THE EFFECT OF QUALITY ORIENTATION AND LEARNING ORIENTATION ON FIRM PERFORMANCE

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JEL Classification
M00, M10, M19

ABSTRACT
The purpose of this study is to demonstrate the associations between the dimensions of learning orientation and quality orientation and assessing their impact on the performance of organizations. This was empirically tested and proven via extensive field research. We reached out to 85 hospitals from about 181 hospitals located in Istanbul province, and collected a total of 190 responses from them as a part of this research study. After excluding 13 questionnaires with missing information, 177 responses were analyzed using correlation and regression analysis. Results reveal that learning and quality orientation positively influence the dimension of firm performance. The findings of this research support the view that implementing learning and quality orientations in the private healthcare organizations in Turkey will improve their overall performance.

1. INTRODUCTION
The importance of healthcare is rising, and so are the customer expectations of service quality from healthcare institutions. The rapid pace of development in the healthcare sector has been accompanied by the rise in the costs, which has negatively affected satisfaction levels among customers. This has increased competition among healthcare organizations, which has contributed to the development of the sector. In addition to critical factors like manpower, technological infrastructure, physical structure, medical and non-medical equipment and financial resources, the quality of service provided and customer satisfaction have also now emerged as features to compete on. It is indicated that the employees and the institutions are increasingly giving importance to learning and quality studies. Institutions are developing their abilities to improve performance using strategic orientations (Altindag et al., 2011).

After the 1990s, alternate theories in business philosophy based on the concept of “total quality” began to be developed by management researchers. Quality orientation, as in the case of innovation, market, technology and other orientations, has been recognized by researchers as having a positive influence on a firm’s performance. Quality orientation affects the firm performance in a positive way by increasing customer loyalty, helping in acquiring new customers, reducing costs, and improving profitability (Rust and the other,

In recent years, the number of private hospitals has increased rapidly with the public’s efforts of liberalization of health care services. This has revealed the need to have quality orientation in order to increase efficiency and productivity in healthcare services. It is essential to improve labor productivity to increase the efficiency in hospitals (Chow-Chua and Goh, 2002). This will be possible only by implementing learning and quality orientations in organizations.

Learning orientation is a form of knowledge-based capability, which is considered an important process in contributing to successful innovation, and in determining the success of the organization (Huang & Wang, 2013). Organizational learning is defined as the process of creating, retaining, transferring, and integrating knowledge among employees within an organization (Huang & Wang, 2013; Dixon, 1992; Huber, 1991). Having learning orientation processes to develop and assimilate new knowledge on product, process and services plays a key role in supporting productivity and knowledge processes in an organization (Verdonschot, 2005).

There is a need in organizations for personnel who can learn and interpret new technological developments and market information from the external environment (Birdthistle & Fleming, 2005). Similarly, there is a need for the employees of organization to not just have the ability to process information efficiently, but also to create new knowledge faster than competition. Learning orientation in an organization has been linked to its strategic renewal (Crossan & Berdrow, 2003). Consequently, learning orientation is now considered as a source of competitive advantage, and has become at par with innovative productivity in innovative literature (Lopez, Peon & Ordas, 2005). A learning orientation affects not only organizational performance but also the development of individual performance (Bapuji & Crossan, 2004).

Given this context, the aim of this study is to examine the applicability of learning and quality orientation in health institutions and its impact on a firm’s performance.

Literature across the various disciplines of business administration has examined conceptually and empirically the impact of learning and quality orientation on a firm’s performance, and they have found a positive effect (Sittimalakorn & Hart, 2004, Bulut et al., 2009, Calantone et al., 2002, Hamşoğlu, 2011). However, the impact of learning and quality orientation on firm performance in healthcare sector needs to be examined at a national level in Turkey. From studies so far, we know that the impact of strategic orientation on organizational performance has been examined in different industries. However, there have been no studies where all of three concepts have together been the subject of a study that is performed in healthcare industry. In particular, there has been no research conducted using the framework of these concepts in Turkish private healthcare sector, which has been rapidly globalizing in recent years. We hope that the
results of this research study will provide inputs towards solving strategic and administrative issues that are still present in the private healthcare sector of Turkey.

