SERVICE QUALITY MEASUREMENT IN RURAL TOURISM: AN APPLICATION OF MODIFIED RURALQUAL MODEL

Jelena Kljaić Šebrek

SUMMARY

Purpose

In today’s competitive economic environment, service quality presents one of the key elements for the achievement of a tourist company’s long-term success. Although there is no universal definition of service quality, most of the researchers agree that service quality is a measure of fulfilling customers’ expectations (Lewis and Booms, 1983; Gronroos, 1984; Parasuraman et al., 1985).

The purpose of Doctoral thesis is to: (a) analyze and (b) describe concepts of service quality, and related concepts of Customer Satisfaction, Trust and Behavioral intentions in the conceptual part and, following the literature review results, and (c) to develop and test modified RURALQUAL model as a measurement instrument designed for service quality measurement in rural tourism.

The Doctoral thesis consists of 5 parts. First part Introduction lays out the research problem, research objectives, hypothesis, research methodology, and scientific contribution. The second part Description of key concepts explains selected concepts, analyses the theoretical measurement models, and provides a detailed review of the relevant literature. The third part Measurement of service quality in rural tourism describes SERVQUAL as one of the most important and frequently used models for the service quality measurement and RURALQUAL as a derived model for measuring service quality in rural tourism and the modified RURALQUAL adapted for the empirical research for this thesis. The fourth part Methodology and results of Empirical research describes research methodology including implemented statistical methods and the results of the empirical research. The last part of the thesis provides main Conclusions.
including a scientific contribution of the doctoral thesis, limitations of the research and proposals for future research activities.

Methodology

During the last decades, interest for measurement of service quality has intensively increased, especially in tourism activities resulting in a multitude of service quality models. The SERVQUAL presents one of the most popular models for service quality measurement and was developed in the 1980s by Parasuraman, Zeithaml, and Berry. The SERVQUAL model consists of two sets of 22 variables divided into 5 dimensions, measuring expectations and perceptions. Service quality is measured as a gap in perceptions and expectations. A positive gap suggests that expectations have been met or exceeded and the negative gap score implies that expectations have not been met, meaning that service quality is perceived to be unsatisfactory. Five general service quality dimensions (reliability, assurance, tangibles, empathy, and responsiveness) are very often used for measuring service quality but should be adapted to the nature and specific features of each service.

The relevant literature shows that there is a relationship between service quality, satisfaction, and loyalty. Service quality as an antecedent of satisfaction is recognized as an important element in forming customer loyalty. The relationship between satisfaction and loyalty is proven to be asymmetric meaning that satisfaction does not always lead to loyalty (Oliver, 1999) especially in tourism due to the novelty as a motivator.

Although service quality and satisfaction are considered interrelated concepts, there is a difference between these two concepts. While service quality refers to the overall impression of the company and its services, satisfaction is an emotional reaction to the experienced service and results from the service quality (Taylor and Baker, 1994).

Behavioural intentions or tourist loyalty is in the literature often defined as intentions to revisit the destination and willingness to recommend the destination or a commitment to rebuy the service in the future (Oliver, 1999). Loyalty became an ultimate strategy of service companies as it reduces the costs and positively impacts the profit.

The concept of Trust is in the literature proposed as a mediator between Satisfaction and Loyalty. Most of the authors define the concept of Trust as confidence that the company is able and willing to fulfil promises (Morgan and Hunt, 1994; Seto Pamiers, 2012).

The RURALQUAL model was developed by Loureiro in 2006 and was modified by using the model from the research conducted by Albacete Saez (2007). The modified RURALQUAL model has been designed and implemented for the measurement of the service quality of rural tourism in Istria as one of the most developed tourist regions in Croatia. The model consists of 29 variables divided into 8 dimensions: Professionalism, Reservations, Tangibility, Basic demand, Tourist Relations, Security, Empathy and Rural and cultural surroundings. The model was used for measuring both expectations and perception and service quality was calculated as a gap between them.
There are also 8 variables used for measuring Tourist satisfaction, 3 variables for measuring Trust and 6 variables for measuring Behavioural intentions. All the concepts were measured on a 7-point Likert type scale.

