

Research Article

Assessing the effect of market-oriented strategies on organizational performance of private hospitals of Rasht city

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ABSTRACT

One of the most important sections that have got attention of any organization is organizational performance. Any organization such as service or productive tries to save its performance at the highest level by writing proper strategy. Service-healthcare organizations are not out of this exception and try to save favorable performance. Therefore the main goal of this research is assessing effect of market-oriented strategies on organizational performance of private hospitals in Rasht city. In this direction researcher has identified the main question that does market-oriented strategy affect organizational performance of private hospital in Rasht city? Current research is applied and descriptive research. Statistical society of research is all private hospitals in Rasht city. Regarding that number of considering sample was limited census method has been used. Tool of data collection was Lee et al standard questionnaire (2015). All analysis has been done through SPSS and PLS software. For considering research hypothesis confirming factor analysis and partial least square was used. Result of research denotes positive and meaningful effect of supporting top management and top management risk with market-orientation. On the other hand in other hypothesis positive and meaningful relationship of market-orientation with differentiation strategy, cost leadership strategy, financial performance and operating performance have been approved. Finally in other hypothesis positive and meaningful relationship of differentiation strategy and cost leadership strategy with financial performance and operating performance has been approved.

Keyword: organizational performance, market-orientation, porter strategy, top management support, top management risk, hospital, partial least square

INTRODUCTION

Performance of health system provides proper information about situation of health system for governments and society. The importance of exploiting and correct use of limited resources of hospitals is counted as the most important duty of healthcare centers (Karegari et al, 2014). The role of healthcare at enhancing different social, cultural and economic index of countries has forced involving countries that by fundamental review at methods of health management decide in the direction of implementing the most effective methods at applying existing limited

resources and supplying health of people. Regarding the role of organizations performance at healthcare of organizations in Iran, the necessity of assessing and identifying its implementing deficiencies seems necessary (Alvandi et al, 2011). Industry of healthcare faced significant strategic challenges and strong pressure for being changed to more respond to customers' demand and simultaneously by improving quality and utilization. Therefore organizations like hospitals are forced to improve their performance for their beneficiaries and presenting claimed care, doing

affairs effectively creatively and with effective organizing (Namdar Zanganeh and Hosseini, 2014). System of healthcare in any country is counted as a management system of that country, so it is natural the problem that other sections of country face exist in healthcare system by another color that gets form of healthcare. In the past performance of healthcare organization was assessed through index of healthcare and quality of services guaranteed by technical knowledge of professional staff of medicine and nursing but nowadays healthcare organizations are complicated organizations that need strong support of management about performance(Alvandi et al, 2011).

Performance of an organization is an extensive concept that includes what an organization produces and the district that interact. In other word organizational performance is called the way of doing mission, duties and organizational activities and result of doing them(Safarzadeh et al, 2012). Market organization is defined as a degree of satisfaction of presenting products or services in comparison with other competitors. Therefore innovation of services and improving abilities increases capacity of an organization. Therefore developing new services and improving services and strategic decisions in competitive markets and process of resources and operations involves in market share and presenting new products (Tang, 2014). Performance of an organization has been meant as how an organization achieves its market-orientation and financial goals. Regarding financial goals, profit, capital return and also sale growth, business performance and effectiveness of an organization shows organizational performance (Chong et al, 2011). Based on research of Sezin and Yelidz(2013) financial performance and profit doesn't guarantee long-term survival of an organization. Needs of an organization includes non-financial performance that is like social activities and strategic decisions in this field(Sezen&Yildizcankaya, 2013).There are many factors that affect financial and non-financial performance but based on viewpoint of

Lee et al(2015) differentiation strategy, cost leadership and market-orientation are factors that affect financial and non-financial performance directly and factors like top management support and top management risk are factors that indirectly affect financial performance(lee et al, 2015).

In consideration by lee et al(2015) cost leadership strategy has been named as the factor affecting financial and non-financial performance of an organization(lee et al,2015). For achieving proper performance in financial and non-financialsection organizations should present product and services that adapt with needs of market. For achieving the goal, organizations should prioritize different services, improving service quality and reducing cost through making innovative process(Sezen&Yildizcankaya, 2013). Regarding viewpoint of Lee et al(2015) making strategy of cost leadership helps an organization at achieving this goal (Lee et al, 2015). Cost leaders try to reduce cost of production of any nit of product and presenting services and can compete against competitors (Faryabi et al, 2011). In cost leadership strategy, the company produce and supplies standard services that the finished cost for any customer who is sensitive to price reduces (Vazifehdoust et al, 2013). Bigger companies who access more resources compete in cost leadership and supply specific products and services different from competitor companies (Ghanbari et al, 2009).

