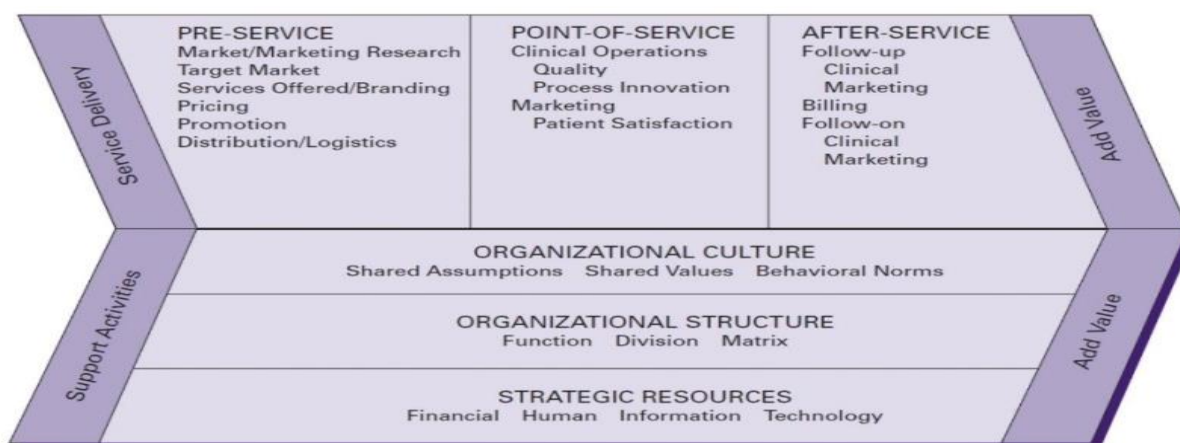


Figure 4. Health Care Value Chain of a Hospital (Duncan, 1998)

From this value chain, there are three main activities in the provision of health services, namely before service, during service, and after service.

1) Pre Service

Pre service activities carry out marketing and determines the target market to be served, the services provided, the prices offered, promotions and distribution / logistics provided. The services offered are related to the brand. The hospital offers products in the form of services for general practitioners and specialist doctors. Promotions carried out by the hospital can be packaged in the form of social activities such as mass circumcision and free medical treatment, providing health education to the public, free mass cataract surgery, free medical examinations at certain events. Distribution or logistics is how health services are delivered to patients and the equipment needed to provide these health services.

2) Ongoing Service,

It is the time when providing medical service (clinical operation), patients should be satisfied with the quality of service provided. The intended quality of service is in accordance with service standards or exceeds the minimum service standard and is in accordance with the expectations or exceeds the expectations of the patient. When providing this service, it can also be used as a momentum to build relationships with customers, which is called customer relationship marketing, which is marketing through relationships with customers. The result is that if the patient is satisfied and happy with the services provided by health workers and the hospital, the patient will come back one day when they need health services. Relationships with patients need to be established in such a way that there is an inner attachment (serving with the heart), and if that happens, the patient will become loyal by being marked by the patient or his family conveying good and pleasant things to others, and encouraging others when needed. health services. Hospitals also follow the trend of advances in science and technology. Currently there are many

sophisticated equipment available and operational techniques are also increasingly sophisticated. Hospitals can make innovations in order to continue to attract patients, both new patients and patients who come back or old patients. Services are invisible but can be felt and assessed directly by patients, especially when receiving services. Receiving this service is a key moment whether the patient is satisfied or not, then whether the patient will come back when he needs health services or the patient moves to another doctor or hospital.

3) After Services

Health services in the hospital consist of clinical and non-clinical services. Non-clinical services are received by patients since they enter the hospital area, comfort, friendly staff, easy parking, available places of worship, cafeterias, and clean and comfortable toilets. Since services are invisible and only felt directly by those who receive services, physical evidence becomes important as a pleasant attraction for patients and their families. Since the patient is sick, except for the patient who is healthy and comes to the hospital for a medical check-up in order to maintain his health in a preventive manner, his feelings are more sensitive than that of healthy people, as well as his family. This needs to be known by employees at the hospital in order to treat patients and serve them better. These moments when the patient is going home can also be used as a means of marketing, building a sustainable relationship with the patient.