The empirical research was conducted in 2017 in Central Istria, one of the most developed rural tourism destinations in Croatia. There were 1,400 questionnaires distributed (350 per each of the four languages: Croatian, English, German and Italian). A total of 307 usable questionnaires were collected using a convenience sample (return rate 21.93%). The statistical methods used for the analysis of the collected data include univariate methods (average rates of service quality, satisfaction, trust, and behavioural intentions), bivariate methods (Mann-Whitney U test, Wilcoxon test, and Kruskal-Wallis test) and multivariate methods (exploratory factor analysis and PLS-SEM).

**Findings**

The results indicate that there is a negative gap between perceptions and expectations (-0.23) with an average perception rate of 5.79 and an average expectation rate of 6.02. An average tourist satisfaction rate is 5.82, Trust 5.98, and Behavioral intentions 5.15. The most important service quality dimension is Professionalism with an average rate of 6.15. The lowest rated Perception dimension is Security (5.30).

The results of bivariate analysis indicate that respondents’ rates for all measured constructs are significantly different due to the educational level. The other socio-demographic characteristics (gender, age) partly influence respondents’ rates. The exploratory factor analysis for the perceived quality items reduced 27 variables in 5 factors (Security, Tangibility and Basic demand, Reservation and Price, Professionalism and Empathy) that accounted for 65.17% of total variance.

The Cronbach alpha value for factors is between 0.760 and 0.937 and indicates good reliability or internal consistency of the modified RURALQUAL model. Convergent and Discriminant validity was also confirmed.

Furthermore, a Partial Least Squares Structural Equation Modelling (PLS-SEM) approach was employed for the evaluation of the RURALQUAL model to estimate the structural paths coefficients, predictive power ($R^2$), predictive relevance ($Q^2$), together with the Bootstrap technique for significance test. PLS combines principal components analysis and regression with a purpose to explain the variance of the constructs in the model (Loureiro and Kastenholz, 2011).

All values of the $Q^2$ values are positive, confirming the model’s predictive relevance. The model also demonstrates a medium level of predictive power ($R^2=0.5$) for the modelled constructs. The dimension of Security, tourist relation and Rural environment has the strongest impact on the construct of Service quality (0.433), while the lowest impact is indicated by the dimension of Empathy (0.1204).

The results of structural modelling indicate that Service quality is strongly, directly, and positively related to the construct Satisfaction (0.764) and the relation between Satisfaction and Future behavioral intentions is also strong and positive (0.761). Trust
was introduced to the model as a mediator but has a minor effect on Behavioral intentions.

The developed modified RURALQUAL model is proven to be a valid and reliable model for service quality measurement in rural tourism and presents an empirical contribution of the doctoral thesis.

In general, the level of service quality in rural tourism in Istria is relatively high but customers’ expectations are still not completely met as shown by the gap analysis. The major gap is registered for dimension Security which presents the area for improvement by the management of rural tourism companies in the future.

**Originality of the research and scientific contribution**

The scientific contribution of the thesis is described as:

- Conceptual scientific contribution to the development of service quality theory through the description and analysis of the service quality models and dimensions
- Empirical scientific contribution through the development and test of the modified RURALQUAL model, assessment of service quality, satisfaction, and behavioral intentions, defining the key service quality dimensions and evaluating the relationship between the measured constructs
- Applicative scientific contribution through the implementation of the modified RURALQUAL model by the rural tourism managers as a useful development tool.

The main limitations of the research are a relatively small sample size and large number of variables in the questionnaire which should be considered in future researches.

**Keywords**
service quality, SERVQUAL, RURALQUAL, rural tourism, measurement

QUALITY COST ACCOUNTING IN THE HOSPITALITY INDUSTRY

Eda Ribarić Čučković

Institution awarding the PhD Degree
University of Rijeka
Faculty of Tourism and Hospitality Management, Croatia

PhD Programme
Business Economics in Tourism and Hospitality Industry

Supervisor
Sandra Janković, PhD, Full Professor
University of Rijeka, Faculty of Tourism and Hospitality Management, Croatia

