

THE INTERPLAY OF TRUST: MEDIATING AND MODERATING EFFECTS IN THE COMMUNICATION-LOYALTY RELATIONSHIP IN PRIVATE HOSPITALS IN VIENTIANE

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Abstract

Purpose: This study investigated the relational mechanisms linking communication effectiveness to patient loyalty within the private healthcare sector of Vientiane, Lao PDR. Rooted in the Social Exchange Theory (SET), the research specifically examined trust's mediating and moderating role in translating service communication into behavioral commitment.

Study Design/Methodology/Approach: A quantitative research design involved a self-administered online questionnaire to gather data from 512 patients who had recently used private hospital services in Vientiane. Partial Least Squares Structural Equation Modeling (PLS-SEM) was employed to evaluate the measurement and structural models.

Findings: The results offered strong empirical evidence of the direct effect of communication effectiveness on patient loyalty ($\beta = 0.252, p < 0.001$). Furthermore, the study identified trust as a critical mechanism: communication effectiveness significantly drives trust ($\beta = 0.778, p < 0.001$), which in turn boosts loyalty ($\beta = 0.550, p < 0.001$). Mediation analysis confirms that trust functions as a crucial partial mediator ($\beta = 0.428, p < 0.001$). However, the hypothesized moderating effect of trust was not significant ($\beta = -0.002, p = 0.478$), indicating that trust serves as a fundamental prerequisite rather than a conditional buffer in this high-risk context.

Originality/Value: This research advances SET by conceptualizing trust's dual role in a transitional Southeast Asian economy. It challenges Western-centric models by showing that, in the Lao PDR's developing healthcare market, trust acts as a "hygiene factor" essential for the relationship to exist, but does not amplify service inputs.

Keywords: Patient Loyalty, Communication Effectiveness, Trust, Mediation, Lao PDR

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Introduction

The global healthcare sector is undergoing a profound shift, transitioning from volume-based care to patient-centric models driven by quality of service, transparency, and consumer experience (Kehyayan et al., 2025; Ratasuk & Naing, 2025). This transition is characterized by rapid adoption of technology, including digital health records and telemedicine, and intensified competition among providers (Raunaq et al., 2025). Private hospitals, in particular, face pressure to deliver not only cutting-edge medical services but also superior non-clinical experiences to justify higher costs and retain clientele (Ratasuk et al., 2025). As disposable incomes rise across emerging economies, patients increasingly view healthcare as a high-contact service exchange, demanding personalized attention and seamless communication, which are now critical determinants of institutional viability and market share (Haleem et al., 2021).

The trend of privatizing and commercializing healthcare is rapidly accelerating across Southeast Asia, often driven by the growth of the middle class and the strain on public systems (Alayed et al., 2024). The Lao People's Democratic Republic (Lao PDR), specifically its capital Vientiane, serves as a compelling and critical microcosm of this development (Ministry of Health, Lao PDR, 2023b). While overall access to quality care remains a national challenge, the urban private hospital sector in Vientiane is highly competitive, characterized by investment (including foreign capital), increased patient choice, and the ongoing risk of patients bypassing local facilities for treatment in neighboring countries such as Thailand (Liu et al., 2025). For Vientiane's private hospitals to succeed and contribute to national health goals, they must differentiate themselves through relational qualities that build enduring connections with their patient base (Ministry of Health, Lao PDR, 2023a).

The core challenge for private hospitals in Vientiane lies in converting initial patient visits into long-term commitment. In a market where perceived quality can be highly subjective and switching costs (aside from medical history) are relatively low, achieving sustained patient loyalty is the key to minimizing patient outflow and securing consistent revenue streams (Rohita & Nurkholik, 2025). This necessity highlights a gap between recognized best practices (like effective service delivery) and the actual, measurable emotional and behavioral commitment demonstrated by patients in this unique cultural and regulatory environment (Lauwers et al., 2024).

