

**INFLUENCE OF EXTERNAL ENVIRONMENTAL
FACTORS ON
STRATEGIC MARKETING DECISIONS IN
SAUDI PRIVATE HOSPITALS**

**A Thesis submitted to The University of Manchester
for the Degree of Doctor of Philosophy in
the Health Services Management Unit, in the
Faculty of Social Sciences and Law**

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In the Name of Allah. The most Gracious. The Most Merciful

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ABSTRACT

The environment of Saudi private hospitals has never been so complex and challenging as since the mid 1990s. Managers in those hospitals more than ever before are finding themselves confronted by increasing pressures and demands which they must seek to understand and respond to in their strategic marketing decisions in order to achieve effective strategic marketing in terms of their choice of the 5Ps element of marketing mix. This research, therefore, investigates the influence of environmental factors on the strategic marketing decisions made by Saudi private hospital managers, and on the effectiveness of Saudi private hospital marketing. Data was collected through a questionnaire which was administered in the Western Region of Saudi Arabia in September/October 1999, and in-depth interviews with those hospital managers and experts in marketing and Saudi health services. The questionnaire survey was a census, but the interview data came from purposive samples.

Eight basic hypotheses were tested, as parts of a theoretical model of the process of marketing decision making using PEST analysis. The empirical element of the research describes the influence of PEST factors on strategic marketing decisions in Saudi private hospitals, and how this process differs for different types of hospitals and decision makers. The normative element of the research examines how far hospitals which do follow the model, market effectively.

The results show that a normal marketing management model only partly applies in practice in Saudi private hospitals. Where marketing is at an early stage of development, a 2Ps or a 3Ps model is more realistic than a 5Ps model. There seem to be two barriers to the marketing strategy management process in a private hospital. One barrier is that, although managers recognize many environmental factors, they are unable or unwilling to base all their marketing decisions upon them. The second barrier is that when they do base their marketing on PEST factors, they tend to produce only a 2P or a 3P not a 5P strategy. The variables showing significant differences in the influence of PEST factors on strategic marketing decisions were hospital's specialization level, its location and decision makers' marketing background and nationality. This difference is not found between physicians and generalist managers, nor between hospitals of different sizes. The evidence also gave limited support to the normative element of the model. Therefore, the theoretical model is accepted but only with modification for Saudi conditions.

The need for further investigations on the issues of marketing practices as well as the effect of the new Saudi policies on the effective demand in Saudi private hospitals is noted. There is also need for surveys of consumers' viewpoints, and an accurate information health system in Saudi Arabia. There is little data available about Saudi private health market share, profitability and service quality that is relevant to consumer's demands. These are further and important future research possibilities.

DECLARATION

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DEDICATION

Dedicated to my husband Prof. Abdul Elah without whom this would not have been possible, to my mother Fateha and my loving son Abdul Aziz.

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Chapter 1

Introduction and General Research Framework

1.1 Introduction:

This chapter is concerned with providing an overview of the Saudi Arabia Health Sector followed by discussing the scope and the general framework of the research.

1.1.1 Overview of the Saudi Health Sector

Health care for people in Saudi Arabia is provided by a number of systems. A free of charge paid for service system; a health insurance system in some companies and institutions; private health projects, and voluntary activities. The researcher following the Health Ministry's classification classifies as follows the bodies providing health services. The public sector includes the Ministry of Health (MOH) and its various agencies: central hospitals, general and specialized hospitals, rural health units, primary health care units (including health centers, health offices, first and centers, endemic disease treatment units). It also includes government entities enjoying autonomy. These are subordinated to Ministries, which contribute some of their activities towards performance of Health Services for certain segments of the society including the Ministry of Defense, Ministry of Education and Ministry of Interior.

In many health systems demand for medical care is by the physicians who play the role of "agent" of the patient and determine both method and place of treatment (hospital, external clinic, and physicians'

own clinic, in the patient's own house. Saudi Arabia doctors influence their patients' choice of hospital, but there is no 'gatekeeper' system as found in the U.K.

The Government of Saudi Arabia provides free primary and curative health services to its citizens. Many different agencies provide health services: the Ministry of Health is the largest, providing about 70 percent of services. Other civilian agencies include the Royal Commissions for Yanbu and Jubail, General Office for Social Insurance (GOSI), Youth Presidency, Red Crescent, University Medical Schools and the Royal Commission. Extensive medical services are provided for military personnel and their families through clinics and hospitals financed and managed directly by the Ministry of Defense and Aviation (MODA), National Guard and Ministry of the Interior. There has been enormous growth in clinics, hospitals and health care workers over the last two decades.

The Kingdom also has a good quality fee-for-services private sector. The private sector according to the MOH's latest report in 1998 includes: private hospitals, dispensaries and clinics (75 hospitals, 591 dispensaries, 712 clinics), pharmacies and laboratories (2922 pharmacies and 36 laboratories), physiotherapy centers, optical dental clinics (respectively 8,518 and 48) and private health societies. The private health societies are a great number of non-governmental societies and organizations contributing to the overcoming of the health problems, suffered by the country. They include societies operating in family regulation, child care, family assistance, societies undertaking health care patient care and rehabilitation, providing assistance for families e.g. the Heart Patient Friends Society, the Ophthalmology Patient Society and the Arab Society of Brain and Nerve Surgery (The latter most

recently formed, in Riyadh in 1417 AH, 1997). Article No.2 of the Medical Establishments Articles of Association defines a private hospital as follows:

‘It is every place prepared to receive patients, examine and treat them and allow them to sleep therein’.

There is little individual or employer-paid private medical insurance, except for the foreign population. It will start for Saudis in 2001. Companies employing more than 20 foreign workers have to pay a health insurance tax. Saudi nationals do not pay a specific health tax or make co-payments or other financial contributions for their health care. Exceptions include a small number of “charitable hospitals” which charge only a token fee. Government hospitals do not levy charges or invite contributions to cover any of the costs. Such contributions are seen as contrary to the principle of providing free health services.

Three factors, however, may cause a reconsideration of this policy. First, there are severe constraints on government spending. Second, there is a steep rise in health care costs, driven by increasing expectations and demand, more costly drugs and technological procedures, and compensation for health care labor. Third, there is a need for additional financial resources to support the facilities from the earlier hospital-building program in order to protect this capital investment. In the current Five Year Plan (FYP), civilian health care represents over 13 percent of Development Agencies’ total expenditure and is naturally a target for improved efficiency.