Another factor affecting financial and non-financialperformance improvement of an organization is making strategy differentiation by organization (Lee et al, 2015). In differentiation organization focus on activities of an organization for supplying and constructing specific product or service.Differentiated strategy is called that product or service that is presented by an organization, that is different from products and services of competitor in a district and this action is evaluated by customers and value added should affect customer choice and finally their satisfaction(Faryabi et al, 2011). In these strategies organization try by presenting unique

products receive a price higher than usual limit from customers(Rahimnia et al, 2009). These strategies is necessary for achieving competitive excellence and sectioning market of an organization and directing all goals, strategies and resources is based on the axis of presenting services and differentiated product to customers(Pakdel et al, 2011).

Regarding research of Lee et al(2015) market-orientation is the most important factor that has direct effect on financial and non-financial performance of an organization. Market-orientation as an integrated viewpoint by determining abilities of organizations at predicting, reacting and changing environmental changes to capital is the factor that improves performance of organization in financial and non-financial dimension (Lee et al, 2015). Market-orientation causes companies concentrate on consistent collection of data related to needs of target customer and capability of competitors and application of this information in the direction of creating best value for customers. Market-orientation as an organizational competence can make organization's performance successful, Philosophy of market-orientation is based on this principle that for achieving organizational goals needs and demands of market should be paid attention and customer satisfaction should be supplied better and with higher efficiency toward competitors. Regarding complexity and constant change of market rapid achievement of business information, is success key at internationalmarkets(Doaei, 2010). Market-orientation is the degree that business unit acquire information of customers and apply them; write strategy for meeting needs of customers and implement them for responsibility of customers' need. Mechanism of market-orientation can decrease service cost of hospitals so limiting care costs is one mechanism of market-orientation that has more effect at reducing cost(Vazifehdoust et al, 2013).

Another factor that affect financial and non-financial performance of an organization indirectly and has direct effect on market-

orientation is top management support and management risk. Lee et al(2015) believe that top management support improves organization's performance through affecting market-orientation(Lee et al, 2015). Organizations by increasing competition and developing methods of developing human resources try to save their talented staff and make them capable to be able to have high performance. Organizations are always afraid to lose their human capital and get losses; because any organization for taking its staff to the step of profitability and favorable efficiency has taken many costs. Therefore an organization losesskills, experiences and capitals that has achieve by attempt over years(cho et al, 2009). Manager's support has significant role at spirit, motivation and sense of self-effectiveness of staff. Following this action staff feel more satisfaction of their affair and have more tendency to remain in the organization and continue their job. A manager that respectpresence of staff in their exchanges and in their decisions, assessment and interactional relations shows reasonable and fair acceptance is seen as a ethical leader by its staff (Golparvar et al, 2011).

Of course support of top management on other aspects of an organization like rapid reaction toward changes and business intelligence is counted as another dimension of top management support of an organization(Lee et al, 2015).

In all countries without paying attention to the dimension or their wealth, people's health and the way of presenting healthcare is an important subject and presenters of healthcare services try by regarding existing resources present their services at the highest level of their quality. In the past performance of healthcare organizations were assessed through care index and service quality was guaranteed through technical knowledge of professional staff of medicine but nowadays healthcare organizations are complicated organizations that have strong nee to assessing organizational performance based on financial and non-financial dimensions(ValiGhazvini et al, 2012). Consideration of researcher denotes that although there are increasing attention to

utilization and organizational performance any comprehensive research hasn't been done for consideration of effect of market-oriented strategies on organizational performance. Therefore researcher by doing studies hopes to use its result in future planning of policy-makers. Therefore regarding analysis of variables of research model researcher is going to answer the main question of research that is identified as weather strategies of market-orientation affect organizational performance of private hospitals in Rasht city?