2. LITERATURE SURVEY

2.1. Learning Orientation

The purpose of learning orientation is to contribute to successful innovation, to create and assimilate new knowledge related to product, process and services, integrating it within the organization, and to support the knowledge productivity processes (Huang and Wang, 2013; Verdonschot, 2005). Knowledge creation, knowledge transfer, assimilation and organizational memory, are four subprocesses of learning orientation that allow entrepreneurs to follow innovations in foreign markets and enables them to forecast which of them would be necessary for the organization (Dixon, 1992; Huber, 1991). Application of organizational learning means to facilitate the process of gathering market intelligence, sharing the market information, and using it to transform into a market-oriented and entrepreneurial oriented organization. Organizational learning literature enables researchers to understand the process of developing market knowledge. Previous research has indicated that an organizational approach was used to understand market processes (Huang and Wang, 2013; Slater and Narver, 1995). Learning orientation is the totality of administrative efforts, developed to encourage behavior within an organization towards storing and spreading new knowledge and experiences acquired by the employees for a common purpose, using a system concept (Bulut et al., 2009). Learning orientation is a set of cultural values that reflects the tendency within the organization towards the creation of new knowledge and its transformation into applicable innovations (Hurley and Hult, 1998). The enterprises that have successfully incorporated a learning orientation are the ones that can go beyond limited ideas and can suggest new ideas by questioning existing notions. In addition to this, empirical studies have shown that organizational learning has a positive effect on the operation of firm’s information systems and purchasing systems that is powerful and quickly visible (Hult et al., 2000). Organizational approach uses market information in regard of learning. As a result of the learning orientation, organizations will experience an increase in sales and profit, along with customer satisfaction and also higher success in new product launches (Slater and Narver, 1995). Findings from case studies show that learning orientation in an organization increases firm performance and innovation performance. Values such as “commitment to learning, shared vision, open-mindedness and intra-organizational knowledge sharing” have gained importance to ensure the successful implementation of learning orientation in organizations (Baker and Sinkula, 1999; Calantone et al., 2002; Hult et al., 2004). “Systematic thinking and team learning” must be established in the organizational culture to be a learning oriented organization (Lee and Tsai, 2005).

Learning orientation is dependent on values such as (1) commitment to learning, (2) open-mindedness (3) shared vision. These values contribute to strengthening of organizational culture as they encourage shared feelings among the employees. It motivates them to learn and understanding long-term beliefs and assumptions, and in sharing a sense of common purpose (Celucha et al., 2002). Learning orientation in organizations supports creativity and the discovery of new knowledge and ideas. It contributes positively to
organizational performance as it increases the ability to understand and apply new ideas (Aragon-Correa et al., 2007). In this manner, learning orientation affects organizational performance positively.

H1: There is a positive relationship between learning orientation and qualitative performance.

H2: There is a positive relationship between learning orientation and quantitative performance.

2.2. Quality Orientation

The concept highlighted in several management research studies is “quality orientation.” Global competition prompted organizations to rethink their understanding of quality after the 1990s. Organizations have focused on continuous improvement to meet customer expectations and improve customer satisfaction while minimizing costs (Sussan & Raton, 1997).

Quality is a difficult concept to define. Quality was defined by Deming (1978), one of the leading experts on quality as “reduce variations” by Juran (1992) as “suitability for use” by Crosby (1979), as “compatibility with the requirements.” The more aggressive and strategic approach towards quality has considered it as an instrument of customer satisfaction (Garvin, 1997).

Quality orientation is defined as the quality of service perceived by the customers and the acquisition of competitive advantage by achieving customer satisfaction (Mohr-Jackson, 1998, Hamşioğlu, 2011). Previous studies indicate relationship between quality orientation and management performance (Sitimalakorn & Hart, 2004). Quality orientation reduces costs by improving organizational performance, promoting customer loyalty, attracting new customers. All these factors increase the productivity of an organization. Organizations, which apply quality orientation, may gain above average returns due to understanding the market needs before their competitors. Then it may result in reducing their costs to compete with their rivals which are pursuing the same or similar strategies. By reacting quickly to customer needs and by offering new products and services they reduce the likelihood of losing customers and thereby increase customer retention. Thus, the quality of product and services increases organizational performance by acquiring a competitive advantage based on product proactivity and cost leadership (Sitimalakorn & Hart, 2004, Powell, 1995, Mohr-Jackson, 1998). In order to survive, a growing number of organizations accept that they should practice quality orientation (Sussan ve Raton, 1997).