The Fifth FYP recognizes that budget fluctuations are not compatible with reliable high-quality health services. It emphasizes the need to educate the public to control unnecessary demand, to reduce duplication, to assess and coordinate the use of modern complex

technologies, and to set priorities for use of resources. The Fifth FYP also establishes a National Council for Health Services Coordination, consisting of representatives from all health service providers (including the private sector), in addition to other related agencies and Ministry of Planning. Even with these measures, the Fifth FYP concludes that "the financing constraints now prevailing are a symptom of the growing need to secure additional resources for the health sector in the years ahead. "A major initiative of the Fifth and the Sixth 1995-2000 Plan will be an extensive review and evaluation of alternative options for greater support in the financing of the health care system", (Ministry of Planning, Saudi Sixth five years plan,1995).

A significant feature of Saudi Arabia and its health care system is its geographic size compared to its relatively small population. The country is one of the 10 largest in the world and much of it is sparsely populated. The population is concentrated in two major cities, Riyadh and Jeddah, and the regional capitals. Health facilities are not equally available to all localities, and despite the development of excellent road and air links, transport of supplies, staff and patients remain a problem. Communities expect sophisticated facilities to be readily available; meeting those expectations creates a further strain on the system. Distance also makes effective monitoring and on-site supervision very difficult.

Despite this, primary health care facilities are widely distributed in urban and rural areas, and health programs have brought under control, or reduced, many preventable diseases such as diphtheria, poliomyelitis, bilharzias and leishmania. This has been achieved through immunization and health education. Education, improved housing, readily available potable water and good food supplies are all factors in the continuous

improvement of the population's health status (Security Forces Hospital & World Bank, 1998).

Since the Ministry of Health provides most of Saudi Arabia's health care, any problems within the health sector are experienced particularly by this ministry. In addition to country-specific problems, the MOH faces problems of growing demand and escalating costs, which are common to all countries with a developed health care system. The Ministry's responsibilities include: delivering primary, secondary and tertiary care to the bulk of the population of the Kingdom; monitoring and licensing private care facilities; running various specialist laboratories and blood bank services; conducting health education and preventive medicine programs; and planning future services. Other secondary care and tertiary care is provided by the military hospitals. King Faisal Specialist Hospital, Eye Hospital and the University Teaching Hospitals (Medical Schools). A unique responsibility for the MOH is its role in providing health services to the annual inflow of Hajjis visiting the Holy Places at Makkah and Madina.

In 1992, the MOH adopted a primary care based referral system, whereby every household will be registered with a community health clinic. Through the system, individuals will have access to specialist services. This is already working well in some regions. The integrated primary health care scheme was launched under a decision issued in 1980. The application of the family health record containing information on every family (e.g., number of members, income and educational levels, sex, house condition, genetic and chronic diseases, etc.) was introduced in 1984. effective from July 1989. All nonemergency cases are supposed to be referred to hospitals from one of 1,438 primary health

care centers (Al-Harithy, F.; Alenad, A.; Beat-Almal, H.; Al Kharishi, A., 1999).

To carry out its responsibilities, the MOH is divided into 18 regions. Until a few years ago there were only 10 regional offices. Each region is coterminous with an emirate, and the MOH regional office is a significant but separate part of local government at this level.

The central organization in Riyadh is responsible for most policy and decision making, which are transmitted down through the regional offices to the operational level. Attempts to delegate greater responsibility to the regional offices have not met with the hoped for success.

Despite the sharp decline in Saudi Arabia's oil export revenues and the result of Gulf war in 1991, annual per capita income in Saudi Arabia is still one of the highest in the world. In 1991, the per capita income was approximately SR. 22,575 (\$6020) (£ 4031 as £ = SR 5,60) per annum according to the annual report of SAMA report and the world bank. This average increased to \$ 7000 in 2000 due to the latest increase in the oil prices and the growth of the real GNP. Naturally, this is accompanied by an increase in individuals' purchasing power and has thus generated a positive effect on the demand for goods and services, resulting in a boom in local markets. In the health sector this effect has been strong. The extent of development in health facilities and other resources is shown in table (1-1).

Resources	Year	
	1971	1998
Hospitals	75	290
Hospital Beds	9.837	42625
Health Centers, Dispensaries and Clinics	59	1303
Health Institutes	6	47
Health Colleges (MOH only)	0	13
Hospital Beds/100 Population	1.6	2.32
Physicians	1.316	30544
Nurses	3.355	61214
Allied Health Personnel	1.982	30840
Physician/Population	1/5.900	1/612
Nurse/Population	1/2.750	1/297
Allied Health Personnel/Population	Na	1/551

Table No. (1-1) Health Resources in Saudi Arabia (1971-1998)

MOH Reports

The system of free health care and general economic growth have produced very high levels of health as noted by standard socio-economic measures of health status (table2-1), according to World Health Report (WHO), 1998-2000. In most indicators, the Saudi health system is ahead of target in the WHO goals of health for All by the year 2000 (Saaty, 1998).

Indicator	Year	
	1971	1998
Infant Mortality rate	57	30 (1990)
Under Five Mortality Rate	71	34 (1990)
Life Expectancy at Birth	62	68.5 (1990)
DPT	30	93.5
Percentage of Children Immunized with:		
Polio vaccine	30	94.2
Measles	13	91.5
BCG	29	93.5
Hepatitis B	-	92.6
Whole completed Vaccination against the 6 Targeted Diseases	13	91.5
Incidence of Infectious Diseases per 100,100:		
Diphtheria	2.03	0.05
Whooping cough	17.56	0.27
Tetanus	1.46	0.30
Poliomyelitis	1.07	0.01
Measles	358.61	19
Tuberculosis	98	15

**Table No. (2-1) Improvement in Health Status Indicators
(1971-1998) MOH Reports**

The Private Sector:

The Sixth and the Seventh FYP gave considerable emphasis to the increased development of the private sector in activities currently performed by the public sector, including health care:

“Strategic objectives for the Sixth Plan period aim to increase private sector participation in the socioeconomic development. The operation and management of facilities by the private sector represents a key element this strategy and aims at greater health service efficiency and higher staff performance levels. “Public-private collaboration in the health sector will require careful study and the availability of adequate information on the problems of managing and operating health facilities” (Ministry of Planning, Saudi sixth five years plan,1995).

The private sector is represented within health care in three main ways. First, by the direct provision of private clinics and hospitals. For many years the government of Saudi Arabia has matched the costs of building new hospital; in other words a doctor or businessman only had to meet half the construction and equipment costs. This encouraged the building of many hospitals, but generally only in the largest centers of population such as Riyadh and Jeddah. However, use of such facilities by the Saudi public did not make them economically viable and owners have made frequent attempts to sell hospitals back to the MOH. Nevertheless, some private hospitals continue to be in demand because of their high reputation for quality, and because of expatriates noneligibility for free MOH care in most cases.