While Social Exchange Theory (SET)-based models linking communication, trust, and loyalty are standard in global service literature, their application in transitional markets like Lao PDR requires critical re-evaluation (Kidron & Vinarski-Peretz, 2025). Existing frameworks often assume a baseline of institutional trust common in developed economies. However, in Vientiane, patients face high information asymmetry and significant "medical uncertainty," often prompting them to seek care in neighboring Thailand. Crucially, no previous study in the Vientiane private hospital context has rigorously investigated the dual role of trust as both a mediator (explaining how communication leads to loyalty) and a moderator (explaining when and for whom the communication-loyalty link is strongest) (Irgui & Qmichchou, 2024; Sheehan et al., 2021). Therefore, this study addresses a critical theoretical tension: does trust merely

mediate the relationship between communication and loyalty, or does a pre-existing reservoir of trust act as a buffer (moderator) that amplifies communication efforts? This moderated-mediation gap in the literature prevents hospitals in this developing market from receiving nuanced strategic intervention.

The outcome variable of this study is patient loyalty, defined as a patient's commitment to repeatedly use a specific hospital and advocate for it through positive word of mouth (Handayani et al., 2021). For private hospitals, patient loyalty is not merely a measure of satisfaction, but a crucial metric of profitability and long-term sustainability (Nguyen et al., 2021). Loyal patients require less marketing investment and serve as organic referral sources, particularly in markets that rely heavily on reputation (Ratasuk & Naing, 2025; Tabish, 2024).

This research focuses on communication effectiveness as the primary driver of patient loyalty. Clear, empathetic, and consistent communication, spanning from the initial consultation to discharge instructions, reduces patient uncertainty and enhances the overall care experience. However, this relationship is fundamentally dependent on trust, which is hypothesized to play a pivotal, multifaceted role in this service context, serving as the relational mechanism that solidifies the link between service input and behavioral outcome.

The relationships within this model are grounded in Social Exchange Theory (SET). SET posits that social interactions are based on a cost-benefit analysis where individuals seek to maximize rewards and minimize costs (Ratasuk, 2024a; Ratasuk & Gajesanand, 2022a). In healthcare, effective communication acts as a reward, fostering a sense of shared understanding and reciprocity (Naing & Ratasuk, 2025). This repeated positive exchange leads to the development of trust, a generalized expectation that the provider will act reliably and benevolently, which solidifies the long-term, loyal relationship (Jeerakamol et al., 2024).

Objectives

The main goals of this study are threefold: 1) To examine the direct influence of communication effectiveness on patient loyalty; 2) To establish the mediating effect of patient trust on this relationship; and 3) To determine the moderating effect of trust on the relationship between communication effectiveness and loyalty within private hospitals in Vientiane.

Theoretically, this research contributes to validating a complex moderated-mediation structure within the SET framework, advancing understanding of relational mechanisms in high-risk service environments. Academically, it provides rare empirical data from the burgeoning but under-researched private healthcare sector of Lao PDR, offering a necessary comparative perspective on the predominantly Western and large-economy Asian literature. The findings will offer direct, actionable insights for Vientiane hospital managers and policymakers. Specifically, the study will help managers allocate resources optimally by identifying whether trust should be fostered primarily as a prerequisite (moderator) or as an outcome (mediator) of communication excellence. This will enable the development of targeted, trust-centric

communication protocols to build and sustain patient loyalty, as well as mitigate patient outflow to neighboring countries.

Literature Review

Theoretical Foundation: Social Exchange Theory (SET) and Conceptual Model

The proposed conceptual model is grounded in the Social Exchange Theory (SET), which provides the necessary framework for explaining the formation of long-term relational assets, such as patient loyalty, in a voluntary service exchange (Zhang & Liu, 2022). SET, primarily attributed to Homans and Blau, posits that human interactions are rooted in a subjective cost-benefit analysis where individuals voluntarily engage in relationships to maximize rewards and minimize costs, leading to long-term interdependence based on the norm of reciprocity (Stafford & Kuiper, 2021). In the private healthcare context, this exchange begins when the patient receives a service benefit (a reward), creating a perceived obligation to reciprocate, which is manifest as long-term loyalty (Ratasuk & Naing, 2025). This theory explains why service inputs, such as communication, build relational assets, like trust, which subsequently secure commitment (Ratasuk & Gajesanand, 2022b). This logical progression underpins the entire research model, starting with the primary relational input: Communication effectiveness.