H3: There is a positive relationship between quality orientation and quantitative performance.

H4: There is a positive relationship between quality orientation and qualitative performance.

H5: There is a positive relationship between quality orientation and learning orientation.
2.3. Firm Performance

Performance is the qualitative and quantitative evaluation of planned efforts towards the realization of organizational objectives and its results. For organizations, it is necessary to improve performance in order to maintain their creativity when faced with ever changing market conditions and to sustain their competitive advantage (Çalışkan, 2010). Global competition requires organizations to track their performance closely. Organizational performance, not only financial performance (profit margin, ROA, ROI, etc.) but also non-financial performance (innovation, quality, time, reputation, etc.), affects organizations’ strategic decisions and impacts progress. Today, many organizations use each of these financial and non-financial performance measures (Akman, 2008). In this study, firm performance is covering both qualitative and quantitative performance measurement dimensions, as well. When organizations focus on customer, competition and technology as a result of the learning orientation it will allow them to increase sales and profits along with improved customer satisfaction and better new product success.

3. DATA AND METHODOLOGY

3.1. Objectives and Research Methodology

In recent years, despite the rapid growth in the healthcare sector, there have not been enough studies on the effect of orientation and quality orientation on the performance of healthcare sector organizations. The aim of this study is to examine the effect of quality and learning orientation on organizational performance in private healthcare organizations in Turkey. In order to achieve this goal, we adopted a descriptive research methodology. After deciding on the sampling plan, data was collected by performing a valid and reliable survey.

Despite the reliability and validity of the learning orientation scale and its effects had been analyzed in following previous studies: Denison, (2000), Calantone, et al. (2002), Hult, Ketchen and Reus, (2001), for quality orientation Morrow, (1997), for firm performance Denison (2000), Yilmaz, Alpkan and Ergün (2005); in study of Antoncic and Hisrich (2001), Neely and Hii (1998), Hagedorn and Clootdt (2003) they were subjected to rescale reliability analysis in our study. After the factor structure test of research questionnaire scale, the data was analyzed using correlation and regression analysis by means of SPSS 19 statistical package program, and findings summarized.

3.2. Research Model and Hypothesis

We developed a research model to examine the effect of independent variables of quality orientation and learning orientation on dependent variable of firm performance. The question of how learning and quality orientation affects the firm performance and the relationship among the subdimensions of firm performance underlie this research study. The initial model of the research is presented in Figure 1.
3.3. Sample and Sampling

We consider the 550 private hospitals in Turkey to be the universe for the purposes of this research study. Istanbul is located in the province with about 181 hospitals. We gathered a total of 190 responses from 85 of them either via face-to-face interviews or email. From these 190 filled in questionnaires, we excluded 13 questionnaires that had missing information. The remaining 177 responses were analyzed using the statistical analysis software, SPSS 19.

Descriptive statistics for the profile of the respondents is seen in Table 1. Table 1 indicates that while 71 respondents (40%) were male, 106 respondents (60%) were female.

The age distribution of the respondents is as follows: 21 respondents (11.8%) are in the range of 20-29 years; 68 respondents (38.2%) are in the range of 30-39; 53 respondents (30%) are in the range of 40-49 and 35 respondents (20%) are in the range of 50 and upwards.

The education profile of the respondents is as follows: 27 respondents (15.2%) are high school graduates; 1 respondent (0.5%) has an associate degree; 40 respondents (22.5%) have a bachelor degree; 70 respondents (39.5%) have a master degree and 39 respondents (37. 5%) have a doctorate.

Summarizing their work experience, we find that 101 respondents (51%) have worked in the hospital for 1 to 5 years; 52 respondents (29%) have worked in the hospital for 6 to 10
years; 18 respondents (10%) have worked in the hospital for 11 to 20 years and 6 respondents (4%) have worked in the hospital for more than 20 years.

Analyzing the designations of the respondents in the hospital, we find that 29 respondents (16%) are in the position of Medical Director; 9 respondents (5%) are Vice Medical Director; 41 respondents (23%) are Director 16 respondents (9%) are Vice Directors; 35 respondents (19.7%) are Nursing Directors and 47 respondents (27.3%) are Managers.