Second, there is a growing manufacturing and trading sector able to produce or import drugs and supplies. All companies trading in Saudi Arabia must have a Saudi partner, so local participation is essential for the development of the health sector. At present suppliers respond to requests for tenders to provide bulk deliveries to government hospitals. Their role in storing and distribution is not as developed as in industrialized countries where pressures on cash flow produce “just in time” approaches to stock holding.

Third, a number of companies now offer a variety of management services, from the provision of janitorial and hotel services to complete turn-key hospital management contracts. A number of internationally known companies were active in the market in the mid-1970s and 1980s often with their government's backing. Most have been replaced since then by local companies without much experience in the health field. This is a result of local companies bidding below reasonable actual costs to win contracts in order to enter the field and has driven many foreign companies out of the Saudi market. The reputation for high quality gained by many of the private hospital has suffered as a consequence, and a recent development (not in the MOH) has been to link successful contractors with Western teaching hospital such as Johns Hopkins (Baltimore) and St. Guys (London). There is considerable interest in expanding the number of third-party management contracts as a way of improving quality and reducing costs.

1.1.2 Research Problem

The overall Saudi economy is expected to continue to grow. However, growth will be mainly in the private sector which has been growing rapidly. The public share of the economy is not expected to grow and may even decline. Programmes that rely on government revenue can therefore expect absolute cuts in funding. The continued increase in the proportion of government outlays allocated to health has not been matched by increase per capita expenditure on health. Per capita cash available has declined considerably despite the increase in the proportion of budget allocations. The pressure of health care expenditures on government budgets, and hence the need to recover some costs, is not peculiar to the Saudi health system. The exploding

costs of health care and its pressure on government is a world wide phenomenon (Levely & Loomba, 1992 and Litrack & Bodart, 1993).

Due to a decline in oil revenue, the government's share of total revenue has been declining in the last few years (Azzam,1993). The effect of this decline is being felt by programmes wholly dependent on government funding including the health sector. Unlike some western countries like Britain which provide health care free (no payment is required at the point where care is provided) to its citizens and residents, Saudi Arabia does not levy income tax on citizens and residents. Revenue cannot be generated through increases in income tax for the purposes of health care or any other programme. The economic reality is that, since many Saudi are fairly rich and the private sector is becoming dominant, individuals should bear their share of health care costs. For this the encouragement given by the government to the private sector share of total revenue has grown dramatically, and the trend is expected to continue in the future.

Saudis generally expect the government to provide the highest possible quality of health care free of charge. Most social services including education, health services, utilities, etc., are provided free, or at a highly-subsidized rate. Saudis were well aware of the enormous wealth of their country, and generally regard free services as their right rather than a privilege. This attitude is sometimes manifested in their health service demand habits. It is not uncommon to see a Saudi question the judgment of a health professional in prescribing anything other than a high-specialized alternative.

The current system of free health care virtually removed the incentives to restrain consumption. As is expected in such a system of relatively free health care, economic efficiency does not rank high

among objectives (Feldstein, 1983). In a questionnaire survey measuring the attitude of Saudis toward institutionalization of frail and chronically-ill people, the majority of respondents strongly agreed that there is no need to worry about cost-efficiency of any programme as long as some people benefit from it (Umeh, 1995). Since Saudis consider free health care a responsibility of the government, their growing use of private fee-for-service providers must be viewed critically. This may signal a dissatisfaction with the public free care. On the other hand, this is a good indication that Saudis are willing to pay for health services if there is a perceived increase in quality and/or convenience. So the health care sector in Saudi Arabia has been facing up to enormous changes-as in most countries.

The decline in the Kingdom's oil revenues, and the result of the Gulf war has had a ripple effect across all sectors. In the health sector this effect has been especially severe because, despite MOH's considerably reduced funding, the demands on MOH services continue to increase in quantity and quality as citizens become more aware of and use more health services. Budgetary allocations for the MOH have been cut more than 30 percent over the past five years (from a high of SR 10.7 billion in 1990 to SR. 7.3 billion for 1997). Funding is not likely to increase much during the sixth and seventh plan period.

These changes and the following are constantly spinning new opportunities and threats for Private sector, encouraged by Saudi government to provide the needed health care in Saudi Arabia:

- Growth of Saudi population at a relatively high rate about 4% per annum. In 1990, it was 14,870,000, and became 20,686,000 in 2000, besides higher life expectancy.

- The increase in the numbers of the very young and more particularly, the very old, as Saudi Arabia's investment in health care begins to result in increased life expectancy, plus lowering of infant mortality will also lead to a rise in the population of young adults over the next few years, and their child bearing will also need such services (Akhadar, 1995).
- The pressure of health care expenditures on government budgets, and hence the need to health services increases.

Technological Innovations i.e. the high speed of technological advancement in the field of medical technology and the necessity of substituting new technology for old.

The health care sectors increasing ability to intervene in life threatening accidents and diseases will lead to a higher number of chronically-ill and disabled who need ongoing health care. The high rate of accidents, especially on Saudi roads will add the demand of such services. Changing patterns of government regulations and policies also increase demand. The most important is the policy of the government to encourage the growth of the private sector in all sectors of the economy including that of health care. According to SAMA reports, the Saudi governmental subsidy to the private health sector is estimated to be 950 million Saudi Riyals for the year 1996. Privatization started in 1998 in the Ministry of Transportation and Communication (and it is one of the options for public health facilities). The health insurance policy started in 2000 for all foreign nationals and their families living and working in Saudi Arabia whose number is estimated to be 6.8 millions in 1999 according to the Saudi Statistical Year Book (1999). This policy may start for Saudi citizens in 2001, which means more demand for private hospitals.

The new policy of foreign investment system and tourism in Saudi Arabia in 2000 will increase this demand,for private health care.

Economists expect that all this will lead to the growth in the effective demand for the private health sector which had increased by 68% in 2000 compared with 1990 (Al-Ahamadi, 2000).

The results of the previous studies in Saudi hospitals had showed raised public expectations and awareness, in Saudi society. They showed decreasing public satisfaction from the services provided by these hospitals (inadequacy of medical staff qualifications, level of diagnosis and the high prices charged by private hospitals). They also showed increasing complaints concerning private hospitals' prices, and large bills for unneeded tests. These complaints are based on the belief that these hospitals operate only for the purpose of exploiting the patient and benefiting from him (Babigy & Ayob, 1984; Administration Institute Saudi Arabia, 1984 & 1991; Tuncalp, 1987; AlSebai, 1988; Alyafi, 1990 and Chamber of Trade and Industrial of Eastern Region, Saudi Arabia, 1996).

