MARKET ORIENTATION TOWARDS ENHANCING MALAYSIAN HEALTHCARE INDUSTRIES PERFORMANCE

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ABSTRACT

The healthcare industry in Malaysia has become a powerful economic growth engine as a result of demographic change as well as greater prosperity and dynamic lifestyles. Healthcare industry in Malaysia has been growing rapidly and steadily since the beginning of 1990's and has been identified as one of the National Key Economic Areas (NKEA) under the 10th Malaysia Plan (2011-2015). According to Hidayah Jamaludin et al. (2013), healthcare in Malaysia has undergone a radical transformation. Healthcare is a gradually becoming a vital sector which faces many challenges to endure in the current competitive economic climate (Khaidir et al., 2013). The three key sub-industries of the larger healthcare eco-system are namely pharmaceuticals, biotechnology and medical devices (medical technology) have strong contributions and relative growth towards Malaysia’s gross domestic. The overall act of market orientation factor towards healthcare performance has been analysed thoroughly. The objectives of the study were to find and analyzed the relationship between market orientation components towards the performance of the industries. Competitor orientation was not significant directly towards healthcare performance because the innovation model of the industries not merely imitate the competitor strategies. Moreover, healthcare industries innovation capabilities and viability depend on market analysis and customer needs towards respective healthcare product and services in Malaysia. So that healthcare industries in Malaysia differ in their market capability and innovation intakes do not totally depend on manufacturing plant operates in Malaysia. Headquarter companies decision making far more important aspect and vital for innovation business model in the respective industries.

Keywords: Market orientation, Malaysian, healthcare industries

Introduction

The healthcare industry in Malaysia has become a powerful economic growth engine as a result of demographic change as well as greater prosperity and dynamic lifestyles. Healthcare industry in Malaysia has been growing rapidly and steadily since the beginning of 1990's and has been identified as one of the National Key Economic Areas (NKEA) under the 10th Malaysia Plan (2011-2015). According to Hidayah Jamaludin et al. (2013), healthcare in Malaysia has undergone a radical transformation. Healthcare is a gradually becoming a vital sector which faces many challenges to endure in the current competitive economic climate (Khaidir et al., 2013). The three key sub-industries of the larger healthcare eco-system are namely pharmaceuticals, biotechnology and medical devices (medical technology) have strong contributions and relative growth towards Malaysia’s gross domestic.

According to Frost and Sullivan Malaysia (2016), healthcare services industry is well-positioned to harness opportunities and needs to innovate the business model to have a strong footprint in the global market Lee (2011). Moreover, Malaysia as an ASEAN country has vast opportunity to present itself as a
health hub and which may lead to a competitive growth in medical tourism (Lunt et al., 2011). Additionally, with the international wave of interest for wellness and traditional therapies, Malaysia is thriving placed to attract health travelers for a combination of wellness and health vacations. Therefore, the healthcare industry should give emphasis on innovating the services provided to sustain their competitive advantage. This paper claimed that, a strong market orientation factor can provide a solid foundation to stimulate industries in boosting their business competitive advantage and improved its innovation intakes and organisation performance. This paper demonstrated market orientation as the main factor which was postulated by Narver and Slater (1990) has three components which are customer orientation, competitor orientation, and inter-functional coordination. This study has measured three market orientation dimensions separately in order to identify the nature and unique outcomes of each dimension (Rapp et al., 2010). Researcher found there are extensive empirical evidence that has linked market orientation with business performance. Numerous past researches found there are either indirect or direct positive relationship between market orientation and organization performance (Kumar et al., 2011; Mahmoud, 2011; Zhou et al., 2009; Farrell et al., 2008; Martin-Consuegra and Esteban, 2007; Langerak, 2002; Deshpandé and Farley, 1998; Avlonitis and Gounaris, 1997 Jaworski and Kohli, 1993), or indirect influences (Agarwal et al., 2003; Han et al., 1998), or dual influences (Ramayah et al., 2011; Tsiotsou and Vlachopoulou, 2011), or no effects (Nwokah, 2008; Caruana et al., 2003; Greenley, 1995) between the two constructs. Concurring to this view, market-oriented behaviors strengthen product novelty by delivering a source of notions for novel products and enhancements to existing products (Goldenberg et al., 2001). Lukas and Ferrell (2000) proven that an emphasis on the market had a significant positive effect on the development of product newness. This paper also indirectly gives clue on how the competitive advantage plays the vital role in enhancing organization performance.

**Customer Orientation**
Customer orientation is the principal component of market orientation which comprises the understanding of target customer and adequately deploying the resource and skills of the firm in order to fulfill consumer’s preference by creating superior value. Sorensen (2009) and Al-alak and Tarabieh (2011) shown that customer orientation is perhaps the most central component of market orientation and customer focus business is probably going to be keen on long term business achievement and should underlined on customer needs.

**Competitor Orientation**
A great competitor orientation influence causes homogenous items and incremental advancements (Lukas and Ferrell 2000). As per Narver and Slater (1990) competitor orientation, as a component of market orientation, implies that a dealer comprehends the short term strengths and weakness and long term capacities and approaches of both the key present and potential competitors.

**Inter Functional Coordination**
Inter-functional coordination can be recognised as an essential instrument for improving common goals in the organisation. It very well may be seen as a way to cultivate more noteworthy communication, coordinated effort, and cohesiveness, in this way improving the connections between group possessing the diverse useful learning, knowledge, and training. Besides, inter-functional coordination fundamental for building trust and commitment between association individuals from assorted backgrounds; in this manner the association would reinforce the bonds and connections among colleagues. Inter-functional coordination states a positive connection between cross functional communication and organisational innovation (Merlo and Auh, 2009; Rapp et al., 2012).

