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## **The influence of market orientation and entrepreneurship orientation in achieving hospital performance: Study in Goenawan Partowidigdo Pulmonary Hospital Bogor**

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**Abstract**---This study aims to deepen knowledge about the direct effects of entrepreneurial orientation (EO) and market orientation (MO) on hospital performance using the structural equation modeling partial least squares (PLS-SEM) model. This research is a quantitative, non-experimental, and descriptive study using the PLS-SEM statistical technique. The PLS-SEM results show that the first hypothesis of market orientation does not have a direct effect on hospital performance with a t-statistic value of 1.29 < 1.96 with a p-value of 0.018 < 0.05. The second hypothesis, entrepreneurial orientation has a direct effect on hospital performance t-statistic 10,85 > 1.96 with a p-value < 0.005 so that the second hypothesis is declared accepted. The results show sufficient evidence that EO positively affects hospital performance. Likewise, the impact of EO on hospital performance is positive either directly. Regarding managerial

implications, the study provides managers with insight into the process of strategy formation and decision-making, emphasizing the importance of both encouraging the development of EO capabilities and focusing efforts on being proactive and innovative to improve hospital performance.

**Keywords**---entrepreneurship orientation, hospital performance, market orientation.

## **Introduction**

The growth of the hospital sector in Indonesia has increased rapidly (Solano Acosta et al., 2018). Especially in private hospitals which have increased by 80% or more from 1300 hospitals to 2943 hospitals. Most of the increase occurred in general hospitals by 82% and special hospitals by 67% from 353 to 528 hospitals (Sutapa et al., 2017). Hospitals are currently required to be more creative in providing adequate services to win the competition and have a competitive advantage that can improve hospital performance (Tirtayasa, 2022). In a very dynamic hospital competition, the need for market orientation and entrepreneurial orientation can improve hospital performance and offer superior value to other hospital competitors (Dewi et al., 2017).

Market orientation, namely management focuses on three components, namely consumer orientation, competitor orientation, and coordination between functions (Octavia & Ali, 2017). (Dameshifa et al., 2023) that market orientation is a management activity to collect data on customer needs and forward information to all departments to respond quickly to this information. Market orientation can improve hospital performance, research on market orientation has proven that market orientation has a positive effect on profitability, product development, service quality, sales growth, customer retention, and cost control (Haira et al., 2022). Currently, hospital competition requires a relationship between market orientation and entrepreneurial orientation to make a decision (Gligor et al., 2019).

(Novari, 2020) suggest that entrepreneurial orientation is a concept of entrepreneurial management, reflecting processes, methods, and organizational styles of acting entrepreneurially. Entrepreneurial orientation has an important role in improving organizational performance (Buratti et al., 2021). In the hospital context research, entrepreneurship is assumed to affect the achievement of better performance, because it has properties that enable it to be proactive in finding new opportunities earlier than the competition (Gunawardana & Aravinda, 2021). In this era of decentralization, there has been a change in managing hospitals, because there has been a paradigm shift, where previously hospitals were public services but nowadays they have become markets (Cho & Lee, 2020). Hospitals are also known as service companies that have dual functions, namely social and market (Protcko & Dornberger, 2014).

Hospital performance can be determined by management capabilities related to the commitment of all doctors related to the decision-making process. (Sukma &

Yadewani, 2022) the results of research conducted by doctors and hospital managers found that entrepreneurial orientation is related to hospital performance. Several studies within the scope of the hospital that entrepreneurial orientation can improve hospital performance (Tutar et al., 2015).

For this reason, hospitals are required to have capabilities that can compete so that they can improve hospital performance. To face competition, hospitals need to continue to improve their competence of each hospital. One that must be improved is the management of market information. One of the hospital strategies that can be used is a market orientation strategy to improve company performance in the future. Hospitals that are part of the national health system are required to improve the quality of the provision of facilities, services, and independence. Thus the hospital is one of the health service actors in the form of a competitive business entity that must be managed by managers who have an entrepreneurial spirit who can create efficiency, excellence in quality and service, excellence in innovation, and excellence in responding to patient needs.