There was also increasing competition in the field of health care services in the nineties in Saudi Arabia. Saudi private hospitals are experiencing new competitive pressures coming from new suppliers of health services such as clinics and laboratories, which were not found in the eighties in the Saudi health market, besides the competition between private hospitals themselves which increased in the nineties (see table 1-1). There is external competition with European and American hospitals where some Saudi citizens prefer to go for treatment, as in other sectors in Saudi Arabia according to Saudi economists (Jomah, 1997).

1.1.3 Saudi Private Health Sector Management and Marketing

Accordingly, the environment of Saudi private hospitals, the most important part of the private health sector, has never been so complex and challenging as it is in the late nineties. Managers more than ever before are finding themselves confronted by increasing pressures and demands which they must seek to understand and respond to (Elaky,1994). It was concluded in one study conducted in Saudi Arabia (Matar, 1992) that the primary basis of implementing cost control strategy in hospital is that it must be evolving from and compatible with its environment. Saudi private hospital managers are continually faced with the previously described external environment that is not entirely supportive of their functions and activities. Good decision making hinges on identifying the uncertainties within the hospital as well as from outside. It requires an ability to understand and co-operate with this environment while making marketing decisions (McDonald, 1990 and Ramez, 1997). If managers develop strategies unconscious of their environment, their finest programs will go without support from this environment. Theorists emphasize that successful organizations take an outside-view of their business, to monitor and adopt to their external environment, adding that successful organizations recognize and respond profitably to unmet needs and trends in the macro environment. According to Chester Bernard (1983) success and survival of the organization is based on attaining its external equilibrium which depends on achieving compatibility between the organization and the surrounding environment as well as ensuring consistency between its objectives and decisions from one side and this environment from the other. Successful management is that which can successfully adapt itself to any changes

with the right timing and using suitable methods. This cannot be achieved without analyzing the surrounding environment and analyzing it in order to formulate objectives that are suitable for and compatible with this environment. It relies on strategic thinking. Managers have to win markets through market-oriented approach, which is the managerial approach of developing and maintaining a viable fit between the organization and its environment to shape and reshape the organization's businesses and products and/or services so that they yield target profits and growth (Green and Jones, 1981; Lovelock, 1983; Miller, 1986; Gronross, 1998; Jain, 1990; Carvens, 1991 and Kotler, 1997).

This approach is coined "Mega marketing" by Kotler (1997). It is a strategic way of thinking that takes an enlarged view of the skills and resources needed to enter and operate in obstructed or protected markets. The concept of mega marketing emphasizes the mastering and coordination of economic, political, social and technological factors and suggests that organizations can take a proactive stance in shaping macro environmental conditions. Since health care delivery is characterized by a highly regulated environment, this marketing approach has definite applications for the health marketer. Opportunities should be identified that would merit a hospital's effort in taking a proactive stance in taking decisions that shaping conditions through the development of mega marketing strategies (Mobley & El Kins, 1990).

Despite the significance of this relationship between the hospital and its environment, it has not yet received the attention of Saudi researchers. Geffry (1996) concluded that most problems encountering Gulf firms are related to the fact that the selling concept (selling philosophy) is the prevailing policy in a great number of these firms, in addition to the absence of the scientific concept of marketing. Moreover,

the main marketing functions are absent in the majority (78%) of these firms. Another study conducted by the General Secretary of Saudi Chamber of Commerce of Commerce Council and presented at the 4th Meeting of Saudi Businessmen found that there was a great short coming of marketing capabilities in the private sector in general, and in service firms in particular. This was attributed to many reasons such as:

- i. An inadequate applied marketing concept in the private sector (both productive and service firms). This in turn caused many shortcomings affecting the marketing systems which ought to enable these firms to accomplish their objectives effectively.
- ii. Concentration on production problems without paying attention to marketing their products, despite the strong competition facing these firms.
- iii. Decision making authority in these firms is concentrated in their owners, while their directors are less authorized to make decisions related to marketing. At the same time, efforts for product promotion are considered futile and not meaningful.
- iv. Failure to study how to benefit from environmental opportunities, as well as making arbitrary quick decisions without studying the surrounding environment and its requirements adequately.
- v. Lack of the qualified personnel in the field of marketing. Consequently, these organizations do not consider requirements of the surrounding environment concerning new products and promotion and distribution.

Although marketing has started in the product sector, some Saudi health services organizations have still been antagonistic to the idea of

marketing believing it is unprofessional or unethical. It is only within the latest three years that these organizations have felt the need to compete for patients, funds and other resources.

Since the patient and his or her accompanying persons are the beneficiaries in any hospital-from a marketing standpoint-they are to be considered consumers who have many needs and demands, which have increased with the increase of the Saudi people's awareness of health care in the late nineties and which can be identified through study and analysis. Accordingly those persons ought to be the center of attention whenever introducing a health care product in market place, determining its price or promoting it. In other words, marketing activities in the hospital field require conducting extensive studies as well as acquiring (hiring) effective marketing expertise in order to provide health care service efficiently so that they can satisfy these needs and wants while attaining the investors' objectives in the same time. To accomplish this, health care service providers and marketing decision makers must adapt their strategies as well as modifying their services according to the environment outside which they grow up and survive in. It is therefore, imperative for (marketing) managers to analyze the macro-environment in order formulate appropriate strategies for coping with the external environment from which the hospital has its inputs (resources, clients and employees) and to which it sells its output.

This approach requires hospital management to analyze marketing activities more effectively in addition to improving ways of handling marketing problems through.

- Shedding more light on the surrounding environmental conditions and circumstances.

- Conducting relational marketing that help in making connection between the hospital and its environment.
- Updating knowledge about both current and future marketing decisions in Saudi hospitals through considering marketing as being a subsystem operating in a larger system which is the surrounding environment.

This must be achieved because supplying (presenting) health care services is an essential part of social life as a whole.

This requires that all responsible individuals must have a comprehensive view whenever they attempt to present a health care product in the marketplace. This health care product must not evolve from an absolute medical plan. Rather it must stem from the economic and social orientation and objectives sought by the people of the specific country (area) which the hospital serves. From this standpoint we ought to identify these objectives and ends as well as identifying their dimensions and components exactly before thinking of formulating the targets and goals to be accomplished through hospital activities. This comprehensive view is an essential part of what is known as social responsibility and environmental orientation policy. This policy is considered by number of investigators to be the only way to safeguard prosperity and attain health care effectiveness during this decade and later on. The researcher had noticed during the pilot study described below that there was not a strong connection between Saudi private hospitals and the surrounding environment. There was also a general impression about the private sector that it aims only at gaining profits without paying attention to social needs and problems.