**Table 1: Distribution of the Respondents by Demographic Factors**

<table>
<thead>
<tr>
<th>Demographic Variables</th>
<th>F</th>
<th>%</th>
<th>Demographic Variables</th>
<th>f</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender</td>
<td></td>
<td></td>
<td>Experience</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>71</td>
<td>40%</td>
<td>1 to 5 years</td>
<td>101</td>
<td>57%</td>
</tr>
<tr>
<td>Female</td>
<td>106</td>
<td>60%</td>
<td>6 to 10 years</td>
<td>52</td>
<td>29%</td>
</tr>
<tr>
<td>Age</td>
<td></td>
<td></td>
<td>11 to 20 years</td>
<td>18</td>
<td>10%</td>
</tr>
<tr>
<td>20-29</td>
<td>21</td>
<td>11.8</td>
<td>20 and more years</td>
<td>6</td>
<td>4%</td>
</tr>
<tr>
<td>30-39</td>
<td>68</td>
<td>38.2</td>
<td>Position</td>
<td></td>
<td></td>
</tr>
<tr>
<td>40-49</td>
<td>53</td>
<td>30%</td>
<td>Medical Director</td>
<td>29</td>
<td>16%</td>
</tr>
<tr>
<td>50 and above</td>
<td>35</td>
<td>20%</td>
<td>Vice Medical Director</td>
<td>9</td>
<td>5%</td>
</tr>
<tr>
<td>Education Level</td>
<td></td>
<td></td>
<td>Director</td>
<td>41</td>
<td>23%</td>
</tr>
<tr>
<td>High School</td>
<td>27</td>
<td>15.2</td>
<td>Vice Director</td>
<td>16</td>
<td>9%</td>
</tr>
<tr>
<td>Associate Degree</td>
<td>1</td>
<td>0.5</td>
<td>Nursing Director</td>
<td>35</td>
<td>19.7</td>
</tr>
<tr>
<td>Bachelor’s Degree</td>
<td>40</td>
<td>22.5</td>
<td>Manager</td>
<td>47</td>
<td>27.3</td>
</tr>
<tr>
<td>Master’s Degree</td>
<td>70</td>
<td>39.5</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Doctorate</td>
<td>39</td>
<td>37.5</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**3.4. Scales**

We carried out a literature review covering national and international studies to identify the scales that will adopt for our questionnaire. We selected them from questionnaires used in previous studies whose validity and reliability have been supported. In this regard, as reference, for learning orientation scale we referred to: Denison, (2000), Calantone, et al. (2002), Hult, Ketchen and Reus, (2001); for quality orientation scale Morrow, (1997); for firm performance scale Denison (2000), Yılmaz, Alpkan and Ergün (2005), Antoncic and Hisrich (2001), Neely and Hii (1998), Hagedorn and Clootdt (2003) were used. Although analyzed previously in their respective studies, they were subjected to re-scale reliability analysis in our study.
The reliability coefficient (0.969) of the scale used for all variables is higher than critical threshold value 0.70 (Nunally, 1978; Nunally and Bernstein, 1994) and our analysis shows that none of the variables in the data set disrupts the scale’s overall reliability level. Then, we carried out a principal component analysis. This technique, using Varimax rotation, maximizes the total variance for factor matrix (Hair vd., 1998). We considered the components whose eigenvalue is higher than 1 and those that have items whose loading value higher than 0.500. Firstly, scale for firm performance, the dependent variable, was examined and split into two subcomponents, qualitative and quantitative, as explained earlier. However, two variables (FB6 from quantitative performance and FB17 from qualitative performance) were omitted from the scale because they could not load under any factor. K1 variable from quality orientation was removed from the scale due to it highly disturb the reliability value, and so it was assigned to be unidimensional. Learning orientation variables were similarly assigned.