Date of defense 15 May 2020

SUMMARY

Purpose

Changes in strategic management have affected management accounting as a support for strategic management. The primary strategic elements that differentiate an organisation from its competition are based on quality, cost and time. To respond to emerging environmental conditions and requirements, companies should implement new management accounting techniques, procedures and information that are turning to new measurement and control facilities, with quality costs playing a significant role. Emphasis is placed on the development of financial reporting that aims to meet information needs and increase the transparency of enterprise performance reports, especially considering the evaluation and presentation of quality-related costs as key factors of performance and competitiveness. Although quality assurance requires adequate costs, a lack of quality improvement activities results in much higher costs and losses due to poor quality, which can have serious consequences, such as damaged reputation, market share, productivity and profitability. Quality cost management seeks to optimise quality costs such that, with optimal investments in quality assurance, costs due to low quality are minimised. Accounting aims to build a concept that will provide preconditions for quality cost management to improve firm performance. Accordingly, the application of the concept of quality cost accounting will significantly contribute to the improvement of accounting information as a basis for business decision-making. In this context, identifying, evaluating and monitoring quality costs are prerequisites for managing quality costs and thus among the factors of a successful business. Quality cost accounting influences the successful implementation of a quality management system by ensuring adequate quality planning and quality control, which enable the detection and elimination of errors. Consequently, business process quality and overall efficiency are increased.
Therefore, this study explores the methodological basis and relevant theoretical insights and factors of quality cost management to determine the impact of quality cost accounting on improving the business processes of hotel companies.

This research is based on the hypothesis that hotel companies do not sufficiently implement quality cost accounting. However, hotel companies that implement quality cost accounting as a quality management tool have an improved information base for decision-making, which reduces non-quality costs and improves business processes by increasing service quality.

Previous studies have identified a high level of awareness of the importance of quality costs and an increase in the number of companies managing quality costs, but the implementation of the quality cost accounting concept is mainly established in manufacturing companies. Service companies execute quality cost accounting to a lesser extent. Therefore, there was a need to examine the level of awareness of the importance of quality costs in the hotel industry to understand the issues of quality cost management.

This research primary aimed to explore and analyse the possibilities of enhancing accounting information by implementing a quality cost management model, which can influence business performance improvement by enhancing the information base for business decision-making. In other words, the purpose was to propose solutions that would provide guidance for comprehensive quality cost management in the hospitality industry.

**Methodology**

This study on the quality costs in the hotel industry was conducted in medium and large hotel companies in the Republic of Croatia. Small and micro-hotel companies were excluded, given the limited resources and insufficient managers' knowledge of this issue. This study sought to determine the level of quality cost accounting development and the extent to which medium-sized hotel companies implement this concept in their internal accounting.

Triangulation, a mixed approach combining quantitative and qualitative approaches, was applied. The data were collected from questionnaires, interviews and secondary sources. The response rate to the questionnaire requesting for participation in the survey was 45%. The survey participants accounted for 21% of the total hotel capacity in the Republic of Croatia (162 of 768 hotels and aparthotels), that is, at least 38.6% of the hotel accommodations in the Republic of Croatia (23,133 accommodation units out of a total of 59,936). The respondents’ interview data were statistically analysed using descriptive and inferential statistics. Non-parametric tests, namely, Fisher’s, Mann–Whitney U, Kolmogorov–Smirnov Z, Kruskal–Wallis H and Spearman correlation tests, were used due to sample-related limitations.
Findings

The research results indicate that the Croatian hotel industry generally remains at a low level of quality cost management development. Nevertheless, a high level of awareness of the importance of quality cost in the hotel industry was identified. Likewise, preconditions for improving accounting information by implementing quality cost accounting were found.

Therefore, large hotel companies use quality costs as indicators of quality system efficiency and effectiveness to a greater extent than do medium-sized hotel companies. However, certain entities should improve their accounting system by executing strategic approaches.

Strategic approaches to quality cost management emphasise a preventative quality-cost-oriented approach while considering the opportunity cost of reputation losses. In this way, quality costs are reduced by diverting costs resulting from errors and deficiencies in prevention and testing activities. In addition, information about the consequences of non-quality becomes the basis for assessing the impact of the business processes on the overall performance and competitive position of a company. Quality costs should be monitored at each value chain stage to identify those that contribute to the fulfilment of customer desires and needs. With the monitoring of quality costs at certain stages of the product or service life cycle, error prevention and timely responses will be ensured before the product or service reaches the guest. Furthermore, since human resources are a key factor of service quality in the hospitality industry, they should be developed and stimulated to improve quality. These costs should also be counted as quality costs. The implementation of a modern integrated information system with fully integrated quality costs into an accounting system is a prerequisite for a strategic approach to quality cost management. Moreover, a process approach and full implementation of the USALI system (Uniform System for the Lodging Industry) are required. The highest level of development of quality cost accounting certainly requires a high level of awareness of the importance of these costs at all levels of a company. Quality cost reporting should also be targeted at all levels of users in a hotel (both heads of departments and heads of activities and processes) and should be conducted on an all-time basis (weekly, monthly, quarterly, semi-annually and annually), with a comprehensive approach to monitoring the impact of quality costs on hotel performance (revenue and EBITDA). Consequently, continuous business improvement should be achieved. The studied hotel companies have a high level of awareness of the importance of quality cost accounting and have created preconditions for its implementation. However, they need specific knowledge on how to monitor, measure, categorise and report quality costs to raise the practical application level of the quality cost accounting concept in the hotel industry, which remains low.