Decision makers must recognize these environmental variables and determine whether they represent opportunities or threats to the

hospitals in order to rationalize marketing decisions in these hospitals, and consequently to accomplish their planned objectives in the future. Accordingly, this requires analyzing the environment surrounding Saudi private hospitals in order to identify the most important environmental variables and their implications for marketing decisions as well as analyzing the magnitude of their actual effects. The researcher did this through this research which focused on the relationship between strategic marketing decisions in Saudi private hospitals and the Saudi external environment.

1.1.4 The Scope of Research

PEST analysis deals with the four main components of the external environment i.e. political/legal, economic, socio-cultural, and technological factors. It was used in the study as the framework for comprehending and grouping the environmental factors, especially those that are not entirely supportive of the Saudi private hospitals' activities.

A PEST analysis is a very important tool for enabling hospitals to use effectively the factors which they can control, Lovelock & Young (1984) and Liddel (1993) explored the issue of customers' insensitivity to changes in services, bearing in mind that the introduction period is crucial in attracting customers and persuading them to try a new service (some Saudi private hospitals have launched some new services like epidural anesthesia in obstetrics, or yearly check-ups). They suggest steps to be adopted by the providers of services to avoid consumer resistance when changes in services occur. Some of these steps which Saudi private hospitals can use are:

- Identifying what factors make the customer act as he does.

- Listing new procedures which should be carried out before releasing a new service to the customer.
- Educating the customer to enable him to make proper use of a new service innovation.
- Putting forward the advantage of a new service, encouraging the customer to try it.

Customer resistance to change in a health service product should not deter any needed changes. In fact, hospital managers should look at this issue and prepare customers for any probable changes to insure their acceptance in most cases. For this it is important to consider how economic, socio-cultural and technological factors influence those customer decisions.

PEST analysis captures information in away that can show how much the Saudi external environment (events or pressure) might be expected to influence the private hospitals' marketing decisions. Strategic management literature has devoted considerable attention to the importance of converting knowledge of this environment into strategic marketing decisions which affect clients (the beneficiaries of the hospital), and therefore the effectiveness of the hospital itself.

The present research therefore also examines how Saudi hospital managers translate their knowledge of their environment into a marketing strategy. PEST analysis concerns two groups of factors which marketing theory found are relevant to the marketing programming decisions:

1. Factors controlled by the organization (private Saudi hospitals, in this research). These controllable factors indicate various actions which can be taken by the hospital to influence market targets and

the hospital environment. These are the factors which the marketing decisions and activities try to influence.

2. Factors not controlled by the organization, but which influence it. Uncontrollable factors include many external influences (Political/Legal, Economic, Socio-Cultural and Technological factors).

The health care sector in Saudi Arabia has been facing up to enormous changes as in most other countries (Watkinson, 1993 and Mostafa,1996). Hospitals, an important part of the health care providers sector, have been assaulted by two potent forces from both demand and supply sides of their unique market place, raised public expectations and awareness, and competing health care providers. Marketing theory emphasizes that the aims of marketing are to:

- Understand and anticipate customer needs and demands.
- Provide benefits and satisfactions to meet those needs and demands.
- Ensure consistent quality and satisfaction.
- Retain customers and attract new ones.
- Achieve organization objectives.

Each of these aims can clearly be applied to Saudi private hospitals and emphasize the importance of health service marketing within today's competitive environment.

Beside the broad benefits of greater satisfaction and increased efficiency, various benefits can be identified for Saudi private hospitals' planning if they adopt a marketing orientation taking the external environment in consideration. Hospitals will be much more sensitive and knowledgeable about community health needs and can predict effective demand. They will abandon the attempt to be all things to all people and

will seek differentiated niches in the market. Each hospital serving a community will focus on providing these services which are most needed and/or which are competitively viable, and be quicker to drop services and programs in which they have no competitive advantage or distinctiveness. They may be expected to be more capable in developing and launching successful new services, at developing more creative pricing approaches, more effective systems of distributing and delivering their services, and more creative promotion approaches. So, the market-oriented approach, once disdained by the health services field, is now a topic of great concern for Saudi hospital management, because it is the skill of knowing how to plan and manage the hospital's exchange relations with its environment which is vital for marketing success that leads to hospital effectiveness.

1.1.5 The concept of effectiveness in the research

Although a number of conceptions of effectiveness exist, with considerable overlap among them (Drucker, 1974; Ewell, 1976; Spray, 1983; Zammuto, 1982; Metwally, 1984; Keegan 1989; Al-Yafi, 1990 and Mater 1993), the following definition incorporates the most current views.

According to a marketing (as opposed to a purely clinical) orientation, effectiveness is defined as the degree to which delivered health services meet established professional standards and the consumer's judgements of value. It may also be seen as the degree to which actions taken or not taken maximize the probability of beneficial health outcomes and minimize risk and other untoward outcomes, given the existing state of medical science and art. Effectiveness consists not just of improving customer satisfaction and technical effectiveness but

also improving efficiency and reducing costs. Effectiveness is an umbrella for continuous staff and hospital development using new methods, building on good practices as well as introducing new needed procedures. An effective service also ensures that those who need it obtain the service, and ensuring that the overall design meets their needs (Berry, Zeithaml & Parasuraman, 1985 and Iami, 1990).

The pressure to increase Saudi client satisfaction in hospital as an example of health services has been less than in other services, because Saudi people's expectations of the hospital are low compared with what they would like from other services, and they are reluctant to complain. However, Saudi people are beginning to judge health services by comparing them with the improved services they have come to expect in other sectors. If a hospital responds to client wants and expectations it attracts more clients, and in many cases more income. Client satisfaction is important to purchasers and referrers, decisions about contracts and about where to refer. The cost of dissatisfied clients is high. For each dissatisfied client who complains there are many who do not, but who tell other people. This is the worst publicity the hospital can get, leading to lost clients and income as alternatives become available-a loss of which the hospital is rarely aware. Avoiding dissatisfaction does not ensure satisfaction, although it is a good place to start. In a competitive and maturing market the aim is to find out what would increase satisfaction, and make continual improvements to stay a head of rising expectations.

For clients (and carers) effectiveness is defined in marketing terms as the process of what is done to and for the patient and his companion and visitors, of the patient seeking, receiving and using care. They demand health services at reasonable price are they can pay and a service

achieving client satisfaction. For professionals an effective service, as defined by professional providers and referrers is one which correctly carries out techniques and procedures which are believed to be necessary to meet clients needs. For management an effective service is one which makes the most efficient and productive "hospital" use of resources, within the limits and directives set by higher authorities and purchasers, achieving revenue growth, profitability, survival. These dimensions correspond to the major interest groups whose perspective must be integrated to specify the effectiveness of a particular decision. The framework that supports this conception is based on the health service triangle of dimensions presented in Figure (1).