Table 2: Results of Factor Analysis for Constructs Used in the Questionnaire

<table>
<thead>
<tr>
<th></th>
<th>Min</th>
<th>Max</th>
<th>Cronbach α</th>
<th>KMO</th>
<th>Total Variance Explained (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Firm Performance</td>
<td></td>
<td></td>
<td>0.896</td>
<td>0.576</td>
<td>74.016</td>
</tr>
<tr>
<td>Quantitative Performance</td>
<td>0.657</td>
<td>0.937</td>
<td>0.930</td>
<td></td>
<td>82.743</td>
</tr>
<tr>
<td>Qualitative Performance</td>
<td>0.576</td>
<td>0.922</td>
<td>0.953</td>
<td></td>
<td>83.975</td>
</tr>
<tr>
<td>Learning Orientation</td>
<td>0.975</td>
<td>0.905</td>
<td>0.871</td>
<td></td>
<td>82.743</td>
</tr>
<tr>
<td>Quality Orientation</td>
<td>0.958</td>
<td>0.958</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

4. EMPIRICAL FINDINGS

This research study aims to reveal the effect of learning and quality orientation on increasing organizational performance in rapidly growing healthcare sector. We primarily used descriptive statistical analysis for this purpose. The results reveal that in the enterprises of our sample, the quality orientation is (Mean: 3.72; Standard Deviation: 1.10) and learning orientation is (Mean: 3.65; Standard Deviation: 1.13). Thus, this shows that quality and learning orientation affects the organizational performance in almost the same proportion, although the impact of quality orientation is a little higher.

Regression analysis performed for testing the research hypotheses. In order to carry out regression analysis, we needed to make some assumptions regarding the relationship among the variables of the model. Thus, as a first step, it was necessary to investigate the mutual relationship among variables. The results of the correlation analysis between all the dependent and independent variables are summarized in Table 3.

The correlation analysis shows that there is a positive relationship between dependent and independent variables at the 0.01 significance level. The linear relationships between the dependent and independent variables, expressed in hypotheses H₁ & H₂, were tested by regression analysis.
Table 3: Correlation Analysis

<table>
<thead>
<tr>
<th>Firm Performance</th>
<th>Qualitative Performance</th>
<th>Quantitative Performance</th>
<th>Learning Orientation</th>
<th>Quality Orientation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Firm Performance</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Qualitative Performance</td>
<td>.957</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Quantitative Performance</td>
<td>.868&quot;</td>
<td>.686&quot;</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Learning Orientation</td>
<td>.501&quot;</td>
<td>.451&quot;</td>
<td>.482&quot;</td>
<td>1</td>
</tr>
<tr>
<td>Quality Orientation</td>
<td>.438</td>
<td>.383</td>
<td>.441&quot;</td>
<td>.874</td>
</tr>
</tbody>
</table>

**, Correlation is significant at the 0.01 level (2-tailed).

Regression analysis is used for explain the relationship between a dependent variable and independent variables that is presumed have an impact on it using a mathematical model (Hair vd., 1998). In this study, the variables of learning and quality orientation were considered as independent variables, while firm performance variables were considered as dependent variables. R² values define the variation in the data set and indicate the percentage of total variation in dependent variable that is explained by the independent variable.

H₁: There is a positive relationship between learning orientation and qualitative performance.

H₂: There is a positive relationship between learning orientation and quantitative performance.

Table 4: The Effect of Learning Orientation on Firm Performance

<table>
<thead>
<tr>
<th>Learning Orientation</th>
<th>Qualitative Performance (H₁)</th>
<th>Quantitative Performance (H₂)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>451&quot;</td>
<td>.482&quot;</td>
</tr>
<tr>
<td></td>
<td>R²: 20.1; F: 44,790; p&lt;0.000</td>
<td>R²: 23.2; F: 52,836; p&lt;0.000</td>
</tr>
</tbody>
</table>

The results of regression analysis used to test the hypotheses H₁ and H₂ are given in Table 4. Referring to the results, we see that for each of regression model, the F statistical value is sufficiently high at the significance level (p<0.000), and so it is proven that this regression model is significant. R² value indicates the percentage of variation in dependent variable that is explained by independent variable. So, it can be said that the changes on the qualitative and quantitative performance sub-dimensions are explained by the variation of learning orientation at low level. In this context, variation of learning orientation indicates 23% of quantitative performance and 20% of qualitative performance. Therefore, according to the results shown in Table 4, both of the hypotheses have been supported.

H₃: There is a positive relationship between quality orientation and quantitative performance.
H4: There is a positive relationship between quality orientation and qualitative performance.

