

Candidates name: Tiana Hopper
Institution: University of Southern Queensland
Address: School of Management and Marketing
University of Southern Queensland
West Street
Toowoomba QLD Australian 4350
Phone: +61 7 4631 2636
0429 631 335
Fax: +61 7 4631 5597
Email: hopper@usq.edu.au

OR

q1121520@mail.connect.usq.edu.au

Supervisor: Professor Ronel Erwee
Assoc. Supervisor: Dr Michael Mills
Working title: Marketing Strategy, Organisational Strategy and Organisational Performance: A study of Queensland's Hospitals
Date of enrolment: March 2006 (Full-Time)
Stage of Research: Middle (data collection)
Poster Presentation: Yes

Abstract

This research seeks to answer the question of 'how the marketing strategy process in regional Queensland public and private hospitals, influences organisational strategy and performance?' This paper proposes a conceptual theoretical model that outlines the relationship between organisational strategy, marketing strategy and organisational performance. The relevance of this relationship will be investigated by using case study methodology with a total of ten regional Queensland public and private hospitals participating through semi-structured interviews with hospital staff. The theoretical and practical contributions of this research are: (1) the establishment of a hospital typology, (2) the establishment of marketing strategy formulation processes, marketing strategy implementation processes and marketing evaluation and control processes which emerge within the health care industry and (3) the establishment of the extent to which organisational strategy has emerged within regional Queensland hospitals.

Issue being researched

This study will determine how the marketing strategy process in regional Queensland public and private hospitals influences organisational strategy and performance. Specifically the following research issues will be addressed through this research:

1. What is the role of marketing strategy within the organisational strategy in Queensland public and private hospitals?
2. What strategic, perceptual and financial measures are used to position Queensland public and private hospitals along the organisational performance continuum?
3. Which types of marketing strategy formulation processes emerge within public and private hospitals in Queensland?
 - 3a. What CRM processes are used by public and private hospitals in Queensland?
 - 3b. How do strategic marketing implementation processes emerge in the marketing plan of Queensland public and private hospitals?
 - 3c. How do strategic marketing evaluation and control processes emerge in the marketing plan of Queensland public and private hospitals?
 - 3d. How do service delivery activities assist in market evaluation and control processes undertaken by public and private hospitals in Queensland?
4. What marketing strategy processes differentiate Queensland public and private hospitals on an organisational performance continuum?
5. What are the marketing performance measures used by public and private hospitals in Queensland?
 - 5a. How do marketing performance measures improve Queensland public and private hospital organisational performance?

Why is this issue important?

This study's importance can be viewed through both an academic perspective and a managerial perspective. Academically this study is important due to the lack of Australian studies that examine the linkages between the constructs of marketing strategy, organisational strategy and organisational performance. Studies have identified a positive association between an organisation's marketing strategy and organisational performance (McKee, Varadarajan & Vassar 1986; Smith, Piland & Funk 1992). Despite these studies, there is limited information available regarding strategic marketing planning's effectiveness in health care (Smith, Piland & Funk 1992). Organisational performance in the health care industry has generated substantial attention in recent years, especially about resources spent on quality reporting and measurement (Hibbard, Stockard & Tusler 2003). The use of marketing performance measures in the context of Australian health care marketing literature is virtually non-existent, and therefore this study will seek to identify performance measures related to the marketing aspect of Australian health care.

The managerial importance of this study is endorsed through a wide variety of industry factors that are currently relevant within regional Queensland health. These include that Queensland is the fastest growing state in Australia that its population is ageing as a result of increased life-expectancy and declining birth rates, Queensland's Aboriginal and Torres Strait Islander people have high fertility rates, higher mortality rates and experience poorer health than the general population, people living in rural and remote areas are declining and ageing, and as a result Queensland health must strive to provide adequate resources to rural and remote areas (Nuttall & Buckland 2004). Other factors that are significantly impacting on Queensland Health include changing employment, workforce growth, workforce patterns, workforce mix, rural workforce, increasing costs of health care, private health insurance, and

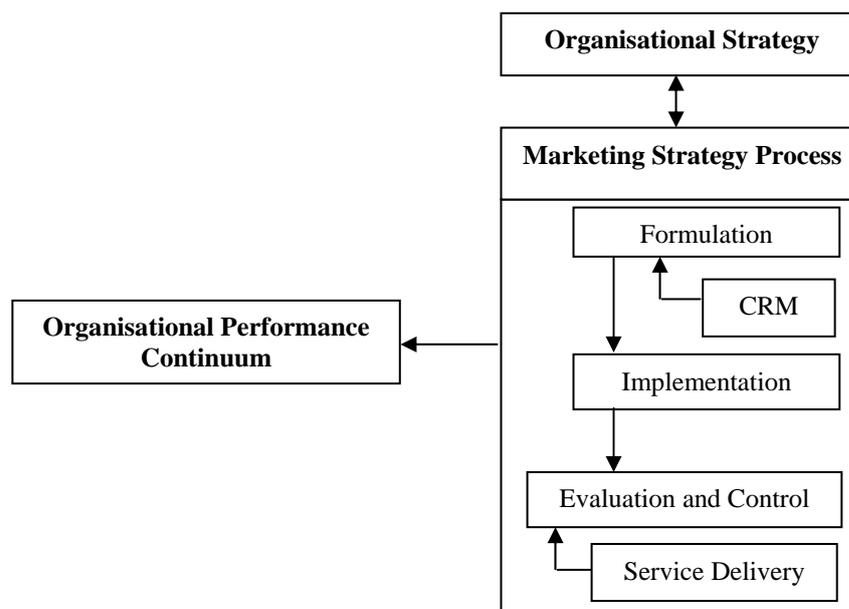
the demand for hospital services (Nuttall & Buckland 2004). All of the above mentioned factors have the potential to have a negative effect on the quality of health services provided by Queensland health. These industry factors all contribute to the managerial importance of this study, which is affected by the three key theoretical elements under investigation.

