International Journal of Managerial Studies and Research (IJMSR)
Volume 1, Issue 1 (January-February 2013), PP 01-07
www.arcjournals.org © ARC Journals

The Effect of Business Performance on Market Versatility in Health Institutions

Yunus Emre ÖZTÜRK
Selcuk University
Faculty Of Health Sciences
Healthcare Administration
Konya/TURKEY

Zührem Ergün
Selcuk University
Faculty Of Health Sciences
Healthcare Administration
Konya/TURKEY

Abstract: *The difference between a business with competition and a business without competition is the difference between growth and decay. A successful competition business simply means providing total satisfaction to customer. The present business managers should keep in mind that the customer satisfaction is more important and valuable than product and service.*

To provide a sustainable competitive advantage of market versatility is the most important issue in marketing activities. The businesses and enterprises with competitive advantage are able to achieve consistently superior performance than those not involved in competition in a specified period of time. While these activities are helping the businesses to agree the every sence of situations of the market, they are also preventing from being copied from other businesses. By providing the concentration of business activities related to the customer's requirements, the businesses can contribute to deliver value.

The purpose of our study is to investigate, if the hospitals have the market versatility structure, whether there is a positive effect of customer satisfaction based on hospital occupancy rates, which is an indicator of performance, by identifying the effect of versatility on the varying business performance in health institutions in general and hospitals in particular.

1. INTRODUCTION

The opinion of modern marketing, which focuses on the customer's wishes and needs, positions the customer on the center of business and marketing activities. The idea, which comes to the forefront in the approach of the modern marketing, is to make a profit in the long run by providing the customer satisfaction and loyalty. According to this understanding, the performance increasement of businesses, which provides more customer satisfaction than increase competitors, will provide more revenue and profit.

2. THE PERSPECTIVES OF MARKET VERSATILITY

The concept of market versatility emerges as a concept of the result of the adoption of modern marketing by businesses. The market versatility, which conceptualized for the first time Kohli and Jaworski (1990), described as a business philosophy in the form of business activities with the concept of modern marketing.

A broad sense of the concept of market versatility has actually emerged as a result of discussion over the concept in very different aspects. According to Shapiro (1980), the market versatility is an organizational deciding process, including the achieving, processing and sharing the knowledge. But Narver ve Slater (1990) defines the market versatility as an organizational

culture, which creates a superior value for customers, and besides that, which generates the effective and efficient business behaviors for ensuring the continuity of higher business performance. Barney (1989) describes the market versatility as a very important culture for providing competitive advantage. According to Kohli and Jaworski (1990), market versatility is collecting the market knowledge for the current and future customer needs and desires, dissemination of this knowledge within the business departments and producing a response in the general organization for the specific needs.

3. THE ANALYSIS OF MARKET VERSATILITY IN BUSINESSES

It is seen that the approaches, which contains the examinations of Kohli ve Jaworski (1990)'s definitions, and which are also known as an approach of gathering market knowledge, contain inner main components. These are, "(a) Gathering The Market Knowledge", "(b) Sharing the Gathered Knowledge Within the Business", (c) Generating Responses to Market. At the same time, Kohli ve Jaworski (1990) emphasizes the market versatility as a combination of effort and projects, which will bring the organization to high performance (Tek ve Özer, 1999:59).

Fig.1.The Approach of Market Knowledge By "Kohli ve Jaworski (1990)" Reference: Kara Mustafa ve Diğ., 2010:70

3.1 Gathering the Market Knowledge

Kohli ve Jaworski (1990), stated that the monitoring of the competitors' activities and their impact on customer preferences can be assessed in the concept of market versatility, as well as analyzing the external factors such as the external environment variables, technology and regulations. An important point, which highlighted by managers as a result of their negotiations is, that the market knowledge should not only focused on current customer needs and desires, but also should report clues about the future needs and wants. It is especially stressed, that the forward looking informations has an important role on product development and innovation activities of enterprises. Kohli and Jaworski also expressed, that the collection work of market knowledge should not only assign to responsibility of the marketing department but also it should create of cooperation and support by all employees and all departments within the enterprise.

3.2 Market Knowledge in Management

Kohli ve Jaworski (1990), suggested that the market knowledge, which is a second state about market versatility, needs to be shared between departments within the enterprise. In this process, it has been stated that it is very important for the departments especially in business to being involved in the process and co-operation, at the point of spreading the market knowledge and afterwards producing answers, which suits to market needs and desires. Kohli ve Jaworski (1990), indicates that this knowledge, which spreads within the enterprise, is required for developing new products.

Dissemination of knowledge within the business process have some features of its own. There are some factors, which have effects on creating of the knowledge within the business, disseminating it and using the knowledge in the business. Maltz ve Kohli(1996) expresses in their study, that the people who form the market knowledge and the respect against to this people and at the same time perceived quality for the knowledge, which shared within the enterprise, affects the use of market information.