Next are supporting activities, namely organizational culture, organizational structure, and strategic resources.

1) Organizational Culture Organizational

Culture is very important to shape expected behavior based on values and norms. In organization, members of the organization, in this case hospital employees, both health workers and non-health workers, have their own assumptions. How the hospital can build common assumptions (share assumptions) to share shared values (share values). The strategic leadership role is very important in building a conducive organizational culture so that the hospital can achieve its vision and mission. This organizational culture based on the results of previous research has an effect on employee motivation and performance, which ultimately leads to the quality of service to patients and determines customer satisfaction.

2) Organizational Structure Organizational

Structure also needs management attention because it is related to the bureaucracy in decision making which will indirectly affect the delivery of health services. The organizational structure can be functional, divisional or matrix.

3) Strategic Resources

To be able to provide better health services, strategic resources are needed, namely finance, human resources, information and technology. If these strategic resources are not owned by the hospital adequately, the hospital will find it difficult to be able to provide health services that can provide satisfaction to customers, both internal customers (employees), and external customers (especially patients). For example, the hospital is in financial difficulty so that it cannot provide equipment and medicines and other needs as needed, so health services will also be disrupted and can disappoint patients and worse can be abandoned by patients. Patients can look for other hospitals that can better satisfy them. Another example, inadequate human resources, such as lack of doctors, specialists, and nurses or health or non-health personnel. This will result in workloads that are too high, fatigue, and can result in long service delays or services. In the current

era of information technology, if the hospital cannot adapt to the environment and technological changes, then clinical and non-clinical operations will be disrupted or not smooth, not in accordance with the demands of the times. For example, patient queues are still manual and medical records are still manual resulting in patients queuing too long, sometimes it is difficult to find medical record documents so they are forced to use new sheets, while other hospitals have used sophisticated, fast-paced, sophisticated information technology equipment.

Competition between hospitals is competition in creating value, both value for customers, for employees and for owners through the value chain since the input, process, output and outcomes for goods, and for services are before, during, and after service. Who is more efficient, then they are superior in business competition.

Steps in Analyzing Value Chain of Health Care Service

Duncan (1998) in his book entitled Strategic Management of Health Care Organizations, explains that the steps in Value Chain Analysis can be broken down into three sequential steps:

- 1) Breaking the market / organization into its main activities under each of the main headings in the model;
 - 2) Assessing the potential to add value through cost advantage or differentiation, or identify current activities in which the business appears to be at a competitive disadvantage;
 - 3) Determine a strategy built around a focus on activities in which competitive advantage can be maintained.
- The steps are to assess what activities we have carried out well, and what have not been carried out well for each component of the value chain. Once the strengths and weaknesses of the organization are identified, each will be assessed to determine whether it could be a competitive advantage or a competitive weakness.