Communication Effectiveness and Patient Loyalty

Communication effectiveness is defined as the exchange process in which information, encompassing clarity, empathy, completeness, and timeliness, is successfully transmitted and understood between healthcare providers and patients (Jenstad et al., 2024; Sharkiya, 2023). It is distinct from broader service quality constructs as it specifically isolates the information exchange process from clinical outcomes or tangible facilities, focusing instead on the interpersonal transfer of meaning. In the high-stakes environment of healthcare, effective communication is paramount because it directly addresses the high information asymmetry and anxiety inherent in medical interactions, functioning as the foundational mechanism for rapport building and quality perception (Kwame & Petrucka, 2021). Ratasuk and Naing (2025) found a significant association between communication effectiveness and patients' revisit intentions in private hospitals in Yangon. It is the operational input that distinguishes merely technical competence from holistic, high-value service delivery (Wünderlich et al., 2025). Past relational marketing literature consistently positions communication as a key exogenous variable that significantly impacts emotional and behavioral outcomes (García-Carrión et al., 2023). Patient loyalty, the ultimate dependent variable, is conceptualized as a deeply held commitment to consistently rebuy or repatronize a preferred hospital and is differentiated from simple revisit intention by including attitudinal advocacy and resistance to switching (Liu et al., 2021). For private hospitals in Vientiane, loyalty is a critical strategic asset, providing stable revenue streams and acting as persuasive advocates in a competitive market. Consistent with the reciprocal rewards mechanism of SET and the established service literature, improvements in communication quality offered by healthcare personnel are anticipated to be reciprocated by patients through behavioral commitment.

Hypothesis 1 (H1): Communication effectiveness positively affects patient loyalty.

The Dual Role of Trust: Mediation and Moderation

While communication effectiveness is the crucial input, its impact on loyalty is rarely direct; instead, it often works through trust (Chen et al., 2022; Kähkönen et al., 2021). Trust is defined as the patient's willingness to be vulnerable to the provider's actions, based on the confident expectation that the provider is reliable and benevolent, thereby acting as a powerful risk-reducing mechanism (Ratasuk & Naing, 2025). Unlike satisfaction, which is a retrospective evaluation of a specific transaction, trust is a prospective belief regarding the provider's future conduct, making it uniquely critical in managing the inherent risks of medical care. Based on SET, positive communication serves as an initial social reward, leading to the expectation of future rewards and, consequently, the development of trust. In turn, high patient trust reduces psychological costs and promotes the long-term relationship necessary for sustained loyalty (Liu et al., 2021; MacKay et al., 2024). For example, Ratasuk and Naing (2025) also found that trust mediates between communication effectiveness and patients' revisit intentions in private hospitals in Yangon. Thus, trust fulfills a primary mediating role in the CE-PL relationship.

Hypothesis 2 (H2): Communication effectiveness positively affects trust.

Hypothesis 3 (H3): Trust positively affects patient loyalty.

Hypothesis 4 (H4): Trust mediates the relationship between communication effectiveness and patient loyalty.

Beyond its role as a pathway (mediator), this research proposes that trust plays a secondary, yet critical, moderating role. In the specific context of healthcare, characterized by high risk, vulnerability, and uncertainty, trust functions not only as a mechanism but as a boundary condition. The moderation argument is grounded in the premise that the impact of service attributes is not uniform; rather, it is contingent on the existing relational climate (Attar et al., 2023; Lee, 2021). Specifically, a patient with high initial trust is more forgiving of minor communication failures, and the positive effect of good communication is exponentially more substantial when the patient already trusts the institution (Simon et al., 2021; Zhao et al., 2024). This buffering or amplifying effect suggests that trust intensifies the impact of communication on loyalty, differentiating this model from standard mediation approaches. The moderating effect of trust suggests that the magnitude of communication's influence on loyalty is conditional on the level of existing trust, leading to a more sophisticated moderated-mediation model.

Hypothesis 5 (H5): Trust positively moderates the relationship between communication effectiveness and patient loyalty.