Related to the background of this research, the main problem is whether there is an effect of market orientation and entrepreneurial orientation on hospital performance. Therefore, the objectives of this study to be achieved are (1) To examine whether market orientation has a direct effect on hospital performance. (2) To examine whether entrepreneurial orientation has a direct effect on hospital performance.

## **Method**

This research is a quantitative, non-experimental, and descriptive research using the PLS-SEM statistical technique through the Smart PLS 3.2.5 statistical software, where the estimation analysis uses model measurements and structural models which are assessed as hierarchical models. This research was conducted at Partowidigdo Pulmonary Hospital Bogor as an analysis unit located in Cisarua, Bogor Regency, West Java. Primary data collection was carried out at Partowidigdo Pulmonary Hospital (RSPG) Bogor by distributing questionnaires to all hospital staff. The research instrument used a questionnaire with a scale of four. The sample in this study used 95% and a margin of error of 5% using a random sampling technique. The final sample was obtained from the questionnaire distribution via Google Forms and e-mail with as many as 210 respondents. The research was conducted in June 2020.

From the results of the distribution of questionnaires carried out at Partowidigdo Pulmonary Hospital Bogor based on undergraduate education (S1), 86 (41.0%) respondents with Diploma education (D3), 72 (34.3%) respondents, (Senior High School) totaling 27 (12, 9%) of respondents, masters amounted to 24 (11.4%) respondents, diploma 1 (D1) amounted to 1 (0.5%) of respondents. Based on the length of work, most of the respondents had work experience of more than 10 years totaling 120 (57.1%) respondents, and working experience totaling 8-10 years total of 34 (16.2%) respondents. Then, respondents who had long working experience <2 years totaling 22 (10.5%) respondents, 19 (9.0%) with 5-7 years of working experience respondents, and 2-4 years of working experience respondents totaling 15 (16.2%) respondents.

## Results and Discussion

The results of the descriptive analysis of market orientation, entrepreneurial orientation, and organizational performance have a minimum value of 1 which means that from all data the respondents gave the lowest value of 1. Then the highest value of 4 was given by respondent 4. Respondents as a whole gave an average rating of market orientation variables 3, 20, entrepreneurial orientation 2.94, and organizational performance 2. The standard deviation of each variable has a value of market orientation 0.67, entrepreneurial orientation 0.758, and organizational performance 0.763. Based on the results of the descriptive analysis, the distribution of data on the variables has a fairly good standard deviation value for the 210 research respondents.

Measurement model analysis includes convergent validity (AVE), and composite reliability (CR). To measure reliability, Cronbach's alpha (CA) and composite reliability (CR) is used. The results for convergent validity and reliability can be seen in the table. Cronbach's  $\alpha$  (CA) and composite reliability (CR) values should be higher than 0.70, and this study found values to be within the acceptable range. To measure convergent validity using AVE (average variance extracted). Convergent validity has good criteria, if it has an AVE value greater than 0.5 (Obeidat, 2016). The average variance extracted (AVE) in Table 1 correlation between other constructs has a value of  $> 0.05$  indicating good convergent validity.

Table 1. Assessment of the Measurement Model

	AVE	Composite reliability	Cronbach's $\alpha$
Market Intelligence Generation	0.64	0.87	0.811
Market Intelligence Dissemination	0.65	0.84	0.732
Market Intelligence Responsiveness	0.75	0.91	0.879
Autonomy	0.71	0.92	0.898
Innovation	0.74	0.93	0.913
Proactive	0.73	0.91	0.878
Competitive Aggressiveness	0.70	0.87	0.794
Taking Risks	0.62	0.89	0.848
Hospital performance	0.62	0.92	0.912

Source: Smart PLS 3.3.2 Average variance extracted (AVE); Cronbach's alpha (CA); Composite reliability (CR)

The Fornell Larcker and heterotrait-monotrait (HTMT) ratios in the study were conducted to test the discriminant validity (Sudarmadji et al., 2020). The results of the Fornell and Larcker Test HTMT Ratio in Table 2 show a value that is greater than the correlation between variables.