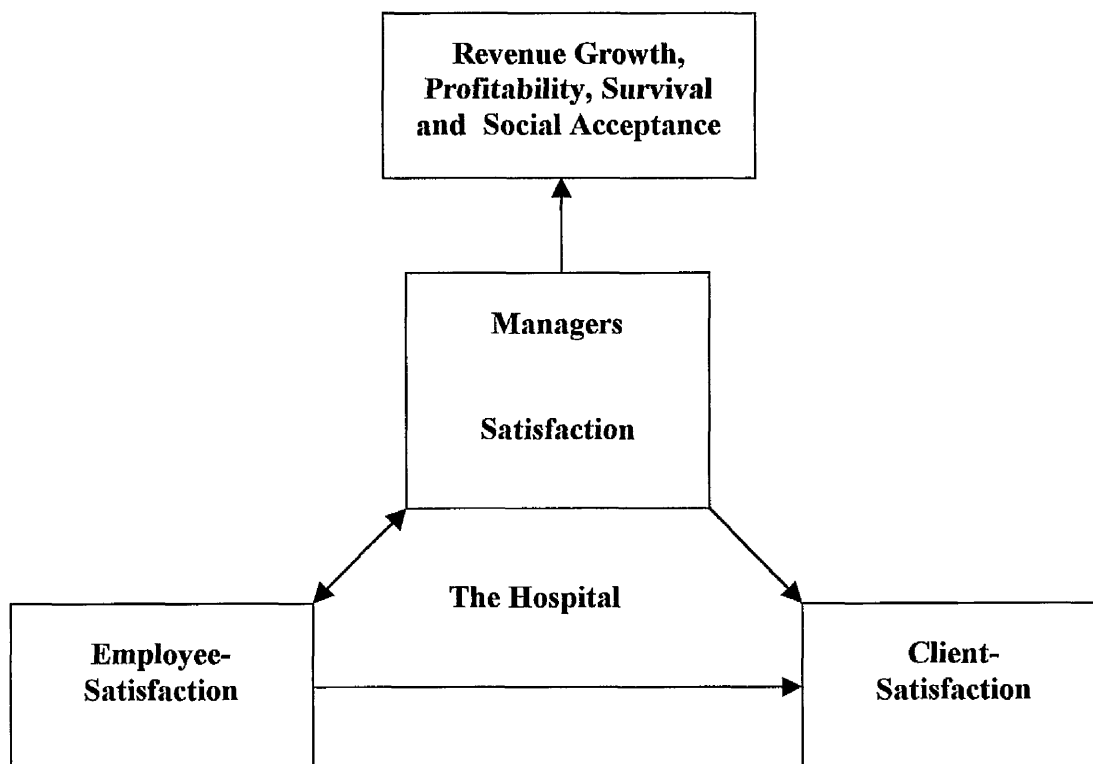


Fig. No. (1) The effectiveness concept and its dimensions

In summary, for the client, the important outcome is the quality of hospital services. For the private hospital managers, effective marketing is marketing that increases market share and profitability. This means the success of the hospital.

1.2 General Research Framework

1.2.1 Research Objectives (aims):

The main objectives of this research are therefore to:

1. Identify the factors which constitute the external environmental profile for Saudi private hospitals so as to find out the Environmental Threat and Opportunity Profile (ETOP) for Saudi private hospitals.
2. Identify the strategic marketing decisions actually taken in Saudi private hospitals to find out how much hospital managers perceive the external environment when they make their marketing decision.
3. Determine the effect of each individual factor of the external environment on the strategic marketing decisions made by the hospital's management, and determine the environmental factors having the greatest effect on strategic marketing decisions in Saudi private hospitals, to find out the profile of the relationship.
4. Examine how far the resulting marketing strategies contribute to the wider marketing effectiveness of the hospitals.

Point 4 is a very ambitious aim. This research makes only a first step towards it.

1.2.2 Research Importance:

The proposed research, in the personal view of the researcher, has an academic and theoretical contribution as well as applied and economic importance. It is pioneering investigation in the external environmental factors surrounding Saudi health service organizations and involves the application of extensive and comprehensive statistical techniques. It

involves the estimation of the effects of external environmental factors (considered as independent variables) on strategic marketing decisions (acting as dependent variables) by means of appropriate modeling and analytic techniques. Such an approach has not been previously applied in Saudi Arabia in the health services area. The research makes the theoretical contribution of deriving and testing of a new model of the relationships between external environmental factors and strategic marketing decisions in Saudi private hospitals. It investigates whether North America and European theories of marketing transplant into Saudi conditions, and explores what alterations are necessary.

It is also important to Saudi private hospital managers to build up the needed picture of market structure. It is important for them to know the amount and type of client needs, a picture of the health legislation and control system, and what effective technical systems are available. The applied and practical importance of the proposed research is the identification of the major external environmental factors which affect the hospitals' marketing strategies that will help the management responsible for marketing decision making in private Saudi hospitals to adapt their strategies to co-operate with the external environment as well as meet the actual needs and demands of the society. It will help the hospitals to operate under much better conditions with minimum risk. The study also provides new data on marketing in Saudi private hospitals to assess how capable their marketers are, in particular, to illuminate what hospital and decision maker characteristics are associated with sensitivity to the hospitals environment. It suggests appropriate strategies for marketing health services on the basis of the research findings, which enable Saudi private hospitals to fulfill their objectives and make marketing decisions makers aware of the nature of these factors of the

wider environment in which the hospital itself operate, and which they can not afford to ignore to achieve their hospitals' objectives in the target market. On the bases of the results obtained in this research, hospitals can adjust their future marketing strategies by simulating techniques which take into account probable changes in the external environmental pattern. This leads to more stability and fewer risks.

The results of this research will not only benefit the private hospitals (as mentioned before) but also other government departments and agencies related to Saudi health care sector as well as the general public. The findings of the research may show that the problem lies not inside the private hospitals but outside (e.g. in a lack of information from the Ministry of Health, or from the banking system in Saudi Arabia or from the lack of health awareness in Saudi society). Such findings would suggest how the present method of controlling the overall system by the Ministry needs to be changed, or how training policy for health sector Saudization needs to be developed with the help of universities and medical centers in Saudi Arabia.