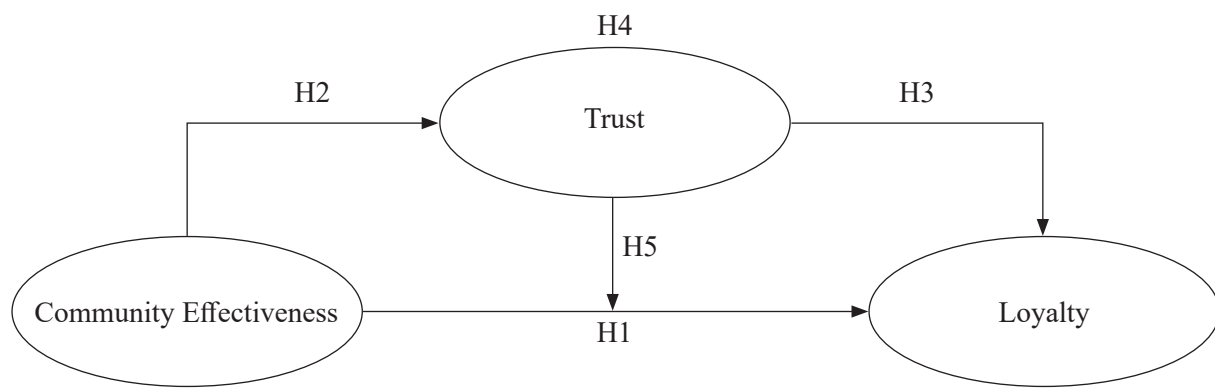


Figure 1 Conceptual Framework

Control Variables

To ensure the robustness and validity of the proposed structural relationships, demographic control variables, namely, age, gender, income, and education, are included in the model. These variables represent baseline patient characteristics that are known in existing healthcare research to influence health literacy, service utilization patterns, and expectations of care, thereby potentially confounding the primary results. Controlling for these demographics ensures that any observed structural effects of communication effectiveness and trust on patient loyalty are genuinely relational, rather than merely reflecting pre-existing demographic tendencies to select or stay with a private provider. This inclusion enhances the internal validity and ensures the integrity of the proposed moderated-mediation model in the specific Vientiane market context.

Methodology

This study adopts a quantitative, cross-sectional research design to investigate the hypothesized relationships. Given the complexity of the proposed model, which includes mediation and moderation effects, and the primary objective of maximizing predictive power R^2 rather than solely assessing theoretical fit, Partial Least Squares Structural Equation Modeling (PLS-SEM) was selected as the analytical technique. PLS-SEM is a variance-based method best suited for prediction, complex modeling, and research involving non-normal data distributions, distinguishing it from Covariance-Based SEM (CB-SEM), which is primarily confirmatory in nature. The approach enables the simultaneous testing of all structural and measurement relationships, providing robust insights into the drivers of patient loyalty within the specified context.

Population and Sampling

The target population consists of adult patients who have recently used services at private hospitals in Vientiane, Lao PDR. Due to the unknown size of the specific patient base across all private hospitals and privacy regulations preventing direct access to hospital patient registries, a non-probability, purposive sampling approach will be employed, utilizing a digital snowball technique. This focuses on respondents with direct experience in the Vientiane private healthcare sector. Drawing on established guidelines for

PLS-SEM, particularly given the model's complexity (the maximum number of arrows pointing to a latent variable), a minimum sample size of 400 complete responses will be targeted to ensure adequate statistical power (Cochran, 1977) for bootstrapping procedures and the estimation of moderated-mediation effects (Hair Jr et al., 2020; Ratasuk, 2022).

Data Collection

Primary data will be collected through a self-administered online questionnaire distributed via appropriate digital channels. Specifically, the survey link will be shared within Vientiane-focused health and wellness community groups on Facebook and distributed via QR codes placed in cooperating independent pharmacy chains. This distribution will occur over 4 to 6 weeks. To ensure data quality and relevance, two screening questions will be placed at the beginning of the survey to confirm that participants are over 18 years of age and have received treatment or consultation from a private hospital in Vientiane within the last six months. The online platform will be configured to automatically reject incomplete submissions, ensuring that the final dataset contains no missing values.

Questionnaire Design

The questionnaire is organized into four distinct sections. First, screening questions confirm eligibility, including age and a recent private hospital visit in Vientiane. Second, demographics and control variables, including age, gender, monthly income, and highest education level, are included in the model to control for potential confounding factors affecting patient loyalty. For the structural analysis, these categorical demographic variables will be dummy-coded to allow for their integration into the PLS-SEM model. Third is behavioral data on the specific hospital and the frequency of visits. Last, the main construct items measure the core variables, including communication effectiveness (Ratasuk & Naing, 2025), trust (Lyu & Ratasuk, 2024), and patient loyalty (Ratasuk, 2022a), using previously validated scales. Responses for these items will be captured using a five-point or seven-point Likert scale, ranging from 1 (Strongly Disagree) to 5 (Strongly Agree).