3.3 Generation of Answers to Market, Based on the Knowledge

The third dimension of market versatility is to creating goods and services suited to customer's demands and needs, based on the knowledge shared within the enterprise. Kohli ve Jaworski (1990), states that a business is not a fully market versatility business by having the market knowledge and sharing it within the business. According to them, a business will be eventually attained to market versatility process, by responding the market with producing of goods and services in accordance with the knowledge of market. Kohli and Jaworski (1990) states that, it is especially needed to use the market knowledge in target market selection, the development of new products and services, and guessing of current and future customer needs and requests.

4. THE EFFECT OF BUSINESS PERFORMANCE ON MARKET VERSATILITY IN HEALTHCARE ORGANIZATIONS

By analyzing the literature, it is understood that the market versatility concept is taken together and analyzed with diverse variables. The most widely researched and studied variable, which has a relationship with market versatility, is the business performance. In the studies of developing a structure for market versatility, Kohli and Jaworski (1990) expressed that one of the most important results of market versatility for businesses is making an impact on the performance enhance. It is possible to say that the relationship between market versatility and business performance is to become the focus of intense interest by scholars from market versatility literature and they are accomplishing numerous studies in this field. At the same time, it should be noted that there is a positive and strong relationship in the most of the studies about it (Narver ve Slater, 1990; Ruekert, 1992; Jaworski ve Kohli, 1993; Greenley, 1995; Han ve diğ., 1998; Slater ve Narver, 2000; Shoham ve Rose, 2001; Shoham ve diğ., 2005).

Although the first studies about market versatility carried out in developed countries, later on with the research about this field in many other countries, the universality on the relationship between market versatility and business performance are tried and tested(Greenley, 1995; Athuahene-Gima, 1995; Caruana ve diğ., 1995; Appiah- Adu, 1997; Bhuian, 1997; Shoham ve Rose, 2001; Harrison-Walker, 2001). In these researches, it has been identified that there is a generally a

strong and positive relationship between market versatility and performance. In this context, Desphande and Farley (1998) suggest that the relationship between business performance and market versatility carries a universal qualification. By considering universal qualification, it is clear that working in way of market versatility by institutions in healthcare institutions, have a positive impact on the performance of the organization.

When we generally look at the results of studies on the relationship between market versatility and business performance, it is understood that the studies about the relationship between market versatility and business performance was carried out on samples from different countries. Another remarkable important issue from most of the studies is the discovery of a positive relationship between market versatility and business performance. However, by analyzing of the results of the studies with more detail, it is understood that the levels of market versatility from businesses is different by different studies in different countries. For example, in Jaworski and Kohli (1993) 's studies, which are carried out on two different samples, it has been identified that there is a positive and strong relationship between all aspects of the market versatility and business performance.

