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Innovativeness of residential care services in Poland in the context of strategic orientation

Joanna Ejdys^{a,*}

^a*Białystok University of Technology, Wiejska Street 45A, 15-351 Białystok, Poland*

Abstract

The objective of this study was to examine existing relationships between three constructs of strategic orientation: (i) marketing; (ii) learning and (iii) entrepreneurial orientation and innovativeness level of residential care units in Poland. The data used to achieved research goal of the study was drawn from 115 residential care. A survey method was used to collect data. Research confirmed the existing statistically significant positive relationships between entrepreneurial orientation (EO) and innovativeness (OI) and between marketing orientation (MO) and innovativeness. Regression analysis showed that relation between learning orientation (LO) and innovativeness level of residential care services is statistically insignificant.

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Keywords: Residential care; Innovativeness; Strategic orientation; Marketing orientation; Learning orientation; Entrepreneurial orientation.

Introduction

One of the most important challenges of Europe, North America and Eastern Asia are the processes associated with the ageing (greying) population in the short to mid-term. The United Nations project that in high-income countries, the number of individuals aged 60 and above will rise from 245 million in 2005 to 406 million in 2050; by 2030, one in eight people worldwide will be 65 or above (Beard, et. al., 2011). The global share of older people (aged 60 years or over) increased from 9.2 per cent in 1990 to 11.7 per cent in 2013 and will continue to grow as a proportion of the world population, reaching 21.1 per cent by 2050 (United Nations, 2013). The share of older

* Corresponding author. Tel.: +48-784-680-522; fax: +48-85-66-31-988
E-mail address: j.ejdys@pb.edu.pl

people in Poland increased from 10.1 per cent in 1990 to 14.4 per cent in 2013 (CSO, 2014, p. 134), while in Europe the share of older people increased between 1990-1992 from 13.9 to 18.2 per cent (CSO, 2014, p. 552).

Globally, the number of older people is expected to more than double, from 841 million people in 2013 to more than 2 billion in 2050 (United Nations, 2013).

The two most important drivers underpinning ageing as a long-range trend are an increase in life expectancy and a decline in fertility rates (Guerin, Hoorens, Khodyakov, Yaqub, 2015). Ageing population has major social and economic consequences, among which most important seem to be:

- a growing share of older men in labour market;
- growing costs of health and long-term care;
- increase of non-communicable diseases and disability;
- a growing demand for long-term care services (residential care);
- growing needs to improve the long-term care services quality and innovativeness;
- increasing requirements for long-term care services;
- a need to improve productivity of residential care institutions in the light of financial problems of social welfare system.

Processes associated with the ageing population will result in a steady increase of interest in long-term care services, such as residential care. Residential care refers to services of care and social support, other than nursing homes, provided in supported living arrangements (OECD, 2008, p. 1). From the other side, the increasing demand for services of residential care will be caused by the fact that globally only 40 per cent of older people live independently, that is to say, alone or with their spouse only (United Nations, 2013).

As a part of the social care system, in Poland operate more than 800 residential care units which offer 78 thousand beds for residents. Residential care units take annually more than 11 thousand elderly. Yet the number of waiting people is about 8 thousand. Thus, the satisfaction rate of demand for such services achieves the level of 58 percent.

Considering the permanent shortage of free places in residential care and expected financial pressure on the social welfare system, there is a need to improve productivity of such institutions, which allows to guarantee sufficient number of places with appropriately high quality of services. Increasing innovation and quality of residential care service is one of the possible way to productivity improvement (Nazarko, Šaparuskas, 2014). The growing demand for residential care services will be accompanied by a growing interest in quality and innovativeness improvement, and increasing requirements for long-term care services from the perspective of family who paid for such services. In order to initiate such changes, at organizational level, appropriate strategic orientation is required. Therefore, specifically the object of scientific research concentrates, very often, on examination relationships between strategic orientation and innovativeness.