The most significant limitations of this research are an insufficient knowledge of quality costs application and consequently a poor application of the quality cost accounting concept in the hotel industry. The researcher attempted to work around this limitation by excluding micro and small hotel companies from the sample, that is, by selecting exclusively large and medium-sized hotel companies that are likely to be implementing quality cost accounting to secure and prepare information for strategic management purposes (according to existing research and available literature). Furthermore, hotel
companies were not willing to provide internal financial information (because of professional secrecy), hence it was not possible to analyse the behaviour and interrelation of certain categories of hotel quality costs. Therefore, the following are recommended for further research: 1) to examine the interrelation and behaviour of individual cost components related to quality in different hotel segments, 2) to measure the impact of quality cost components on hotel financial performance, such as RevPAR, TRevPAR and GOP per available room, and 3) to explore the impact of hotel staff quality costs on hotel performance (given that human resources are a key factor in achieving competitive advantages in the hotel business).

**Originality of the research**

The contribution of these research results in applicative terms is reflected on the dissemination of knowledge about the possibility of applying the concept of quality cost management in hotel companies based on the identification, evaluation and monitoring of quality costs. Costs that can be linked to hotel quality costs for individual segments (such as accommodation, food and beverage, and wellness) were derived from the available information about quality costs. Moreover, this study contributes to economic science by suggesting the implementation of quality cost accounting methods and techniques to enhance the quality of accounting information as a basis for making effective business decisions. This work also advances economic science by developing scientific thoughts on the implementation of the quality cost accounting concept to improve the quality of business processes (and thus increase the business success of a hotel). Such thoughts are particularly provided on quality investment monitoring and reporting, emphasising a comprehensive approach to specifying quality costs by specific hotel segments/processes.

**Keywords** quality costs, quality cost accounting, hotel industry

EMPLOYEES’ JOB SATISFACTION IN PUBLIC HEALTH INSTITUTIONS WITH IMPLEMENTED QUALITY MANAGEMENT SYSTEM

Ivana Škarica

Institution awarding the PhD Degree
University of Rijeka
Faculty of Tourism and Hospitality Management, Croatia

PhD Programme
Management of Sustainable Development

Supervisor
Ivanka Avelini Holjevac, PhD,
Professor Emeritus
University of Rijeka, Faculty of Tourism and Hospitality Management, Croatia

Co-Supervisor
Ana-Marija Vrtođušić Hrgović, PhD,
Associate Professor
University of Rijeka, Faculty of Tourism and Hospitality Management, Croatia

Date of defense 15 May 2020

SUMMARY

Purpose

In today’s global market, organizations are faced with competition, regardless the sector in which they operate. Following the above, it is necessary to state that neither the health sector is spared in that way. Many researchers claim that quality is a competitive advantage because implementation of one of the quality management standards increases efficiency of business processes, increases the satisfaction level of all interested parties (including users/patients and employees), reduces costs and complaints and consequently improves the position of an organization and its competitiveness on the market.

