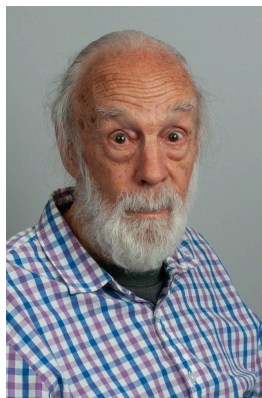




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Presentation

The Squeaky Wheel Theory: Hospital Reactions to Patient Reviews

This paper examines the extent to which the content of online hospital patient re-views affects the healthcare provider's subsequent quality of delivered healthcare. The authors construct a qualifying sample of 3,034 U.S. acute care hospitals containing information on the hospital's demographics and yearly quality of care and merge this with eight years of these hospitals' Google reviews. Then, using Latent Dirichlet Allocation classification and the results of prior published research, they create two different star ratings for each patient review: one based on the discussed clinical experiences and the other for the discussed non-clinical experiences. They aggregate the individual-level review ratings up to the hospital-year level and use generalized methods of moments and instrumental variable methodology to estimate the marginal effect of patient re-view content on subsequent hospital performance. They find significant segments of their sample of hospitals deliver improved future quality of care after experiencing a negative shock of clinically focused reviews and this effect is greatest for hospitals with good financial health. They find empirical support for these findings using experimental data where subjects are asked to take on the role of a hospital administrator and allocate funds based on receiving patient reviews of past performance.