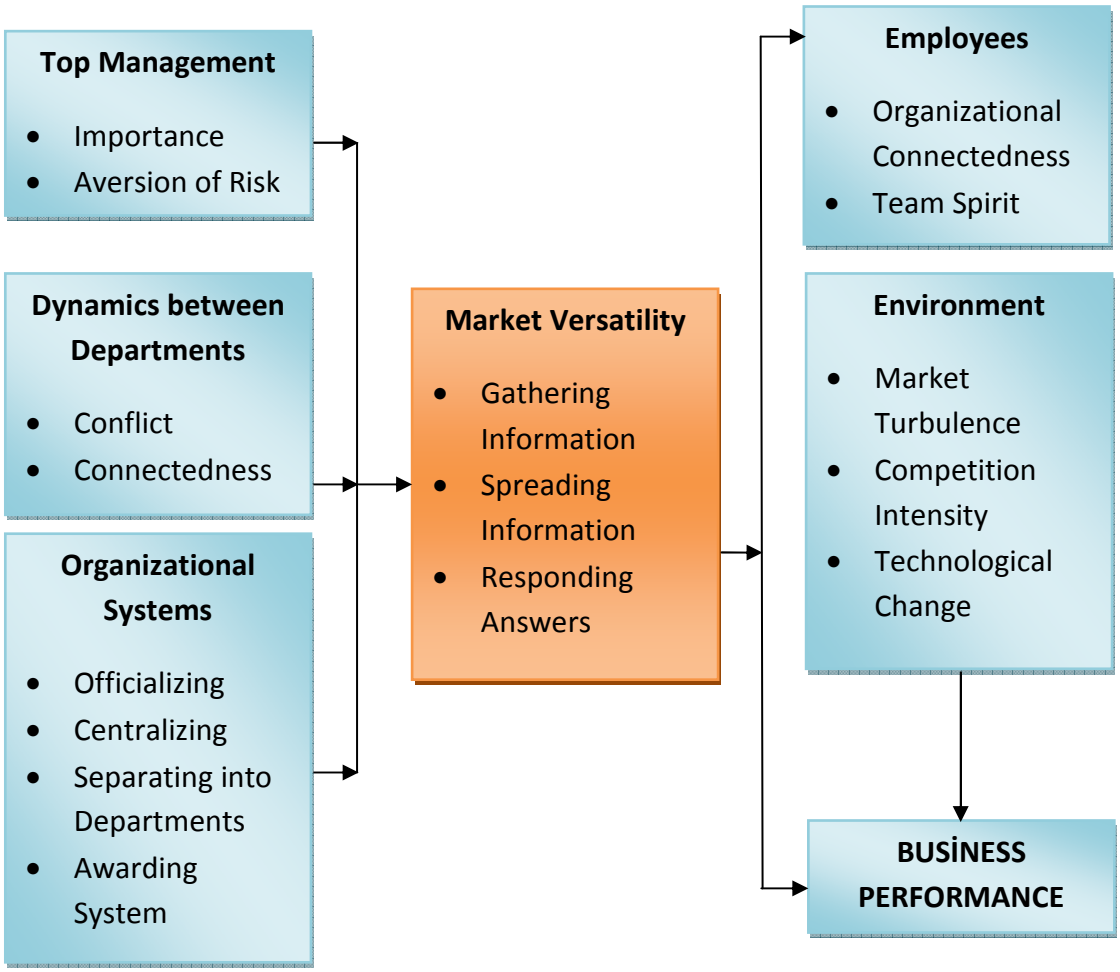

***Fig.2.*The Determinants of Market Versatility Reference: Jaworski ve Kohli, 1993: 55**

It is possible to say that the explanatory power of market versatility on business performance is high. However, it is not able to say the same thing by the studies of Harrison-Walker (2001). Harrison-Walker (2001) has found just a significant relationship between customer versatility and business performance about market versatility dimensions, in the studies of Narver ve Slater (1990), where they searched about market versatility approach.

Narver ve Slater (1990) refers in their studies that there is a parallelism between market versatility of businesses and their levels of profitability. Narver ve Slater (1990) expresses that the market versatility of businesses would increase their profitability. The study of Shoham ve Rose (2001) also supports the study of Narver ve Slater (1990). Here, in our theoretical based study, it has been identified that the market versatility has positive effects on the profitability and development of sales. In another study, according to Shoham et al. (2005), it has been concluded that the market versatility has a positive contribution on businesses in order to increase their market share.

5. THE RESULT

In the world, which has become almost a large and open market position in the age of information and communication, "Change" appears to be an understanding of the key elements of development (Erdem ve Seymen, 2008:59). With them, against the quick changes, businesses have to adapt to happening changes, and constantly update their existing knowledge, in order to maintain competitive advantage and lifes. Especially in the past few decades, the globalization process has led to aggravation of competition in health care institutions. In this context, it is said that maintaining the existing life of healthcare institutions under conditions of severe competition, depends on to adapt to changing environmental conditions as well as an effective and efficient manner to meet the needs and desires of customers (Sin ve diğ., 2005:163).

Health care institutions in the case of service to person by person, the success of a health care institution depends on the quality of service offered to customers. From this perspective, it is well understood that it is necessary for health institutions to choose the target market carefully at the planning state. For health care institutions; it is not possible to produce products and services suitable for all markets. However, a suitable market choosing and an appropriate design and service to targeted market, depending on location, will provide long-term profitability. In addition, the concept, which is to be constituted in healthcare institution, and the benefits, which comes from external sources, needs to be planned. It is clear, that the main factor for this is to gathering the market knowledge with an effective way and spreading it within the enterprise.

6. CONCLUSION

The intensive competition in service demand and the high sensitivity of external factors take a market versatility structure to very important situation for the sustainability of health care institutions. A health care institution, which has a market versatility structure, will focus more on customer needs and desires, becomes more susceptible to changing market and environmental conditions. Besides all this, health care institutions, which have a market versatility structure, will demonstrate a more sensitive structure to new legal regulations, technology and environmental changes. And this situation will create positive effects on performance, which is the main achievements of the market versatility for health care institutions. The health care institutions,

which can increase their performance by meeting the needs and desires timely and prematurely, will have a positive effect on the net profit and hospital occupancy rates.

REFERENCES

APPIAH-ADU, K. (1997), "Market Orientation and Performance: Do The Findings Established in Large Firms Hold in the Small Business Sector?", *Journal of Euromarketing*,Vol.6 No. 3, pp. 1-26.

ATUAHENE-GIMA, K. (1995), "An Exploratory Analysis of the Impact of a Market Orientation on New Product Performance: A Contingency Approach", *Journal of Product Innovation Management*, Vol. 12 No. 4, pp. 275-93.