Table 2. HTMT (Heterotrait–Monotrait Ratio)

	Market Orientation	Entrepreneurial Orientation	Hospital Performance
Market Orientation	0.807		
Entrepreneurial Orientation	0.803	0.766	
Hospital performance	0.785	0.846	0.750

The PLS-SEM results show that the first hypothesis is that market orientation does not have a direct effect on hospital performance-value statistics of 1.29 < 1.96 with a p-value of 0.018 < 0.05. The second hypothesis, entrepreneurial orientation has a direct effect on the performance of the t-hospital statistics 10.85 > 1.96 with a p-value < 0.005 so that the second hypothesis is declared accepted. Structural model values are shown in Table 3 and Figure 1.

Table 3. Direct Effect Path Coefficient

	Original Sample	Sample Means	Standard Deviations	P-Value	T Statistics
MO>OG	0.099	0.096	0.076	1,296	0.181
EO>OG	0.762	0.766	0.070	10.85	0.000

Note: Marketing orientation(MO), entrepreneurial orientation (EO), Organizational Performance (OG)

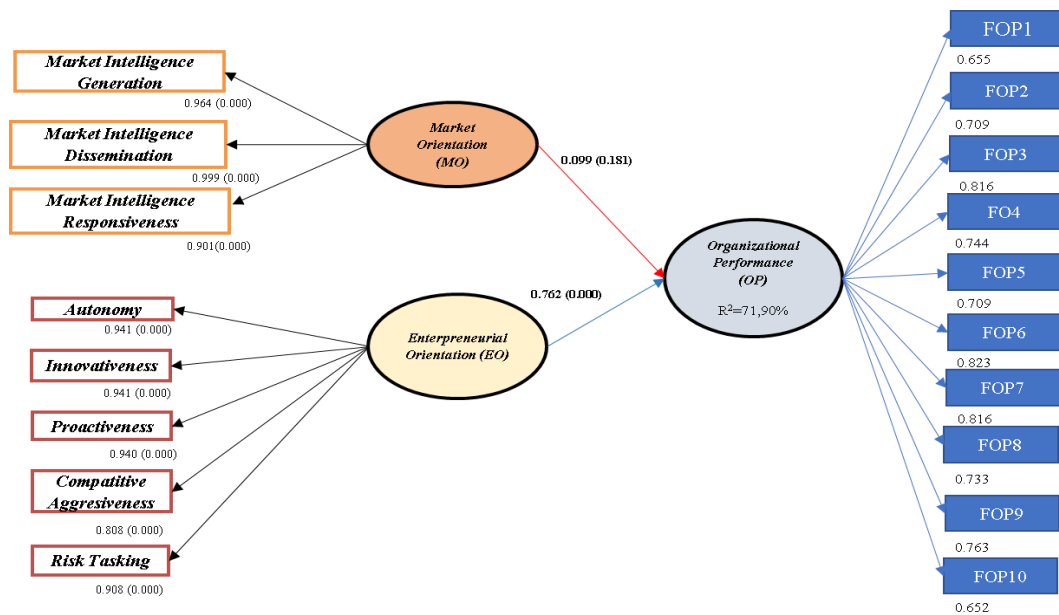


Figure 1. PLS SEM Structural Model

Remarks:

- ▼ : No immediate effect
- ▼ : Direct influence
- R2 : Influence Percentage

Based on the results of data analysis, it can be concluded that market orientation does not have a direct positive effect on organizational performance with a t-value of  $1.29 < 1.96$ . Therefore, the hypothesis put forward in this study is not proven. The results are inconsistent with previous research by (Anees et al., 2020) which states that market orientation in hospitals has a direct effect on hospital performance and market orientation plays an important role in improving hospital performance. Factors that do not affect market orientation to RSPG hospital performance can be seen from the generation of market intelligence and market response intelligence in hospital competition which is still oriented towards public service organizations, namely working for social welfare and not profit-oriented. The findings are also supported by (Suwandana, 2023) research, in which market-oriented hospital business uncertainty does not have a direct effect on hospital performance. The lack of coordination between departments in responding to price changes and hospital services is what makes RSPG market orientation slow down, to optimize marketing and services provided to patients. The findings of this study are also the results of research by (Zafar et al., 2016). Things that need to be considered are the role of RSPG resources greatly affecting hospital performance, this is in the findings of this study all RSPG staff need to be involved by management to carry out training and development so that they have the same knowledge in responding to the market and facing competition.