Research conceptual model

Applied method in this research is taken from Lee et al model (2015). In this model top management risk and supporting top management as independent variable, market-orientation, differentiation strategy, cost leadership strategy as mediating variable and financial performance and non-financial performance have role as dependent variable. Research conceptual model has been presented in figure 1:

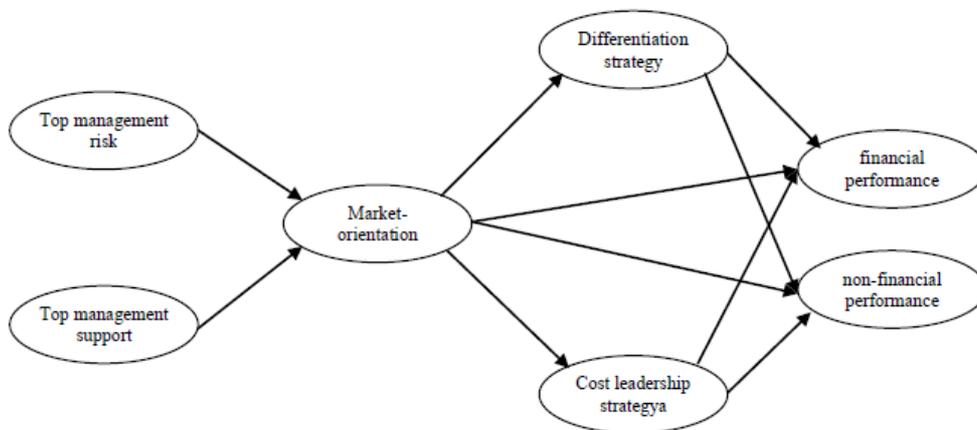


Figure 1: Research conceptual model(Lee et al,2015)

Based on research conceptual model, research hypothesis are written as below:

- H1: There is significant relationship between top management risk and market-orientation.
- H2: There is significant relationship between top management support and market-orientation.
- H3: There is significant relationship between market-orientation and differentiation strategy.
- H4: There is significant relationship between market-orientation and financial performance.
- H5: There is significant relationship between market-orientation and non-financial performance.
- H6: There is significant relationship between market-orientation and cost leadership strategy.
- H7: There is significant relationship between differentiation strategy and financial performance.
- H8: There is significant relationship between differentiation strategy and non-financial performance.
- H9: There is significant relationship between cost leadership strategy and financial performance.
- H10: There is significant relationship between cost leadership strategy and non-financial performance.

METHODOLOGY

This research regarding goal is counted as an applied research. Research based on the way of achieving required data are classified into two groups: descriptive research(Non-experimental) and experimental research. Descriptive research includes all methods that its goal is describing conditions or considering phenomenon. Therefore

current research regarding type of research is descriptive. On the other hand current research since studies features and attributes of people in the society and considers current situation of society in the form of some features or variables it is descriptive-surveying research. Also this research is causal research. Statistical society in this research is private hospital in Rasht city.

Studying hospital in this research is Ghaem, Gil, Aria, Famili and Totonkaran and Famili. Respondents to the questionnaire are top managers of strategic units of any hospital. Number of all top managers that had necessary conditions for responding questionnaire were 43 people. Regarding limitation of statistical society census has been used. Researchers has distributed 43 standard questionnaire among respondent and 40 questionnaires were collected. Since rate of responding questionnaire was higher than 90% so 40 questionnaires were analyzed. Tool of data collection in this research was standard questionnaire that is taken from research of Lee et

al(2015). For considering validity of questionnaire content validity was used and its confirm was considered by respected supervisor its reliability was considered by cronbach alpha. Therefore firstly a primary sample including 30 questionnaires was pre-tested and then by using obtained data of this questionnaires and through statistical software of SPSS degree of cronbach alpha was calculated. Pre-tested samples were asked if their perception and respond to questions faced problem distinguish them. Amount of cronbach alpha for all variables of questionnaire was higher than 0.7 so reliability has been approved.

Table 1: Validity coefficient of variables of questionnaire

Research variables		Amount of cronbach alpha
Top management support		0.785
Top management risk		0.806
Market-orientation	Creating intelligence and talent	0.763
	Distributing intelligence	0.711
	Integrated reaction or response	0.869
Differentiation strategy		0.755
Cost leadership strategy		0.785
Financial performance		0.813
Non-financial strategy		0.901

Kolmogorov-smirnov test

In this section for considering normality of research variables Kolmogorov-smirnov test has been used. Regarding that sig of all variables of research was bigger than 0.5% so distribution of all variabes of research fallows normal distribution. Result of considering normal distribution of data has been presented in table(2).