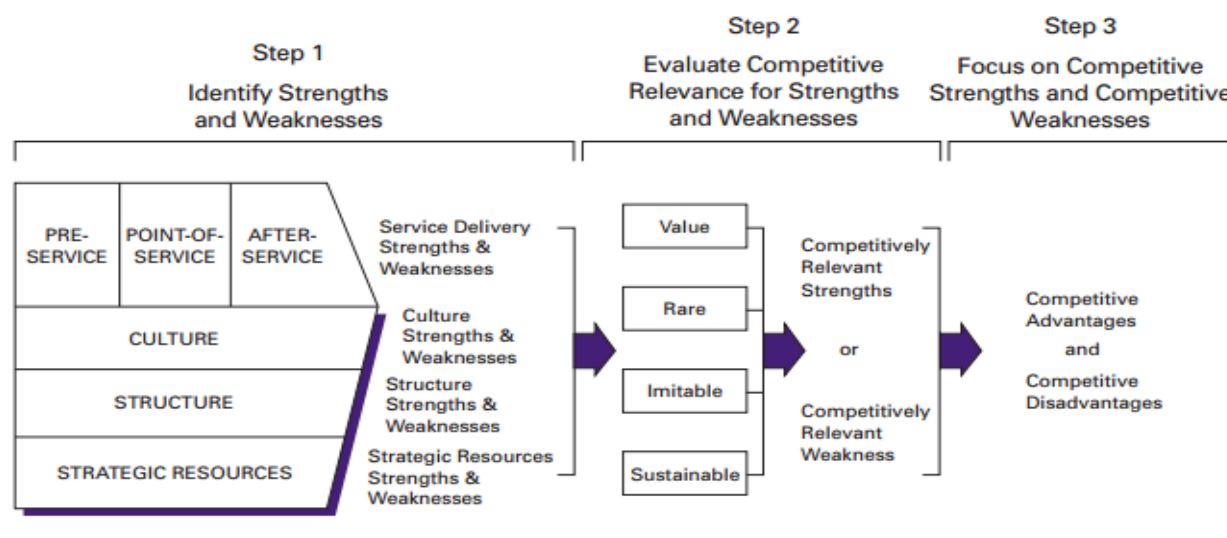


Figure 5. Steps of Value Chain Analysis of Health Care Service (Duncan, 1998)

3. Discussion

Since the inauguration of the new building of the Kasih Bunda Hospital, there has been an increase in outpatients from 2016 to 2018, with the highest number of patients recorded in 2018 with a total of 144,327

patients. The total number of patients increased by 11 percent from 2017 with a total of 130,301 patients and an increase of 52 percent from 2016 with a total of 94,908 patients. The capacity of the hospital itself reaches 100 beds (mattresses) and is assisted by 160 medical personnel and 287 non-medical personnel with a total workforce of 447 people.

Table 2. Outpatient Rate at Hospital X (2016 – 2018)

Month	2016 Average	2017 Average	2018 Average
1	7.909	9.326	11.985
2	7.909	9.326	11.307
3	7.909	10.848	13.008
4	7.909	10.041	12.210
5	7.909	11.065	12.462
6	7.909	8.629	8.952
7	7.909	11.176	12.129
8	7.909	12.054	10.724
9	7.909	11.726	10.436
10	7.909	12.755	14.060
11	7.909	12.271	13.848
12	7.909	10.784	13.206
Total	94.908	130.301	144.327

Value Chain Creation of Outpatient Service in Hospital X

The function of the outpatient installation is as a place for consultation, investigation, examination and treatment of patients by experts in their respective fields provided for patients who need a short time to recover or do not require nursing services. The polyclinic also functions as a place for early diagnosis finding, namely the first patient examination for further examination in the treatment stage of the disease.

Internal company (*resources firm resources*) consist of all assets, knowledge, organizational processes, capabilities, competencies, company attributes, information and others that are controlled by the company which allows the company to come up with and implement strategies that can provide competitive advantage and achieve its goals. *Value-chain analysis* encourages researchers to think about company resources at a very micro level. In this way it allows understanding of the company's potential resources or competitive advantage in a more detailed way. In other words, by using approach *Value-chain*, the factors of the company's strengths and weaknesses can be analyzed at the production stage level. To analyze the value chain on the value chain RSU Kasih Bunda stages of health care outpatient composed of prior service (*pre-service*) outpatient, when the service (*point of service*) outpatient, after the service (*after service*) outpatient backed by support services (*support activity*), and (*strategic resources strategic resources*) of the hospital.