Data Analysis

Data will be analyzed using WarpPLS 8.0 software. The analysis follows a two-step procedure, which includes 1) assessment of the measurement model, including the reliability and validity of the reflective constructs assessed using internal consistency reliability, examined using composite reliability or CR, which should not be lower than 0.70, and convergent validity examined using outer loadings and Average Variance Extracted (AVE). Discriminant validity was assessed primarily using the Heterotrait-Monotrait Ratio (HTMT) criterion (Kock, 2017; Ratasuk & Charoensukmongkol, 2019). 2) Assessment of the structural model, the hypotheses were tested using a bootstrapping procedure to determine the significance of the path coefficients. Key structural model criteria are assessed by the coefficient of determination (R^2) for the endogenous variables. Collinearity was assessed using the Variance Inflation Factor (VIF) to ensure $VIF < 5.0$, confirming the absence of multicollinearity issues (Kim, 2019; Ratasuk, 2022b). Mediation, moderation, and robustness checks: The specific mediation (H4) will be tested using

confidence intervals for the indirect effect, and the moderation (H5) will be assessed using the interaction term. We explicitly acknowledge a potential sampling limitation regarding the demographic profile; given the digital nature of the data collection, we anticipate a skew toward younger and more highly educated respondents. To address potential bias, a check for Common Method Bias (CMB), such as Harman’s single-factor test or the marker-variable technique, will also be performed, given the reliance on self-reported survey data (Kock, 2015; Ratasuk, 2024b).

Ethical Considerations

The study strictly adheres to ethical guidelines. Participants will be assured of complete anonymity and confidentiality of their responses, with data aggregated to prevent individual identification. Participation is entirely voluntary, and participants may withdraw from the survey at any time without penalty or consequence. All collected data will be securely stored and used exclusively for academic research purposes.

Results

The study collected data from n = 512 patients who had recently visited private hospitals in Vientiane. The sample showed a slight skew towards female respondents (54.5%) and was overwhelmingly composed of the younger working-age demographic, with over half of the participants (52.5%) falling within the 26-35 age bracket. Crucially, the sample reflects the target market for private healthcare, with 84.9% of respondents holding at least a Bachelor’s degree. Similarly, the monthly income distribution indicates a financially capable base, with the majority (48.4%) earning between 2,000,000 and 4,999,999 LAK, indicating that the sampled population possesses the financial means and educational background typically associated with seeking and evaluating competitive private medical services. This demographic profile represents the middle- and upper-middle-class urban consumers driving private healthcare growth in Vientiane.

Table 1 Characteristics of the Sample and Descriptive Statistics

Characteristics	Categories	Descriptive Statistics	
		Frequency	Percentage (%)
Gender	Male	228	45.5
	Female	284	54.5

Table 1 Characteristics of the Sample and Descriptive Statistics (Cont.)

Characteristics	Categories	Descriptive Statistics	
		Frequency	Percentage (%)
Age	18-25	79	15.4
	26-35	269	52.5
	36-45	99	19.3
	46-55	45	8.8
	56-65	13	2.5
	Above 65	7	1.5
Education	Primary school or less	5	1.0
	Secondary school	4	0.8
	High school/Vocational certificate	68	13.3
	Bachelor's degree	326	63.7
	Master's degree	107	20.9
	Doctoral degree	2	0.3
Income (Monthly)	Less than 2,000,000	78	15.2
	2,000,000 - 4,999,999	248	48.4
	10,000,000 - 19,999,999	98	19.2
	Above 20,000,000	88	17.2

The measurement model demonstrated robust psychometric properties across all constructs, as shown in Table 2. Convergent validity was confirmed by high Factor Loadings (FL > 0.70) and Average Variance Extracted (AVE) values ranging from 0.761 to 0.838 (all > 0.50). Reliability was excellent, with Composite Reliability (CR) values ranging from 0.941 to 0.963 and Cronbach's Alpha (CA) values ranging from 0.922 to 0.952 (all > 0.70).

Table 2 Convergent Validity, Reliability, Multicollinearity, and Common Method Bias (CMB)

Question Items	FL	CR	CA	AVE	VIF
Loyalty 1. I will consistently recommend this hospital to others.	0.924	0.963	0.952	0.838	2.953
Loyalty 2. I would recommend this hospital to anyone seeking my advice on medical care.	0.918				
Loyalty 3. I will actively encourage my friends and relatives to seek care at this hospital.	0.899				

Table 2 Convergent Validity, Reliability, Multicollinearity, and Common Method Bias (CMB) (Cont.)