This paper presents the survey research results conducted among residential care units in Poland, aimed at examination of the relationships between three constructs of strategic orientation and organizational innovativeness. The research question was formulated as follows: Which of three constructs of strategic orientation: marketing orientation, learning orientation and entrepreneurial orientation determine the highest level of organizational innovativeness? The main objective of the study was to identify which explanatory variables (marketing orientation, learning orientation and entrepreneurial orientation) are important in the interdependence analysis and arrangement of the variables due to the strength of the effect on the dependent variable (organizational innovativeness). For this purposes multiple regression analysis was used.

1. Theoretical background

Strategic orientation determines the main strategic directions of actions taken by organizations. It consists of a set of values and beliefs underpinning the actions and efforts of the organization in order to ensure long-term competitive advantage (Slater, Olson, Hult, 2006; Zhou, Yim, Tse, 2005). Subsequently, strategic orientation determines the type and nature of the strategy implemented by the organization. Identification of strategic

orientation seems to be one of the basic elements which should precede the stage of strategic planning. There are three types of strategic orientation, most often mentioned by other researchers:

- marketing orientation;
- learning orientation;
- entrepreneurial orientation (Laukkanen, Nagy, Hirvonen, Reijonen, Pasanen, 2013).

In literature we can find additional types of strategic orientation, e.g. brand orientation or technology orientation. However, in the case of residential care units, their roles can be regarded as secondary.

Marketing orientation is reflected by focus on market processes and customers who describe their requirements and expectations, and thereby set the direction of future activities for other market players. Strategy was developed by Narver and Slater in 1990 (Slater, Narver 2000). On the one hand, marketing orientation is defined as an organizational culture, focused on creating and maintaining the highest customer value, and as the organization's ability to respond to the changes and market signals, on the other (Laukkanen, et al. 2013). Learning orientation means the creation and utilization of knowledge and adaptation of organization for learning processes (Rhee, Park, Lee, 2010). One of the most important feature of learning oriented firms is their ability to predict environmental and market changes and perform the necessary changes if required (Calantone, et al., 2002). Entrepreneurial orientation is determined by two factors: the willingness to risk-taking and pro-activity, which can be understood as the ability to create new products and solutions, also based on use of available opportunities (Liu, Ding, Gou, Luo, 2014; Lumpkin, Dess, 1996). Strategic orientation is still the subject of scientific interest in the context of its impact on business innovation, profitability, achieved results and performance.

Many of researchers consistently demonstrate in general a positive relationship between strategic orientations and organizational innovativeness (Nazarko, 2011). Despite the apparent strategic orientation importance of health sector, scholarly research on this topic remains surprisingly scarce.

According to the research conducted by Zin et. al., strategic orientation determine the speed (velocity) of the reaction undertaken by nursing home in response to changes in the environment. Prospector nursing homes were the most responsive to potential marketing opportunities posed by quality performance publication, while defenders were more likely to have no reaction (Zinn, Spector, Weimer, Mukamel, 2008). Research conducted by Wrenn, confirms the positive relationships between marketing orientation of public hospitals and achieved performance (Wrenn, 2007). Pesamaa's et. al., research indicated moderating role of learning orientation between organizational innovativeness and performance (Pesamaa, Shoham, Wincent, Ruvio, 2013). Salge and Vera confirmed strong support, among public hospitals, for moderating role of customer (marketing) and learning orientation between innovative activity and public service quality.

Generally the individual constructs of strategic orientation were the object of researcher interest separately. In fact, every organization is characterised by a certain level of marketing orientation, learning orientation and entrepreneurial orientation. The impact of various types of strategic orientation on the level of organizational innovativeness seems to be insufficiently explored.

The purpose of the article was principally examine influences of three variables: marketing orientation (MO), learning orientation (LO) and entrepreneurial orientation (EO) on organizational innovativeness (OI) in residential care units in Poland. The following hypotheses were tested:

H1: Marketing orientation is positively related to organizational innovativeness.

H2: Learning orientation is positively related to organizational innovativeness.

H3: Entrepreneurial orientation is positively related to organizational innovativeness.