1.2.3 Research Questions:

As indicated before the main purpose for this research was to study the effect of the external environment on strategic marketing decisions in Saudi private hospitals to help managers in those hospitals to understand the surrounding environment in which their hospitals operate to provide them with key information which help them in taking effective decisions. In order to reach this objective several questions have to be answered. They are:

1. According to conventional marketing theory, what environmental factors would the Saudi private hospital managers need to be aware of in making their strategic marketing decisions?
2. Which of them would they focus on and why, given the environmental opportunities available in Saudi health market and environmental constraints imposed on those hospitals?
3. What strategic marketing decisions does marketing theory imply are necessary in an environment such as that found in Saudi Arabia?
4. What are strategic marketing decisions actually made in Saudi private hospitals?
5. How much do managers in those hospitals actually perceive Saudi PEST factors in making their strategic marketing decisions:
 - i. What is the magnitude of the effect of the main separate political/legal, economic, socio-cultural and technological factors on strategic marketing decisions in those hospitals?
 - ii. Which of the environmental factors have the greatest effect on strategic marketing decisions in Saudi private hospitals?
6. How do these effects vary according to the differences between hospitals in size, specialty, location and who are the decision makers in those hospitals i.e. does the effect of Saudi health environmental factors on strategic marketing decisions in Saudi private hospitals vary according to the hospital size, specialty, location or/and the position or background (administrative or medical) or nationality of the decision maker?

7. What effects on the success of their marketing efforts does it have when hospitals recognise PEST factors in making their strategic marketing decisions. That is, what effect on the hospitals market share, profitability and service quality does basing strategic marketing decisions on PEST factors have?

1.2.4 Formulation of Research Hypotheses:

In the formulation of the research hypotheses, the researcher was guided by the hypothetico-deductive approach which begins with a hypotheses and progresses from general to particular hypotheses which are then tested against data. This method is used with regard to the Saudi private hospital managers' practices of health services marketing. The research hypotheses were developed in chapter 3 and tested in chapters 6 and 7. For the purpose of statistical testing, the analytical hypotheses are expressed in the form of null hypotheses (H_0) and listed in chapter 6.

1.2.5 Research Layout (Structure):

The first two chapters concentrate on the research questions and methodology. The first part of chapter one provided an overview of the health sector in the Kingdom of Saudi Arabia whereas the second part provided the general framework of the research, discussing the scope of the research, research aims, importance, questions, hypotheses and structure. Chapter two focuses more deeply on the research methodology showing the research design including methods for producing and testing the research theoretical model, population and sample, data collection instruments which were used to collect research data, and the methods of statistical analysis in the research. The purpose of this part was to lay the foundations for the remainder of the research.

The next part states the theoretical model of the process of marketing decision making required in order to market successfully and effectively according to marketing theory, followed by interpreting and operationalising this model for Saudi private hospital conditions. Chapter three was a literature review to outline the marketing model used in the research. It deals with the three main aspects that give the descriptive and normative levels of the model. The first section provides the basic definitions of environment according to systems theory and discusses the most important components of the environment managers in hospitals have to work with in shaping, refining and implementing for achieving marketing success according to previous studies in the field. The second section shows the importance of the process linking knowledge of the environmental factors to strategic marketing decisions.

The third section presents an overview of the types of strategic marketing decisions. To operationalise the research theoretical model it is necessary to interpret what environmental factors it suggests are relevant to Saudi Arabian hospitals. So chapter 4 deals with the PEST analysis of the Saudi private health sector in 1995-2001. Chapter 5 presents the marketing strategies according to marketing theory in health care contexts. The purpose of this part was to state the principles for producing marketing strategy decisions from PEST analysis as a general model for the Saudi case, and to specify and operationalise them for the empirical research in the following chapters.

The last part of the research focuses on the empirical survey, i.e. how Saudi private hospital marketers carry out environmental analysis (data & results). Chapter six presents the data of the research and the results of the statistical analysis.

Chapter seven focuses more deeply on the analysis and uses it to show how Saudi private hospital marketers carry out environmental analysis, and how their actual practice compare with the theoretical models in chapters three, four and five. It then makes a conclusion based on an in-depth look at main results of the analysis. That leads to policy and managerial implications, finishing with areas of further research.

Chapter 2

Research Methodology

2.1 Introduction:

In the previous chapter, a number of questions were stated conceptually. In this chapter, the design and execution of the research and the survey questionnaire and personnel interviews prepared to answer these questions and to test the hypotheses to achieve the study's aim, it will consider the following:

- Research Design and Methods of Data Collection.
- Research Population.
- Choosing the Sampling.
- Data Collection Instruments.
 - The questionnaire
 - The interviews.
- Data processing.
- Research Limitation.
- Research Difficulties.

2.2 Research Design and Methods of Data Collection:

Researchers classify research design into three groups: exploratory, descriptive and analytical (Hartman & Heblom, 1979; Crimp, 1990; Janroelf & Fockens 1993). This research is both a descriptive and an analytical study of the actual relationships may exist between dependent and independent variables as stated in the research hypotheses.

The research design constructed here was based on:

1. The hypotheses formulated in section 3.7. The hypotheses were formed inductively from the researcher's observation and from the literature surveyed.
2. A sample survey, provides the data against which to test the hypotheses. The methodology follows the hypothesis testing (hypothetico-deductive model), a model that may be applied to the hypotheses about perceiving PEST factors in strategic marketing decisions among the study sample in private hospitals. Further data for testing hypotheses come from interviews with managers and expert observers (See interview 2 and 3 in table 4-2).
3. Statistical testing for significant correlations and differences in factors relating to perceiving environmental factors among the survey data for the sample under study. The level of significance assumed here to determine the line of acceptance or rejection of the hypotheses was where $P \leq 0.05$. This step was a conventional one, and not in any way arbitrary. A significance level at or below $P = 0.05$ would be taken as verifying the hypotheses. A significance level above $P = 0.05$ would be taken as falsifying the hypotheses.

For qualitative data testing, direct comparison of experts' evidence and internal managerial and policy documents with the hypotheses was used.

This research first develops a theoretical model (through a set of hypotheses) about the strategic marketing process. Then it tests the

model as a description of Saudi private hospitals' practice. The method examines marketing literature, and derives from it a general model of processes leading marketing decision makers in Saudi private hospitals from environmental analysis (PEST analysis) to marketing strategy. In doing so, it is necessary to select the aspects of marketing theory relevant to hospital marketing and the Saudi health environment. According to marketing literature, following the model in practice yields the predicted result of effective marketing.

The descriptive part was needed to describe and identify the factors, which constitute the external environmental profile for Saudi private hospital i.e. the independent variables in the research. It was also used to identify empirically the strategic marketing decisions in those hospitals, which are the dependent variables in the research. This part-which is based on health service marketing theory on one hand and the Saudi environment on the other-was crucial for answering research questions 1, 2 and 3. It was also necessary for understanding the environment which managers in private Saudi hospitals need to base their strategic marketing decisions on to achieve the hospital effectiveness in the long run. This is done partly by the collection of data from previously published investigations related to the environment applying to Saudi health sector. They included researches written in both Arabic and English about the environment emphasizing health care marketing from one side and the Saudi health sector from the other. It also used new empirical data gathered by interview at the pilot study stage designed below.