Quality is defined in many somewhat different ways. As stated by American Society for Quality (2018), quality is “a subjective term for which each person or sector has its own definition. In technical usage, quality can have two meanings: 1) the characteristics of a product or service that bear on its ability to satisfy stated or implied needs; and 2) a product or service free of deficiencies.” Furthermore, according to one of the quality gurus, Juran, quality is a “fitness for use “(1999: 4), while to another, Crosby, “quality is free” (1996: 9). Even though these are only some of the definitions and they slightly differ, they all have one goal in common, to meet and exceed customer/patient expectations. When talking about quality in healthcare sector, the focus is on meeting and exceeding patients’ expectations to get the best possible care with minimal risk to his/her health and well-being.
Although at its very beginnings quality was mainly focused on products and manufacturing, in the last few decades services and service industry became equally important and represented when it comes to the quality of a product or a service offered to users. So in regards to health industry, especially public health, it is more than obvious that activities and programs carried out are crucial for the general health of society seeing that they represent the essence of preventive health care activities. As stated by Winslow (1920: 30), public health is “the science and art of preventing disease, prolonging life and promoting physical health and efficiency through organized community efforts for the sanitation of the environment, the control of community infections, the education of the individual in principles of personal hygiene, the organization of medical and nursing services for the early diagnosis and preventive treatment of disease, and the development of the social machinery which will ensure to every individual in the community a standard of living adequate for the maintenance of health”. Therefore, the quality of services provided by the Institutes of public health that represent holders of preventive healthcare activities in the Republic of Croatia is pivotal and the best foundation for the increasement of quality level lays in application of total quality management (TQM) principles.

Croatian Institutes of public health, as stated before, are major institutionalized providers and coordinators of activities aimed at preserving and improving population health in Croatia. There are 21 county public health institutes that together with the national carrier - Croatian Institute of Public Health, form a Network of Public Health Institutes. Public health institutes cover various areas of preventive healthcare: epidemiology, microbiology, environmental health, school health, mental health and addiction prevention, and public health (Škarica and Vrtođušić Hrgović, 2018).

Preventive measurements are also supported by different laws in Croatia that require implementation of quality standards, to be more precise, accreditation of testing laboratories for testing food, waters, air, object of common use, waste eluates etc., according to standard ISO/IEC 17025:2017.

In order to develop and strengthen its competitive advantages, application of quality management system and its principles becomes a necessity; among which, employee engagement has a significant role. Stated was confirmed by many standards as well as the standard ISO 9001:2015 whose one of the seven principles include Engagement of people, which implies focus on employees. Competent, educated, empowered and engaged people within organization are essential to provide needed value and quality of service to the customers/patients and other stakeholders. Employee significance is further emphasized by an ISO 10018:2012 standard focused on achieving organizational results through people and quality. Having in mind the role and importance that employees have in achievement of quality, there was a need for conducting a research about the level of employee satisfaction in organizations that apply quality management systems, with particular application in public health sector.

Employee satisfaction can be defined as “all the feelings that a given individual has about his/her job and its various aspects” (Spector 1997: 2) or “a pleasurable or positive emotional state resulting from the appraisal of one’s job or job experiences” (Locke 1976: 1300). From the above mentioned, it can be concluded that employee satisfaction is also
a source of competitive advantage and of vital importance for the organization and its success, as well as the quality. It is necessary to emphasize that quality gurus such as Deming, Juran, Feigenbaum and others, had also put the accent on employee satisfaction and motivation, as well as the necessity of their education.

The connection between quality and human resource management has been the subject of many researches for the past decades, particularly with regard to their potential impact on the range of desired outcomes for organizations, since it tends to achieve productivity, profitability, customer satisfaction and motivated employees within company, and in recent times have the organizations recognized the human resources as a source of competitive advantages. So, it can be concluded that one of the basic aims of every modern organization is to employ and retain the best and most competent employees, which is an integral part of human resources management, but also quality management systems in accordance with ISO 9001, which is based, inter alia, on the efficient use of appropriate resources. Thereby, standard ISO 9001 has identified people, along with other key resources in organization – financial, material and other necessary resources, as a precondition for successful business.

Therefore, the conducted research for the purpose of this doctoral thesis analysed the importance and role of employees in quality management system implementation, maintenance and improvement, and assessed to what extent the application of quality management system principles in the organization contributes to employee job satisfaction.

Presented issue is even more significant because of the fact that stated research has not been done in Croatia so far.