Through analysing the three constructs of marketing strategy, organisational strategy and organisational performance in the context of regional Queensland hospitals the management of these industry factors will be addressed to a certain extent. The gaps between actual and perceived management performance in regional Queensland hospitals will be investigated. Performance will be compared across the various participating regional Queensland hospitals through conducting a cross-case analysis.

Theoretical framework

Based on the previously identified research question and issues Figure 1 proposes that there is a distinct relationship between organisational strategy and marketing strategy and that the process of marketing strategy (i.e. formulation, implementation and evaluation and control) has an influential relationship on an organisational performance continuum.

Figure 1: A conceptual model of organisational strategy, marketing strategy and organisational performance in regional Queensland public and private hospitals



Marketing strategy is viewed as a sub-set of the overall organisational strategy. Marketing strategy involves the sequential process of formulation, implementation, and evaluation and control. Studies regarding the formulation elements, product/service, price, placement, promotion and their target market (Kotler et al. 2001), have focused on the use of the strategy rather than the process from which it was formulated (Goldblatt 2001; Goldsmith 1980; Reddy & Campbell 1993; Thomaselli 2006). Studies have examined the use of CRM activities in the context of the United States health care system and found positive outcomes associated with these activities (Compton 2004; Earls 2004; Lager 2006; MHS 2002; Paddison 2001, 2004a, 2004b). The use of CRM activities in Australian health care has not however been adequately addressed. According to Wilson (2005) successful implementation processes also have not been discussed widely in the literature. Further justification for research into implementation is provided in that marketing implementation has the sole

purpose of turning marketing strategies and plans into marketing actions and therefore accomplishing marketing objectives (Kotler et al. 2001). Evaluation and control processes and their use in Australian health care has been discussed to a limited extent (Hopper 2004), however these activities have not been examined extensively in the Australian health care environment. Similarly, service delivery being an important aspect of the evaluation and control process with regards to the gaps model of service quality, requires greater investigation in the Australian health care context. Additionally, according to Figure 1, an important part of this research project is to determine the relationship between the marketing strategy process and a continuum of organisational performance.

Methodology

The method of multiple cases will be used for this research study with a total of ten regional Queensland public and private hospitals participating in this research. Methodological approaches used within the realism paradigm (which is the preferred paradigm for case study research (Perry 1998)) include in-depth interviewing and focus groups, instrumental case study research and survey and structural equation modelling (Healy & Perry 2000). This study will specifically focus on case study research, as previously outlined, whilst incorporating semi-structured interviews, within each case. Triangulation throughout this methodology can be seen through the research examining both Queensland health strategic planning documents, which are available publicly, in accordance with internal documentation obtained from the private hospitals which participate in this study. Further methods of triangulation are seen in interviewing employees at two different levels in the organisation, the managerial level and the operational level.

Justification for this methodological approach is seen through case studies being preferred when the study is examining contemporary events and yet the behaviours cannot be manipulated (Yin 2003, p. 5). It is important to note that through using the case study method a researcher has the ability to directly observe the events being studied and may conduct interviews with the people involved in these events (Yin 2003). Through using the method of case study, this study has the ability to examine a large range of evidence such as documents, articles, interviews, and observations (Yin 2003), thus a depth of information relating to regional Queensland public and private hospitals can be obtained. Through working with various hospital representatives at different managerial levels a clear and accurate picture of the health system will be acquired and the use of marketing strategies in this context understood.

Further justification for this methodology is provided through the fact that evidence obtained from multiple case studies is often considered extremely compelling and the robustness of the study is considered to be of higher quality (Yin 2003). Parkhe (1993) endorses Yin's (2003) viewpoint through highlighting previous case study research that has produced results that offer credibility, rigor, and persuasive power when compared to other research methods. This study will use the multiple case study method, through working with a total of ten regional Queensland hospitals, both public and private, to provide results that are both compelling and robust. The justification of the use of both private and public hospitals within this research study is as follows. Firstly, the methodology for this research study has been designed specifically so that regional Queensland public hospitals can be compared to regional Queensland private hospitals. This comparison has been made possible as a result of the theoretical and literal replication processes that will be undertaken in this study and through the geographic areas of each hospital being taken into consideration within the methodology design. Additionally, through comparing regional Queensland public and private hospitals the contributions to both theory and practice will be enhanced.