**Methodology**
Survey research and descriptive study are used as a research tool for this study. This research adopted a quantitative research method as a research methodology to conduct analyses. The primary data collection process

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has been conducted using a purposive sampling method to reach out adequate respondents. This paper demonstrated G-power statistical tools to validate with 95 total healthcare companies out of 330 companies who participated in this study.

Exploratory Factor Analysis

Exploratory Factor Analysis (EFA) for this study was applied using principal component analysis (PCA) and varimax rotation. At the first EFA procedure of this study, 32 of items were analyzed with the 95 sample size and grouped into 3 factors using the varimax technique. A total of 32 items were cleanly extracted at the loading level of above 0.32 from the factor analysis with varimax to obtain the practically significant result and give an indication to decide whether it is reasonable to assume that items are not denote strong impact between variables.

<table>
<thead>
<tr>
<th>Factors</th>
<th>Mean</th>
<th>Cronbach’s Alpha</th>
<th>No of Items</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer Orientation</td>
<td>4.4035</td>
<td>0.786</td>
<td>7</td>
</tr>
<tr>
<td>Competitor Orientation</td>
<td>5.1326</td>
<td>0.687</td>
<td>4</td>
</tr>
<tr>
<td>Interfunctional Coordination</td>
<td>5.0842</td>
<td>0.732</td>
<td>3</td>
</tr>
</tbody>
</table>

Regression Results

<table>
<thead>
<tr>
<th>Factors</th>
<th>t-value</th>
<th>Sig-value</th>
<th>Relationship</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer orientation</td>
<td>1.31</td>
<td>0.006</td>
<td>Significant</td>
</tr>
<tr>
<td>Competitor Orientation</td>
<td>2.35</td>
<td>0.193</td>
<td>Not significant</td>
</tr>
<tr>
<td>Interfunctional coordination</td>
<td>2.823</td>
<td>0.021</td>
<td>Significant</td>
</tr>
</tbody>
</table>

The relationship between Customer Orientation and Organization Performance

In this study, customer orientation has been significant and indicated positive relationship thus H2a hypothesis was accepted. Customer orientation has achieved the second most important factor which significant at 0.006 (P<0.05) in this study. The existing literatures has found positive relationship towards organization performance as similar to this study (Ernst et al., 2010; Luca et al., 2010; Pettijohn et al., 2010; Al-alak and Tarabieh, 2011; Chen and Sawhney, 2012; Grissemann et aan l., 2013; Racela, 2014; A and M, 2015). The Malaysian healthcare industries are progressively attaining global importance, awareness, and investment as seen in the speedy progression of its healthcare tourism sub-industries. Since the customers rapidly change their needs and wants, a market orientation demands a clear understanding of target customer’s present and future demand dynamics. Customer orientation involves the identification of focus customers and excellently installing the resources and skills of the firm in order to please consumer by creating superior value product and services. Customer orientation underpinning a target customer and deploying the skills and resource of the firm well effectively. Consequently can understand consumer needs and act accordingly to sustain in market. Healthcare industries more likely focus on customer or users pulse and produce the product and service to meet users’ needs and wants.

The relationship between Competitor Orientation and Organization Performance

Regression results indicate that there has no significant relationship between competitor orientation and organisation performance. So that, hypotheses H3a has been rejected since the significant value was 0.193. The finding of this study has been contradicted with previous studies (Zhou et al., 2007, 2009; Hou, 2008; Chang, 2014; Dong et al., 2014; Jangl, 2015; Frozen et al., 2016). In order to excavate competitor orientation, the firm should monitor competitors closely, actively learn about them, and quickly match their marketing initiatives (Liu et al., 2013). Whereas in this study, competitor orientation has been not significant between organization performance directly. Through the understandings and
observation of the author, this study focuses on either competitor orientation have a direct relationship between organisation performance or contrary relationship. The researcher has input innovation variable as a connector between competitor orientation and organisation performance. The researcher found a significant relationship between competitor orientation and innovation which leads organization performance positively. In healthcare industries, analysing competitor’s weakness and strength does not give impact on marketing strategies directly. In Malaysian healthcare scenario, different companies have different market strategies, imitating competitor strategy does not make sense and input to organization performance. Most of the healthcare companies especially pharmaceutical and medical devices in Malaysia only acts as an operational hub where, head quarter of the companies mostly in overseas. Therefore, Malaysian companies should act according to a marketing strategy plan from headquarters companies. Malaysian companies could react to domestic competitor’s strategy immediately, in fact they have their own marketing planning as per protocol by headquarters. Focusing on competitors helps firms reap business-related benefits from information sharing. Prior studies Liu et al. (2013) mention that, competitor orientation cannot directly improve organizational performance although competitor orientation enables a firm to gather information about competitors and to stimulate successful moves before the competitor makes supernormal profits. These arguments confirm that, competitor orientation can go along with operational coordinati...
competitor strategies. Moreover, healthcare industries innovation capabilities and viability depend on market analysis and customer needs towards respective healthcare product and services in Malaysia. So that healthcare industries in Malaysia differ in their market capability and innovation intakes do not totally depend on manufacturing plant operates in Malaysia. Headquarter companies decision making far more important aspect and vital for innovation business model in the respective industries.

Nevertheless, healthcare industry plays a vital role in Gross Domestic Product (GDP) contribution while as a driver to attract foreign direct investment (FDI). Healthcare industries is a protective industry and significant towards Malaysia development because of its pull core attention from the government. Thus policy makers and government agencies should be in the bottleneck to support innovation initiatives between healthcare industries especially for the small medium enterprise (SMEs).

REFERENCES
Luca, L.M. De, Verona, G., and Vicari, S., 2010. Market Orientation and R&D Effectiveness in High-