Methodology

The research was carried out on a sample of 710 employees of Institutes of Public Health in the Republic of Croatia that have implemented and certified standard ISO 9001. Adjusted questionnaire was used for the research purposes and was compound of several already structured questionnaires and surveys from previous research (Kanji, 2002; Pupavac, Lipovača and Sečen, 2012; Bolfek, Milković and Lukavac, 2017; Lutilsky et al., 2017; Matthies-Baraibar et al., 2014; Brnad, Stilin and Tomljenović, 2016; Prajogo, Cooper, 2010; Chang e al., 2017; Vukajlović, Stamatović and Urošević, 2012; Verhofstadt, Oney, 2003; SO GO SURVEY, Employee satisfaction survey, 2009). The questionnaire was consisted of two parts – one regarding TQM principles application and the other regarding the employee job satisfaction and was submitted to all employees, including managers, in stated Institutes. The process of data collection was composed of two phases. The first phase included conducting a pilot study in order to assess what changes need to be made within questionnaire before conducting a main study, and it lasted from the 10th to the 12th of April 2019. Afterwards, the second phase that involved conducting a main study lasted from the 15th of April to the 3rd of June 2019. The response rate was 40% (281 respondents).
Findings

Cronbach alpha coefficient was above 0.90 for the overall reliability of two constructs – employee job satisfaction and TQM principles, while the values for individual dimensions were above 0.70, thereby demonstrating the satisfactory level of validity and internal consistency of the modified questionnaire.

Collected primary data were analysed using the univariate, bivariate and multivariate methods.

Namely, the t-test results showed that there is no statistical difference in perception of observed dimensions of job satisfaction and TQM principles considering gender, while the results of ANOVA test for employees age showed that there is a statistically significant difference in results for salaries, relationship with colleagues, relationship with superior, job characteristics, advancement opportunities, recognition, working condition, education, general job satisfaction, leadership, people involvement, focus on processes and customers, improvement, and overall TQM principles.

ANOVA results for education level demonstrated statistically significant difference in results for salaries, relationship with superior, job characteristics, advancement opportunities, recognition, working condition, education, general job satisfaction, overall job satisfaction, leadership, people involvement, focus on processes and customers, improvement, and overall TQM principles, while years of working experience showed that there is a statistically significant difference in results for salaries, relationship with colleagues, relationship with superior, job characteristics, advancement opportunities, recognition, working condition, education, general job satisfaction, overall job satisfaction, leadership, people involvement, focus on processes and customers, improvement, and overall TQM principles.

Position in the workplace was also tested with ANOVA test and it showed that there is a statistically significant difference in results for advancement opportunities, recognition, working condition, education, overall job satisfaction, people involvement, focus on processes and customers, improvement, and overall TQM principles.

Pearson correlation was conducted for testing four sub-hypotheses. Given results clarified that correlation levels between TQM principles (leadership, improvement, focus on processes and customers, people involvement) and employee job satisfaction range from 0.584 to 0.913 which is considered to be correlation of medium and high intensity, therefore, it can be concluded that the sub-hypotheses are confirmed.

Finally, according to the multivariate regression output obtained, the value of the correlation coefficient R is 0.874, which indicates that there is a strong and positive connection between TQM principles and job satisfaction. Furthermore, there are three significant relationships in the regression model (regarding leadership, people involvement and promotion), meaning that they significantly contribute to the overall job satisfaction.
Based on the conducted research about the level of employee job satisfaction within the public health institutes that apply quality management systems, it can be concluded according to the results of conducted tests that the main hypothesis as well as the sub-hypotheses are confirmed, that there is a significant relationship between level of application of quality management system principles and employees’ job satisfaction in public health institutions with implemented quality management system.

**Originality of the research**

The scientific contribution of the doctoral thesis can be observed in theoretical, empirical and applicative terms.

In terms of theoretical research, the doctoral thesis contributes through presentation of basic principles and requirements of a quality system adjusted to the specifics of public health, methodology review of conceptual and empirical research conducted so far on the concept of employee job satisfaction, defining a strategy to raise the quality level in public health institutions with implemented quality system, and creating a new concept for measuring employee job satisfaction within implemented quality system in public health. In terms of the empirical part of the research, the doctoral thesis contributes through application of multivariate statistical analysis method regarding impact of quality management system principles’ application on the overall employee job satisfaction, as well as on the satisfaction with its individual dimensions, and examining the significance of differences in the perception of job satisfaction dimensions and quality system principles’ application with regard to age, gender, years of working experience, education level and position at workplace. In terms of the applicative part of the doctoral thesis, the scientific contribution is reflected in the application of methodology for measuring employee job satisfaction in public health institutions with an implemented quality management system, with the aim of improving all public health services to customers, expanding knowledge about the dimensions of employee job satisfaction and defining specific recommendations arising from research, aimed at employee job satisfaction in public health institutions with implemented quality management system.

**Keywords** management system, job satisfaction, employees, TQM, public health