Taking into consideration the time and funding constraints of this study, interviews will be conducted with key groups of respondents within each case: (a) District Manager/CEO/Board Member, (b) Director of Nursing, (c) Administration/Marketing/Public Relations Staff, and (d) Profession Medical Staff (e.g. Doctors). The district manager/CEO/board member has been chosen to participate in this research process for a number of reasons. Due to the managerial level of this group of interviewees is extremely high and as a result they have a substantial amount of control of the strategic decisions made within their health care organisation. Additionally the district manager/CEO/board member also holds the ability to oversee all organisational functions. The directors of nursing (DON) have been chosen to participate in the interviewing process as they will hold a different view point on strategic decisions compared to a district manager/CEO/board member, due the fact that the DON has direct access to patients and a daily 'hands-on' approach with the implementation of the strategic plan. The third group of interviewees, administration staff/marketing and public relations staff, have also been chosen to participate for their skills, abilities, and roles within healthcare organisations. The administration staff/marketing and public relations staff have a different form of contact with patients, compared to the previously discussed interviewee groups. Administration staff/marketing and public relations staff also understand the day-to-day business functions of the healthcare organisations. This group of interviewees holds knowledge regarding marketing and public relations activities that take place within the health care organisations, and they also understand the target market on a personal level. The final group of interviewees, profession medical staff, have been chosen for their participation due to their understanding of the medical impact that some strategic business decisions may have. Professional medical staff have direct contact with the patients and therefore have a stronger opportunity to understand the impact of business decisions on the patients. Finally, professional medical staff hold a considerable influence over business decisions made by the health care organisation's management team, as a result of the need for their skills within the organisation.

Contributions to knowledge

The contributions to knowledge made by this research can be viewed under the two areas of contributions to theory and contributions to practice. This study will contribute significantly to marketing theory in number of areas. These areas involve health marketing, the strategic marketing planning process, emerging organisational strategy, and a continuum of organisational performance. Health marketing theory will be enhanced through the establishment of a typology of hospitals. This typology will depict the relationship between the hospital type (e.g. private hospitals located in an urban area) and the continuum of performance associated with that type. Additionally, marketing strategy formulation processes, marketing strategy implementation processes, and marketing evaluation and control processes which emerge within the health care industry will be established.

The extent to which organisational strategy has emerged within regional Queensland hospitals will be established. Additionally, the emerging role that marketing strategy and organisational strategy play in the health care industry context will be determined. Regarding service delivery, this study will determine service delivery standards set within regional Queensland hospitals health care and establish these standards as performance indicators. Marketing performance measures used in the health care marketing context are limited and as a result this study will establish marketing performance measures for each theoretical construct examined. In addition to the individual performance measures, this study will

establish a performance measurement continuum ranging from low performance to high performance that will be specific to health care performance measurement.

This study will contribute to the practical area of health care, particularly regarding regional Queensland private and public hospitals. During the analysis phase of this research a 'within case analysis' will be conducted. Through this analysis a significant contribution, related to the perceptual differences of respondents, will be made to practice through the comparison within individual hospitals which will determine how the hospital is 'actually' performing compared to how they 'think' they are performing. This 'cross-case analysis' will be conducted during the course of this research. This 'cross-case analysis' will compare the performance of hospitals to each other. This 'cross-case analysis' will allow the hospitals to compare their performance to that of their counterparts within the health care industry. Service delivery standards within the hospitals will also have a significant contribution made towards it through the course of this research.

Service delivery standards in regional Queensland public and private hospitals will be established through a gap analysis. An additional benefit of using the gaps model, with regards to contributions made to practice, can be seen through the establishment of softer performance measures. The service quality indicators will be developed into performance measures and as a result will provide 'softer' data compared to that of 'hard' financial performance measures. It is also important to note that the results from this study will be able to be generalised across a number of different industries, for example aged care, child care, and hospitality.

Feedback Issues and Progress thus far

The key area of this research project that desires feedback involves the scope of the project. Through discussing scope, this is referring to the size of the project and the number of theoretical elements that will be addressed through this research. Regarding progress thus far the research proposal has been approved at Faculty level and is now being considered for endorsement by the University Office of Research and Higher Degrees. The interview protocol will be finalised in June and the regional Queensland private hospitals have agreed to participate in the research. The public health system requires a public health ethics board to give approval. This will be sought after endorsement has been obtained at a University level for this research. Data collection for this research will commence in August 2007. At the completion of this research project the interview questions will be turned into a quantitative based survey with the purpose of conducting a national study. It is hoped that SEM can be utilised to then test the propositions of this research. After this research project has been completed further research will be possible cross-culturally. The University of Southern Queensland has links with countries such as Singapore and Malaysia and opportunities therefore exist to conduct this research cross-culturally.

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