Question Items	FL	CR	CA	AVE	VIF
Loyalty 4. This hospital will be my first choice when I need medical care.	0.934				
Loyalty 5. I am likely to continue using this hospital's services for my future healthcare needs.	0.901				
CommuEft 1. The hospital provided clear instructions and information for my care upon my discharge.	0.883	0.941	0.922	0.761	2.645
CommuEft 2. The hospital followed up with me after my visit to check on my health.	0.858				
CommuEft 3. I feel that the hospital genuinely cares about my recovery and well-being, even after I have been discharged.	0.882				
CommuEft 4. The hospital's post-discharge communication was helpful and timely.	0.870				
CommuEft 5. I was satisfied with the information and support I received after leaving the hospital.	0.869				
Trust 1. Trust in the treatment process according to the law	0.913	0.955	0.940	0.808	3.597
Trust 2. Trust in the medicines given	0.918				
Trust 3. trust in doctors and nurses	0.914				
Trust 4. trust in commitment to nutritional intake and medicines	0.872				
Trust 5. The full trust of hospital service standards	0.876				

Discriminant validity was also established, as all Heterotrait-Monotrait (HTMT) ratios, presented in Table 3, were significantly below the conservative threshold of 0.85, confirming that the constructs are empirically distinct.

Table 3 HTMT Ratio (Discriminant Validity)

Construct	Loyalty	CommEf	Trust
Loyalty			
CommEf	0.747***		
Trust	0.838***	0.817***	

Remarks: * = $p \leq 0.05$, ** = $p \leq 0.01$, *** = $p \leq 0.001$, Loyalty (Patient Loyalty), CommEf (Communication Effectiveness), and Trust (Patient Trust)

Lastly, because the Normality Test results, shown in Table 4, indicated non-normal distributions across the latent variables, the study employed Partial Least Squares Structural Equation Modeling (PLS-SEM) for structural model analysis, a technique robust to such distributions.

Table 4 Normality Test

Model Type	Loyalty	CommEf	Trust
Normal-JB	No	No	Yes
Normal-RJB	Yes	Yes	No

Remarks: Loyalty (Patient Loyalty), CommEf (Communication Effectiveness), and Trust (Patient Trust)

The overall model demonstrated rigorous statistical analysis and high predictive utility. The model demonstrated substantial predictive power (average $R^2 = 0.455$; adjusted $R^2 = 0.449$), with an R^2 change of 0.025 supporting the interaction term's incremental impact. Model quality was further validated by the Average Full Collinearity VIF of 2.115 (well below 5.0), eliminating multicollinearity concerns. Crucially, the Tenenhaus Goodness-of-Fit (GoF) statistic of 0.582 confirmed a strong global fit. Robustness checks, including Statistical Power, Simpson's Paradox, and Nonlinear Bivariate Relationships, all supported the findings, verifying the adequacy of the sample size and the appropriateness of the hypothesized linear structure.