The findings in this study indicate that entrepreneurial orientation has a t-value of  $10.58 \geq 1.196$ . Therefore, the hypothesis put forward in the study was declared accepted by the research conducted by (Fadli et al., 2022). Entrepreneurial orientation that influences hospital performance based on the results of this research outer loading on RSPG, entrepreneurial orientation based on autonomy. Autonomy refers to whether an individual or a team of individuals within an organization has the freedom to develop an entrepreneurial idea and then see it through to completion. In the RSPG which offers high autonomy, people are offered the independence needed to realize new ideas, not to be constrained by the shackles of the Hospital bureaucracy. When individuals and teams are unhindered by organizational traditions and norms, they can more effectively investigate and champion new ideas. By the results of the study (Dewi et al., 2018) the entrepreneurial orientation of the hospital has a positive effect on improving organizational performance, both directly and through business model innovation. Business model innovation is proven to be the result of entrepreneurial implementation so various types of business model innovation can be found between hospitals based on different types of innovation per sub-dimensional depending on the choice of each hospital (Amézquita, 2022).

Entrepreneurial orientation in competitive aggressiveness at RSPG shows the results of RSPG cultural analysis which consists of innovation and courage to take risks, attention to detail, result-oriented, people-oriented, team-oriented, aggressiveness, and stability affect performance in RSPG hospitals. The results of this study as a whole are consistent with research conducted by (Muis & Isyanto, 2021) showing that organizational culture has a positive and significant effect on employee performance. This means that if the organizational culture increases, the employee's performance will increase, and vice versa. RSPG management who dare to take risks has a chance to succeed. (Wahyuni & Giantari, 2022) shows that organizational performance is largely determined by the courage to take

risks, especially in conditions of uncertainty. Therefore, RSPG management should not get used to a 'wait-and-see' attitude in conditions of uncertainty with the excuse of minimizing business risk. Therefore, every RSPG hospital actor should have the courage to take risks if he wants to continue to expand his business scope. Empirical results also support that the courage to take risks can expand the scope of a business or market to a broad scope, even internationally (Dewi et al., 2018).

## **Conclusion**

Based on the results of research and discussion regarding the effect of market orientation and entrepreneurial orientation in achieving organizational performance in pulmonary special services hospitals at Partowidigdo Pulmonary Hospital Bogor, market orientation does not directly affect organizational performance. RSPG Cisarua Bogor Hospital is good but does not have a direct effect on the achievement of organizational performance. testing the second hypothesis that there is a direct effect of entrepreneurial orientation on organizational performance. the better the application of entrepreneurial orientation by the RSPG Bogor Hospital, the better the achievement of organizational performance will be.

Suggestions for hospital management practitioners are that hospital leaders need to apply the concept of entrepreneurial orientation in hospitals. The application must cover all elements of entrepreneurial orientation, an especially innovative attitude which is the most influential element of entrepreneurial orientation, which is reflected in attitudes, namely: (1) paying attention to research and development, leadership, technology, and innovation, (2) offering many lines of (types/quantity) of new products or new services, and (3) make changes in product or service lines quite dramatically. Because an entrepreneurial-oriented work culture helps in producing proactive and innovative staff and management that can increase productivity. Hospital management emphasizes the importance of market orientation and entrepreneurial orientation to improve hospital performance. This mindset is not only spread in the marketing department of the hospital but all management and staff at the hospital for the need to understand information dissemination. With this, it can eliminate silos that often occur between departments. Information dissemination in hospitals often means that one department does not care about the needs of other departments and insists on their respective interests so that they cannot see the big picture of the interests in meeting patient needs. Thus the leadership style in the hospital needs to try to develop and train the concepts of market orientation and entrepreneurial orientation simultaneously.

## **Conflict of interest statement**

The authors declared that they have no competing interests.

## **Statement of authorship**

The authors have a responsibility for the conception and design of the study. The authors have approved the final article.

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