Here below is the result of questionnaire:

Table 3. Strength Analysis of Outpatient Service

Strengths Strength	Analysis
Favorable Geographical Position, Specialist are recognized by patients, Registration Using applications (<i>kiosk</i>) and <i>WhatsApp</i> . Online chat service via the application <i>tawk.to</i> , Patient satisfaction.	Long-term competitive advantage and should be developed.
Pick up patient service using <i>ambulance</i> , Health Insurance Cooperation.	Sources of short-term benefits, used as long as possible
Promotion has been done via <i>Instagram</i> , clear service SOP, experienced medical personnel, clinical services, rehabilitation <i>medic</i> , <i>customer service</i> , has a professional organizational culture, namely 5 S, a very good informatics system for system development Hospital information, Class C standard technology	Short-term competitive advantage, must be maintained

Table 4. Weakness Analysis of Outpatient Service

Weaknesses	Analysis of Weaknesses
Queuing rooms need to be rearranged, uncomfortable when crowded, Some doctors arrive late from their practice schedule, Some non-medical staff are not friendly, Queues for taking prescription drugs are long, Lack of performance evaluation after perform services, the implementation of organizational culture has not been maximal.	Requires attention, to maintain customer loyalty and satisfaction
Patients do not get queue quotas because they run out, <i>Customer service</i> has not been running optimally, Patient satisfaction is not assessed thoroughly, Not all employees understand hospital information systems, technology that is owned is often not consulted with the user.	Easy to repair and no competitive disadvantage

Relevant Competitive Advantage of Kasih Bunda Hospital

In *pre service* stage shows that Hospital X outpatient services have been carried out, such as registration through the application *kiosk* and *WhatsApp*, for emergencies the Kasih Bunda Hospital also provides services *ambulance*. Promotion of outpatient services has been carried out via *Instagram* by the marketing department. At the stage *point of service*, the results show that some non-medical personnel have not provided maximum service, there are still many patients who feel that non-medical personnel are less friendly in carrying out their duties, some doctors also still come late from the predetermined schedule, but inpatient services Hospital X

already has a clear SOP which is contained in nursing care. Support activity in outpatient services which consists of an existing organizational culture that has shown a professional and spirited culture with employees, namely the 5 S (smile, greetings, courtesy, courtesy) but due to lack of evaluation there are still many medical and non-medical personnel who do not apply this professional culture. Existing resources, both human resources and supporting resources for the implementation of services, have values that are not easily possessed by competing hospitals, Hospital X has a health information system that is a reference for several community hospitals.

The strength of Hospital X lies in its geographic location which supports the implementation of outpatient services, specialist doctors who are recognized by patients, patient satisfaction with services, registration using applications (*kiosk*) and *WhatsApp*. and services *online chat* via the application *tawk.to*. While the weakness of outpatient services is that at the peak of patient arrivals to the Hospital X, the queuing room needs to be rearranged, uncomfortable when it is crowded, some doctors arrive late from their practice schedule, some non-medical officers are not friendly, the queue for taking prescription drugs is long, lack of evaluation performance after service, and the application of organizational culture is not optimal. Strengths in competitive relevance are geographic location, specialist doctors who are known to patients, patient satisfaction with services, registration using applications (*kiosk*) and *WhatsApp*. and online chat services via the application *tawk.to* are able to provide added value in services, the strategy applied is a differentiation strategy.

4. Conclusion

The value chain process for outpatient services at Hospital X starts with the patient arriving without or with a referral, registering using the kiosk and WhatsApp application, then the patient waiting in the waiting room, after which the patient is examined in the general or specialist poly examination room. The last process of the value chain of outpatient services at Hospital X, patients are allowed to go home when the patient's health condition has improved. The value chain consisting of prior service (*pre-service*) outpatient, when the service (*point of service*) outpatient, after the service (*after service*) outpatient backed by support services (*support activity*), and resources strategic (*strategic resources*) hospital. The results of the analysis of changes in the value of *pre-service*, *point of service* and *after-service* which are supported by the organizational culture and resources in the Hospital X show that a competitive advantage strategy that can be applied as a whole in outpatient services is a differentiation strategy.

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