2. Methodology

2.1 Data

The data used to achieved research goal of the study was drawn from residential care units in Poland. The total number of beds in surveyed residential care amounts about 12.300 beds which represents 15 percent of overall

available beds in Poland. All residential care offer to their residents living and nursing services. Among all 115 surveyed units 1.7 percent were micro companies (employment between 1-9 employees), 38.3 percent - small sized companies (employment between 10-49 employees), 56.5 percent - medium firms (employment between 50-249 employees) and 3.5 percent were big enterprises (employees above 250 employees). Taking into account different groups of residents, surveyed units in 31.3 percent cases offer beds to elderly people, in 42.6 percent to people with chronic somatic diseases, in 21.7 case to people with chronic mentally diseases, in 25.2 percent to children and young people with intellectual disabilities and in 10.4 percent cases offered services to physically disabled people. According to type of geographic market, surveyed residential care represented in 11.3 percent municipal units, in 55.7 percent district units and in 33.0 percent regional units.

2.1 Measures

In this study, a survey method was used to collect data. Since the construct of strategic orientation and organizational innovativeness cannot be directly observable, a series of measures were used for each constructs. On the basis of the study of literature, initially, 32 items have been identified to measure strategic orientation (Nasution, Mavondo, Matanda, Ndubisi, 2011), and 8 items to measure organizational innovativeness. Subsequently, using exploratory factor analysis (EFA) (Polit, Beck, 2012), 32 items were reduced to 18 items and grouped into three constructs (Table 1). According to the existing factor correlation between constructs oblique oblimin rotation with Kaisera normalization methods was used.

Table 1. The matrix model of EFA

		Constructs (components)		
		Learning orientation	Entrepreneurial orientation	Marketing orientation
We put little effort in sharing lessons and experiences	LO8	.825		
Top management repeatedly emphasizes the importance of knowledge sharing in our company	LO7	.810		
We always analyze unsuccessful organizational endeavors from the past and communicate it widely	LO5	.738		
The organization is not afraid of criticism from customers	LO1	.698		
We continually judge the quality of our decisions and activities taken over time	LO3	.691		
We have specific mechanisms for sharing lessons learned in organizational activities from department to department (unit to unit, team to team)	LO6	.643		
The organization interprets information from residents without any negative attitude	LO2	.527		
There is a good deal of organizational conversation that keeps alive the lessons learned from history	LO4	.492		
There is a tendency to take high-risk projects	OE5		.897	
In dealing with its competitors, our company is very often the first business to introduce new products/services, administrative techniques, operating technologies	OE4		.741	
According to the nature of the environment in order to achieve the objectives of the organization are often made large-scale actions	OE6		.738	
In an organization there is a strong emphasis on the creation of new innovative products and services	OE3		.727	
Changes in the products/services often are radical changes	OE2		.676	
The organization offers more new products in relation to other resident care units	OE1		.610	
In our company, top management regularly discusses competitors' strength and weaknesses	MO3			.679
In our company, understanding customers' needs is the basis for our competitive advantage	MO1			.659
Dynamic market changes, new products and services are challenges to improvement to our organization	MO4			.542
Residents participate in process of creation and improvement of services	MO2			.464

The Author adopted organizational innovativeness scale, which has been used in a variety of strategic orientation and innovativeness studies (Rhee, et. At., 2010; Avlonitis, Salavou, 2007; Calantone, Cavusgil, Zhao, 2002). Organizational innovativeness was measured by using following items:

- organization is characterized by a higher level of innovation than other residential care (OI1);
- organization is characterized by a higher level of quality of delivered services than other foreign residential care (OI2)
- organization is characterized by the rapid process of the innovation implementation (OI3);
- members of the organization are encouraged to think and behave in an original and innovative way (OI4);
- new technologies determine the competitive advantage of our organization (OI5);
- external environment is the main source of technological innovation (OI6);
- organization cooperate very closely with other stakeholders (medical sector, research institutions) in research and development of new solutions (OI7);
- development of new technologies in residential care unit is relatively faster than in other (OI8).

The questionnaire, conducted on the basis of confidentiality, was distributed between January 2015 and March 2015. All constructs were measured using a seven-point Likert scale to access the degree to which the respondent agreed or disagreed with each of the items (1=totally disagree to 7=totally agree). The constructs' Cronbach's alpha coefficients were employed (ranging from 0.62 to 0.87). Author used the average score of measures of each construct for further analysis.