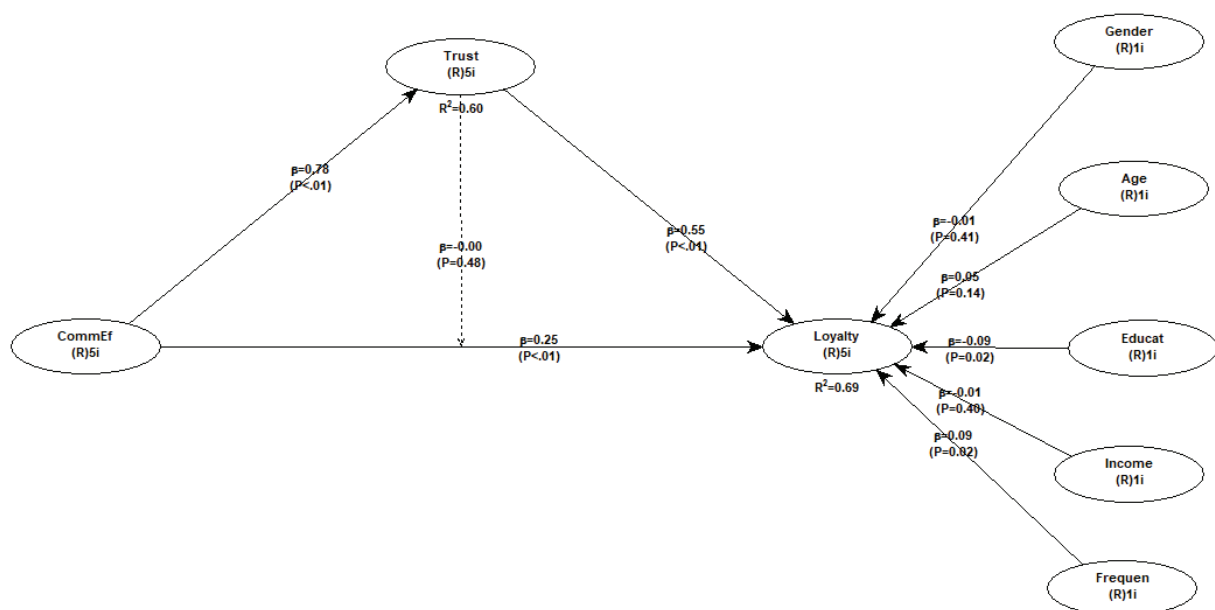
**Figure 2** PLS-SEM Results

Figure 2 shows direct impacts as follows. H1 is supported: The direct path from communication effectiveness to patient loyalty is significant ($\beta = 0.252$, $p < 0.001$). H2 and H3 are also supported: Communication Effectiveness (CE) is a powerful driver of trust ($\beta = 0.778$, $p < 0.001$), and trust, in turn, is the strongest factor influencing patient loyalty ($\beta = 0.550$, $p < 0.001$). H5 not supported: The moderation hypothesis was rejected, as the interaction term (Trust x CE) was statistically insignificant ($\beta = -0.002$, $p = 0.478$), indicating that the strength of the communication-loyalty link is not conditional on the level

of existing trust. The mediating role of trust (H4) was confirmed through the bootstrapping analysis of the indirect effect ($CE > T > PL$). The standardized indirect effect was highly significant ($\beta = 0.428$, $p < 0.001$, $SE = 0.043$, $ES = 0.307$), indicating that the confidence interval excludes zero. This significant indirect path, in conjunction with the significant direct effect, leads to the conclusion that trust acts as a critical partial mediator, strongly supporting H4.

The results showed that age, gender, and income do not significantly influence patient loyalty. However, patients with higher levels of education exhibited a significant negative relationship with loyalty ($\beta = -0.088$), suggesting that higher expectations are associated with lower loyalty. Conversely, patients who report a higher frequency of visits exhibit significantly greater loyalty ($\beta = 0.092$), suggesting that repeat patronage reinforces commitment.

Discussion

The structural model results provide robust empirical validation for the relational mechanisms governing patient loyalty in the competitive private healthcare market of Vientiane, Lao PDR. The findings confirm that while communication effectiveness is vital, trust functions as the indispensable intermediary. The analysis revealed a highly significant and strong relationship between communication effectiveness and trust ($\beta = 0.778$, $p < 0.001$), followed by a significant and robust link between trust and patient loyalty ($\beta = 0.550$, $p < 0.001$). These findings unequivocally support H2 and H3, confirming the core tenets of Social Exchange Theory (SET) in this high-risk service context. In the context of Vientiane's private healthcare, where information asymmetry is high and medical outcomes are uncertain, transparent, empathetic communication acts as the primary social reward exchanged between provider and patient. This reward reduces the patient's perceived costs of vulnerability, thereby fostering a generalized sense of trust. This trust then serves as the patient's confident expectation of future benevolence and reliability, directly translating into long-term loyalty and commitment. The significant coefficient for $CE > T$ suggests that in transitional markets like Lao PDR, competence in relational aspects (communication) is paramount for building foundational relational equity.

Our findings indicate that the direct influence of communication effectiveness on patient loyalty is significant (H1 supported) ($\beta = 0.252$, $p < 0.001$), but the indirect effect through trust is even more substantial, confirming partial mediation (H4 supported) ($\beta = 0.428$, $p < 0.001$). This suggests that while communication offers an immediate, tangible reward (satisfaction), the majority of its power to generate loyalty is channeled through the patient's calculated sense of future obligation and confidence (trust). In the context of retaining local patients in Vientiane, trust is not merely an outcome of good communication; it is the primary mechanism that converts transactional satisfaction into long-term commitment. This may be because, without established trust, the fear of misdiagnosis or poor care quality remains too high to sustain patronage when superior regional alternatives, such as those in Bangkok, are readily available. The unique competitive landscape best explains this finding: without established trust, the fear of misdiagnosis

or poor care quality remains too high to sustain patronage when superior regional alternatives, such as those in Bangkok, are readily available.