BARNEY, J. B. (1986), "Organizational Culture: Can it be a Source of Sustained Competitive Advantage", *Academy of Management Review*, Vol. 11, pp. 656-665.

BHUIAN, S.N. (1997), "Exploring Market Orientation in Banks: an Empirical Examination in Saudi Arabia", *The Journal of Services Marketing*, Vol. 11 No. 5, pp. 317-328.

CARUANA, A., GAUCI, S. & FERRY, M. (1995), "Market Orientation and Business Performance: Some Evidence from MALTA", *In Proceedings of the Marketing Education Group Conference*, Bradford, UK, 123-132.

DESPHANDE, Rohit and John U. FARLEY (1998), "Measuring Market Orientation: Generalization and Synthesis", *Journal of Market Focused Management*, (2): 213- 232.

ERDEM, Barışve Oya Aytemiz SEYMEN(2008), "Turizm İşletmelerinde Kıyaslama Tekniği", *Turizm İşletmelerinde Çağdaş Yönetim Yaklaşımları*Editörler:Fevzi Okumuş ve Umut Avcı, Detay Yayıncılık, ss. 58-94, Ankara.

GREENLEY, Gordon E. (1995), "Forms of Market Orientation in UK Companies", *Journal of Management Studies*, Vol. 32, Is. 1, pp. 47-66.

HAN, J. K., K. NAMWOON and R. K. SRİVASTAVA (1998), "Market Orientation he and Organizational Performance: Is Innovation a Missing Link?",*The journal of Marketing*, Vol. 62, No.4, pp. 30-45.

HARRISON-WALKER, L. Jean (2001), "The Measurement of a Market Orientation and its Impact on Business Performance", *Journal of Quality Management*, (6): 139-172.

KARAMUSTAFA, K., GÜLLÜ, K., ACAR, N. ve ULAMA, Ş. (2010), "*Konaklama İşletmelerinde Pazar Odaklılık Uygulamaları"*, Detay Yayıncılık, Ankara.

KOHLI, Ajay K. ve JAWORSKI, Bernard J. (1990), "Market Orientation: Construct, Research Propositions and Managerial Implications", *The Journal of Marketing*, Vol. 54, No.2, pp. 1-18.

KOHLI, Ajay K., JAWORSKI, Bernard J. and KUMAR, Ajith (1993), "MARKOR: Measure of Market Orientation", *Journal of Marketing Research,* Vol. 30, No.4, pp. 467-477.

LIAO, S. H. ve WU, C. C. (2010), "System Perspective of Knowledge Management, Organizational Learning and Organizational Innovation", *Expert System with Applications,* 37: 1096-1103.

NARVER, John, C. ve SLATER, Stanley F. (1990), "The Effect of Market Orientation on Business Profitability", *The Journal of Marketing,* Vol. 54, No. 4, pp. 20-35.

NARVER, John, C. ve SLATER, Stanley F. (1990), "The Effect of Market Orientation on Business Profitability", *The Journal of Marketing,* Vol. 54, No. 4, pp. 20-35.

SHAPIRO, Penson B. (1988), "What The Hell Is "Market Orientation", *Harvard Business Review,* 66 (6): 119-125.

SHOHAM, A., G. M. ROSE and F. KROPP (2005), "Market Orientation and Performance: A Meta-Analysis", *Marketing Intelligence and Planning,* Vol. 23, No.5, pp. 435-454.

SHOHAM, Aviv and Gregory M. ROSE (2001), "Market Orientation: A Replication, Cross-National Comparison, and Extension", *Journal of Global Marketing,* 14: 4, pp. 5-25.

SIN, L. Y. M., C. B. Alan Tse, H. M. OLIVER Yau, P. M. RAYMOND and J. S.Y. Lee (2005), "Market Orientation, Relationship Market Orientation and Business Performance: The Moderating Effects of Economic Ideology and Industry Type", *Journal of International Marketing,* Vol. 13, No. 1, pp. 36-57.

SIN, Leo Y. M., Alan C. B. TSE, Vincent C. S. HEUNG and Frederick, H.K. YIM (2005), "An Analysis of the Relationship Between Market Orientation and Business Performance in Hotel Industry", Hospitality Management, 24: 555-577.

SLATER, Stanley and NARVER, John C. (2000), "The Positive Effect of a Market Orientation on Business Profitability: A Balanced Replication", *Journal of Business Research,* 2000 (48): 69-73.

TEK, Ömer Baybars ve Pınar Süral ÖZER (1999), "Pazar Yönlülük ve Örgütsel Öğrenme Teorilerinin Türkiye'de Kar Amaçsız Kuruluşlarda Uygulanması", *4. Ulusal Pazarlama Kongresi, 18-20 Kasım 1999, Mustafa Kemal Üniversitesi, İktisadi ve İdari Bilimler Fakültesi,* Antakya, ss. 59-67.