Table 5: The Effect of Quality Orientation on Firm Performance

<table>
<thead>
<tr>
<th>Quality Orientation</th>
<th>Qualitative Performance (H5)</th>
<th>Quantitative Performance (H6)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>.383</td>
<td>.441</td>
</tr>
<tr>
<td>R²: 14.6; F: 30,033; p≤.000</td>
<td>R²: 19.5; F: 42,355; p≤.000</td>
<td></td>
</tr>
<tr>
<td>p&lt;.001; p&gt;.01; p&gt;.05</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The results of regression analysis carried out to predict the effect of quality orientation on firm performance are given in Table 5. The results show that quality orientation affects qualitative and quantitative performance positively and therefore both hypotheses H4 and H5 are supported. We find that qualitative and quantitative performance, which are the subdimensions of firm performance, explain quality orientation at low level. In this context, quality orientation variation explains 19.5% of quantitative performance and 14.6% of qualitative performance. Based on these results we found that both of the hypotheses (H4 and H5) have been supported.

H5: There is a positive relationship between quality orientation and learning orientation.

Table 6: The Effect of Quality Orientation on Learning Orientation

<table>
<thead>
<tr>
<th>Quality Orientation</th>
<th>Learning Orientation (H6)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>.874</td>
</tr>
<tr>
<td>R²: 76.4; F: 566,158; p≤.000</td>
<td></td>
</tr>
<tr>
<td>p&lt;.001; p&gt;.01; p&gt;.05;</td>
<td></td>
</tr>
</tbody>
</table>

The results of regression analysis to predict the effect of quality orientation on learning orientation as suggested in hypothesis H5 are listed in Table 6. According to the analysis results, as we find the F statistical value is high for regression model at the significance level of (p<.000) and so it is seen that the regression model is significant. The results show that no issues of multiple correlation and homoscedasticity are present in our sample, and due to the normal distribution of error, the model developed to explain firm performance is statistically significant. In this regard the result of the regression analysis supported H5.

5. CONCLUSION

In this study, we investigated the effect of learning orientation and quality orientation on increasing the quantitative and qualitative performance of private hospitals in Istanbul. Five hypotheses were tested and the results supported that learning and quality orientation have statistically significant positive effects on the firm performance. Further, it was evidenced that quality orientation has a positive impact on learning orientation.

While examining the effects of the independent variables on dependent variables results show that quality orientation has a minor positive impact on qualitative and quantitative performance. Likewise, regression analysis results show that quality orientation has a positive effect on qualitative and quantitative performance. Our literature review shows
that the organizations have stated that they could improve their performances by putting into practice quality and learning orientation principles. This appears inevitable given the necessity to sustain competitive advantage with the advent of globalization and the increasingly fierce competitive environment (Sittimalakorn and Hart, 2004, Powell, 1995, Mohr-Jackson, 1998). We determine, through our analysis, that quality orientation affects learning orientation strongly and significantly. One of the focus areas of organizations is to develop brand loyalty and ensuring profitability. In this context, it is especially necessary to implement quality and learning orientation in the healthcare organizations to encourage continuous knowledge development and innovation. To realize these goals, healthcare organizations should encourage employees to learn and participate in learning processes, resulting in superior service and higher customer satisfaction and brand loyalty. According to our analysis, the validity and reliability levels of the scale used in the research were found to be sufficiently in accordance with previous studies and recommendations. Detecting errors and rectifying them promptly, implementing continuous improvements and effective internal and external environment analysis will reduce costs for an enterprise and improve its performance. This will, with time, improve its customer loyalty and help in attracting new customers.

Our research has some limitations the sample consisted of 181 private hospitals in Istanbul. It was very difficult to reach the hospital managers and gather responses due to their heavy workload and time constraints. Moreover, many managers did not agree to fill the survey due to respondent fatigue arising from increase in the number of thesis and research studies being conducted among hospitals in recent years. The lack of availability of prior research on strategic orientations specifically in the healthcare management is the principal limitation in our study.

We would like to state that the application of strategic orientations, namely learning and quality orientation, in private hospitals could influence the organizational performance positively. Private hospitals are witnessing rapid growth in Turkey and can take an important step towards achieving sustainable competitive advantage by increasing service quality. This will increase loyalty among their customers, improve profitability, and consequently make these organizations attractive for foreign investments.

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