The structural model did not support the moderation hypothesis (H5) ($\beta = -0.002, p = 0.478$). This unexpected, non-significant result offers a critical theoretical insight specific to the Vientiane context. Unlike in saturated western markets where high trust can “buffer” service failures or amplify successes, in the high-risk environment of Lao PDR, trust appears to function as a “hygiene factor” or a fundamental prerequisite. In this transitional market, trust is likely binary: without it, the transaction does not occur (patients leave for Thailand); with it, the relationship proceeds, but higher levels do not exponentially increase the impact of communication. This finding suggests that in environments with high medical uncertainty, trust is the “floor” required to enter the market, rather than a “ceiling” that enhances differentiation. This contrasts with studies in highly saturated western markets, where trust often serves a buffering or enhancing role.

The analysis of control variables yielded salient insights. Frequency of visits was a significant positive predictor of loyalty ($\beta = 0.092, p = 0.018$), suggesting that established routines and accumulated positive experiences reinforce commitment. More critically, education exhibited a significant negative relationship with loyalty ($\beta = -0.088, p = 0.022$). In Vientiane, highly educated patients tend to exhibit lower intrinsic loyalty to local private hospitals. This result suggests that higher health literacy enhances the patient’s comparison level for alternatives, making them more aware of and willing to access foreign medical tourism options, thereby placing greater competitive pressure on local institutions.

Theoretical and Academic Contributions

This research makes several distinct contributions to the literature on relational services. Theoretically, it validates the applicability of the Social Exchange Theory (SET) framework in the specific context of private healthcare in an emerging Southeast Asian economy, affirming that the principles of reciprocal rewards (communication) and relational assets (trust) hold predictive power globally. Academically, this study fills a crucial gap in moderated mediation by empirically testing the dual role of trust. By rejecting the moderation hypothesis and confirming intense partial mediation, we provide nuanced evidence that trust primarily serves as a channeling mechanism in high-risk service settings rather than an enhancing catalyst. Furthermore, this study presents novel empirical data from the Lao PDR, a region that is underrepresented in global healthcare loyalty studies, offering a vital comparative lens for future cross-cultural research on service quality and commitment.

Practical Implications

The findings offer direct, actionable guidance for private hospital management in Vientiane. First, management must treat communication not as a soft skill, but as a risk-reduction tool. Training should prioritize trust-building protocols, such as explicitly explaining diagnoses and treatment plans to reduce information asymmetry, which is the primary driver of patient anxiety in this market. Second, strategic resources must be directed toward preventing patient outflow to Thailand. Given the negative influence

of education on loyalty, hospitals must develop targeted strategies for the “flight risk” demographic, highly educated patients. This includes emphasizing physician credentials, international accreditations, and transparent pricing to compete with cross-border alternatives. Third, because trust functions as a prerequisite (hygiene factor) rather than an amplifier, marketing efforts should focus on reliability and safety records to establish the baseline trust patients need to even consider the hospital as an option.

Limitations and Recommendations for Future Studies

This study is subject to limitations typical of cross-sectional designs, particularly the inability to definitively establish causality over time. Furthermore, reliance on self-reported data introduces the possibility of Common Method Bias (CMB), despite diagnostic checks. Future research should address these limitations by adopting a longitudinal design to track the evolution of trust and loyalty over multiple hospital visits. Researchers could also introduce objective measures of service quality alongside perceived communication. Finally, given the strong role of the comparison level for alternatives, future studies in Vientiane should explicitly integrate perceived quality and cost of treatment in neighboring countries, such as Thailand, as antecedents of loyalty to better understand local patient decision-making.

Conclusions

This research confirms that the long-term success of private hospitals in Vientiane hinges on mastering the mediated relationship between communication and loyalty. The robust evidence from the structural model establishes trust as the dominant relational asset; it is the bridge, not the buffer, that channels the power of effective communication into enduring patient commitment. By understanding trust as a hygiene factor, essential for market entry but not an amplifier of returns, Vientiane’s private hospitals can better allocate resources to secure their patient base against regional competition.

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