3. Results

To find the answer for the research question and verify hypothesis, the author used two-step approach. First, correlation analysis was applied, then the author followed up with regression analysis. To investigate whether strategic orientation (marketing, learning and entrepreneurial) are strongly correlated with the innovativeness level, correlation analysis was undertaken. Table 2 shows the descriptive statistics and correlation matrix for variables.

Table 2. Descriptive statistics and correlation matrix

	Mean	Standard deviation	Cronbach's alpha	MO	LO	EO	E	R	OI
Marketing orientation (MO)	5,05	1,47	0,623	1.000					
Learning orientation (LO)	5,46	1,11	0,839	0.349**	1.000				
Entrepreneurial orientation (EO)	4,22	1,51	0,843	0.367**	0.305**	1.000			
Employment (E)	na	na	na	-0.011	-0.145	0.061	1.000		
Number of residents (R)	na	na	na	-0.017	-0.211*	0.066	0.62**	1.000	
Organizational innovativeness (OI)	4,30	1,43	0,865	0.454**	0.319**	0.721**	0.065	0.070	1.000

** significant at $p < 0.01$

* significant at $p < 0.05$

Table 2 shows a significant correlation between the strategic orientations and organizational innovativeness. No significant correlation between employment (E), number of beds (R) and strategic orientation (SO) and organizational innovativeness (OI) were found. In the next stage, the regression model was built. Table 3, reports the results of the follow-up regression analysis, in particular the beta coefficients for the parameters. According to the achieved results, H1 and H3 were supported. Regression analysis showed that relations between marketing (H1) and entrepreneurial (H3) orientation and innovativeness level of residential care services are statistically significant ($p < 0.005$). Hypothesis H2 was rejected. Beta coefficients for the relationship between learning orientation and innovativeness was very low.

Table 3. Results of Multiple Regression Analysis

	Unstandardized coefficient		Standardized coefficient	t-value	p-value
	B	Standard error	Beta		
Fixed	.464	.488		.951	.344
Learning orientation (LO)	.073	.089	.056	.817	.415
Entrepreneurial orientation (EO)	.562	.061	.630	9.154	.000
Marketing orientation (MO)	.211	.072	.204	2.918	.004
R	.751				
R ² (R square)	.564				
F	47.954				
P	.000				

Dependent variable: OI – organizational innovativeness

Predictors: LO, EO, MO

Discussion and conclusions

Literature studies conducted by author showed existing wide interest among researchers to explore relationships between strategic orientation and innovativeness level of organization. Most research in this field concentrated on the three types of strategic orientation: marketing orientation, learning orientation and learning orientation. The area of interest concentrated mainly on the business sector rather than the public sector. Research on the social care sector were rare and unexhaustive. In the face of the global trend of ageing population, development of productivity and innovativeness improvement process seems to be crucial for future development of this sector.

The study aimed to examine relationships between three construct od strategic orientation: marketing, learning and entrepreneurial orientation and innovativeness level of organization. Research studies carried out among Polish residential care units (115) confirmed the existing statistically significant positive relationships between entrepreneurial orientation and innovativeness (H3) and between marketing orientation and innovativeness (H1).

Despite the fact, that surveyed residential care units more often belongs to the public sector, entrepreneurial orientation seems to be crucial from the perspective of their development. Entrepreneurial orientation means, among others, that institution: (i) undertakes high-risk projects; (ii) is very often the first business to introduce new products/services; (iii) lays strong emphasis on the creation of new innovative products and services; (iv) offers more new products in relation to other resident care units.

The study provided valuable insight into existing positive relation between marketing orientation and innovativeness level. On the one hand, marketing orientation in residential care units means orientation toward customers – residents, which is reflected in engagement them into the process of creation and quality improvement of services, on the other – it means a/the process of scanning the environment of competitors.

In contrast to the results obtained by Laforet, who confirmed that following the actions of the competitors, is more important for innovative companies than discovering how to meet the current and future needs of the customers (Laforet 2008), in case of residential care services understanding customers' needs seems to be the basis for their competitive advantage. The character of the services provided by residential care units requires continuous contact with residents, in order to meet their expectations.

Achieved results and conclusions can be used to build a long-term strategy of residential care services, aimed to improve their innovativeness

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