Table 2:Kolmogorov-smirnov test for testing normality of data

	Top risk management	Top management support	Market-orientation	Differentiation strategy	Cost leadership strategy	Financial performance	Non-financial performance
N	40	40	40	40	40	40	40
Sig.	0.349	0.329	0.280	0.472	0.159	0.762	0.620

Structural equation modeling

In this section two important software’s of PLS that is model in standard solution and meaningfulness coefficient are presented:

Model in standard solution mode

Regarding figure 2 we can observe factor loads of each questions of research. Amount of determination coefficient is a number between 0 and 1 that as it closes 1 amount of variance determination becomes more.

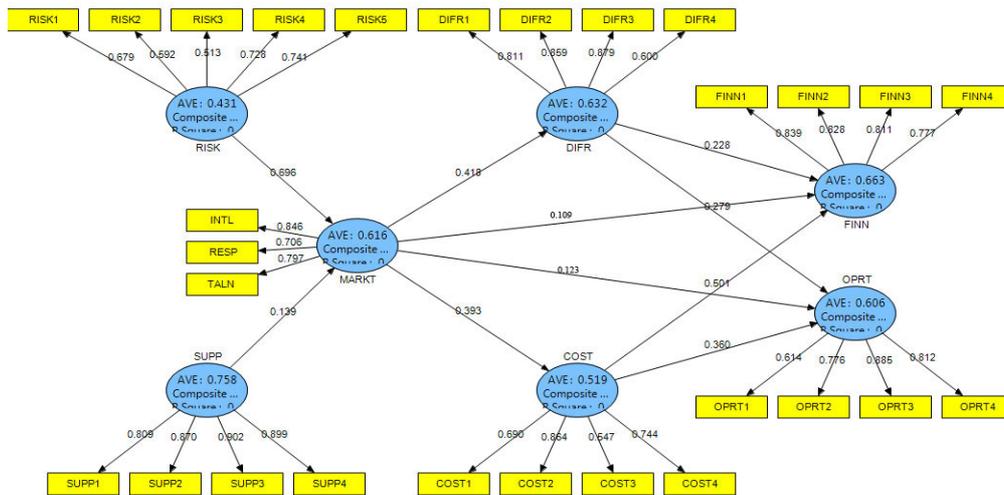


Figure 2: Research model in standard solution

Model in T-value mode

Figure 3 shows meaningfulness of coefficient and obtained parameters of model that all obtained coefficients have become meaningful. Basis of confirming or rejecting research hypothesis is considering model in meaningfulness coefficient mode. Regarding mentioned cases all hypothesis of research are approved.

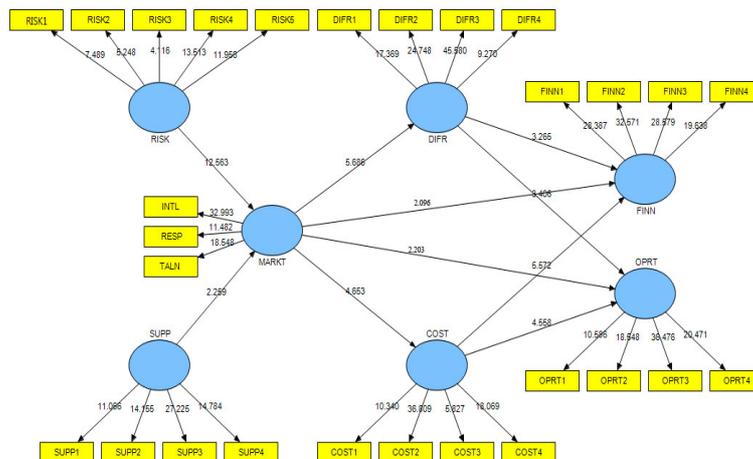


Figure 3: Research model in meaningful coefficient mode

In table 3 result of considering research hypothesis has been summarized:

Table 3: Considering result of research hypothesis

Research hypothesis	Standard coefficient	T	Conclusion
H1	0.696	12.563	Approved
H2	0.139	2.259	Approved
H3	0.418	5.686	Approved
H4	0.109	2.096	Approved
H5	0.123	2.203	Approved
H6	0.393	4.653	Approved
H7	0.228	3.265	Approved
H8	0.279	8.406	Approved
H9	0.501	5.572	Approved
H10	0.360	4.558	Approved

CONCLUSION AND SUGGESTION

Performance is one of the most important discussing structures in managerial research and undoubtedly is counted as the most important criteria of assessment and success in organizations. Usually companies with high financial performance have known ways of acquiring profit and through them invest well. Organizational performance is part of organizational effectiveness that its basis is external goals of an organization that is goals of beneficiaries groups of the organization. Proper organizational performance is one important anxiety of managers of an organization; managers by using new methods try to manage organization better and present best performance. Various factors affect performance of organizations and any organization tries to choose a set of effective methods on improvement of process and business process. On the other hand flexibility and rapid reaction against variable environmental conditions, better use of human resources and existing knowledge is counted as the effective and important factor at success of organizations. However one of the most important factor that affect financial performance of organizations are attention of organization to organizational, managerial capabilities marketing and service quality. On the other hand necessity of success of an organization is its proper performance. Index like: utilization, survival, growth of degree of achieving goals and competitive capabilities are counted as the result of proper performance. Performance of any company is the result of targeted activities that is done for acquiring economic profit. Usually companies with high financial performance have known channels of acquiring profit and in that channel invest. Observing this point for all organizations such as service organizations is necessary. Therefore researcher for presenting applied suggestions has presented some suggestions regarding relationship between variables and weak structures as below:

1- It is suggested top managers of hospitals have sufficient attention to activities and actions of competitors. In this direction hospitals should

strengthen team of studying their market and consider actions and annual plans of other hospital in the direction of establishing new sections, creating new target market and finally presenting their new services and have necessary plans in their work instruction.

2- It is suggested top managers of hospitals identify risks of new actions through techniques of feasibility and risk management and by maximum certainty act toward doing activities. In this direction proper management of project and correct devotion of resources can decrease risk of new actions. Therefore it is advised to assess situation of hospital projects through planning and controlling project in the form of controlling project quality, controlling time of project, controlling resources of project and human resources and identify required specialty and deficiencies so that financial performance of hospitals are strengthens.

3- It is suggested hospital design their internal process based on analysis of preventing process and while acting. Because as it was observed most process of hospitals has been designed based on action dimension and this factor can decrease utilization and organizational effectiveness. For strengthening this factor hospitals should identify their patient process through reengineering and before succession and existence of problem make necessary strategies. Also it is suggested managers of hospitals have especial attention to the role of service quality by patients and seem patients' satisfaction and write strategies in relationship with increasing quality of presenting services and avoid actions that decreases service quality by patients. Therefore we shouldn't promise patients that implementing it is impossible or is not solved by that organization because promising without backup for attracting more patients has negative effect on their reliance and in long-term affects performance of hospitals negatively.

4- It is suggested managers of hospital design their procedural affairs regarding international standards of insurance at the world and try to present features to patients toward hospitals different from other hospitals. In this section

managers of hospitals can create different aspect from themselves through observing social responsibility and hyper-role behaviors.

5- It is suggested internal staff of hospitals do proper analysis in the direction of lack of adaption of system of quality management and after distinguished prioritizing take action toward optimization of competitors in the direction of lack of adaption and identify pioneering hospitals about considering fields and by making relation with them use managers' projects for strengthening weakness and remove all non-adaption of quality management system at the shortest time.

At the end it is necessary to pay attention to this point that this research like any other research is not out of limitation. one important limitation of research is that in this research regarding that statistical society was limited so in generalizing result of research to other organizations we should be cautious so it is suggested in future research model of research to be tested in bigger statistical society. On the other hand regarding that hospital is a service organization so result of research should be generalized to other organizations with caution so it is suggested in future research type of activity of an organization in the view of service or being productive should enter research model as control variable. Another limitation of research is related to this factor that in this research some studying hospitals were so small that the effect of this factor hasn't been considered in the research. Therefore it is suggested in future research enter the variable of size of organization into the research mode as mediator variable.

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