The analytical part was needed to test the model. It examined the relationship between the Saudi health environmental factors and strategic marketing decisions in Saudi private hospitals to decide how far hospital

managers perceive these factors in making their decisions. This contributed in answering research questions 4, 5, 6 and 7 designed to determine the actual strategic marketing decisions made in Saudi private hospitals and to examine the extent to which Saudi PEST factors influence the strategic marketing decisions in Saudi private hospitals; and to determine the factors having the greatest effect and those with no effects to show the sensitivity and openings of managers to those factors. This part also contributes to testing the related hypotheses which were designed to analyze how the influence of these factors vary according to type of hospital found in Saudi market and managers' background experience (marketer, medical, administrator and nationality) if at all.

Accordingly the design in this research is to produce a decision making model to show how far PEST analysis influences the strategic marketing decisions to achieve marketing effectiveness. That model relates the research questions to a wider body of theory, which can be applied and tested in Saudi context through interpreting and operationalise the model for Saudi private hospital conditions. The present research also compares the model with Saudi private hospital practice by testing the model empirically to test how far Saudi private hospital decision makers follow it.

So the research design is of three stages. (1) producing the model; (2) collecting data for testing it; (3) and comparing the model with the data.

Stage 1 Theoretical Model Production:

There is no established Saudi theory of marketing, although some research has been written about product marketing in Saudi Arabia using published marketing theory. Nothing has been written about health

services marketing in Saudi Arabia, although marketing has started to be practiced in Saudi health private sector, and changes occurring in Saudi Arabia in the late nineties are spinning new opportunities and threats. So a theoretical model was developed. For producing this model, it was necessary to get general strategic marketing model from marketing theory. This was done through secondary research. To produce the model required to answer the research questions empirical and normative elements were needed. It showed how in theory PEST factors influence strategic marketing decisions. Then it was necessary to operationalise and interpret this relationship for Saudi private hospitals. This was one purpose of the pilot study. Because of the differences – found in the pilot study – between the hospitals and the marketing decision makers in them, it was necessary to show how this process differs for different types of hospitals and decision makers in those hospitals. The normative element shows how far hospitals which use PEST analysis in their strategic marketing decisions therefore market effectively.

The data required for developing the general marketing model was collected through marketing theory literature in health care sector in both Arabic and English, as these are the most widely used languages in Saudi Arabia. The researcher used ABI/INFORM; MEDLINE; DISSERTATION ABS. and ARABIC BOOKS IN PRINT data bases to find studies of hospital and services marketing especially texts that were relevant to Saudi Arabia or similar countries in the Gulf region. The period covered was 1990-2000. The key words used were: hospital management; health marketing; service marketing; strategic marketing; marketing environment and Saudi marketing environment. Languages covered were English and Arabic. In addition, the researcher searched for unpublished relevant dissertations using guides for theses written in King Abdul Aziz University,

Saudi universities and Gulf universities with same period and languages. The researcher also visited and searched at the Institute of Public Administration in Riyadh and at Ean Shams University in Cairo. As the model used systems theory and strategic planning approach as its main conceptual framework. These studies included studies relevant to strategic marketing decisions in health care sector and environmental analysis from known researchers in books and periodicals. To operationalise and interpret the model for Saudi health context, other secondary researches were needed. Their source was through official documents and published data released by the public statistical authority in Saudi Arabia, the Saudi Ministry of Health (MOH) and Western Directorate of Health Affairs, and the other related Saudi Ministers such as the Ministry of Commerce, the Ministry of Higher Education, besides this secondary sources, the pilot study was used. This work aimed at identifying the factors which constitute the external environmental profile for Saudi private hospitals and determine what strategic marketing decisions in these hospitals make. This enabled the researcher to achieve the first and second objectives of the research and contributed to determining which environmental factors are critical for Saudi private hospitals marketing success to check for.

To develop the normative aspect of the research model to the point where it can be tested i.e. to test how far hospitals which use PEST analysis in their strategic marketing decisions do therefore market effectively, it was also necessary to define the terms of marketing effectiveness of health services, and hospital success in Saudi Arabia. Although the theory suggests the 4Ss model (see chapter 4), it was not practicable to use it due to the lack in research data in Saudi Arabia. The researcher therefore used the standard definitions used in marketing

literature that consider profit, market share and quality. Although there is a big debate about how to define quality, it is not possible to enter that debate here. Because of the lack of hospital services quality definitions in Saudi Arabia, the research used the standards used in Saudi Ministry of Health, following the Joint Commission International Accreditation (JCIA).

The model contains steps related to each other. It shows the environmental factors as the first step (inputs) of the model and the strategic marketing decisions as the last step (outputs) of the model. As the middle step managers convert knowledge of the environment into strategic marketing decisions to achieve the success of the hospital. The model thus provides a general framework linking environmental factors with marketing strategy decisions. The research questions and hypotheses outlined in chapter 1 and 3 and tested in chapters 6 and 7 are thus consequences of this more general theory. The model links the different elements of the marketing process mentioned in the research questions in chapter 1. The model implies the empirical and normative hypotheses mentioned in chapter 3. The descriptive empirical hypothesis H_1 states that PEST factors influence the strategic marketing decisions in Saudi private hospital. The analytic empirical hypotheses $H_2 - H_7$ states that this influence differs according to type of hospitals and decision makers in those hospitals. The normative hypothesis H_8 predicts that implementing the model has the effect of making marketing successful.

The descriptive hypotheses were crucial to understanding the importance of the influences of PEST factors on strategic marketing decisions, and to examining the extent to which the dependant variables examined in the descriptive hypotheses vary on the basis of the size, specialization level and location of the hospital and position, the

academic background and nationality of the respondents. For the purposes of the statistical testing, the empirical hypotheses have to be re-stated in the form of null hypotheses (i.e. formulated in negative terms).

Forming and testing the model and its derived hypotheses contributed to attaining the research objective, of identifying the factors, which constitute the external environment profile for Saudi private hospitals, which the hospital managers should be aware of to carry out effective marketing decisions to achieve the hospital effectiveness in the long run of identifying the strategic marketing decisions actually taken in Saudi private hospitals, and of identifying how far recognizing the environment through PEST analysis contributes to forming marketing strategies which leads to marketing effectiveness and hospital success.

Although the theoretical studies through secondary resources gave good information for developing the theory, in order to cover the PEST headings adequately interview data was necessary. This was obtained through the pilot field data collection through personal interviews conducted by the researcher with a randomly chosen sample of 10% from the survey population according to the location of the hospital, as this percentage is acceptable for pilot studies, table (1-2). A further interview panel composed of six experts in Saudi health sector and marketing; and three owners of Saudi private hospitals (see Appendix 7). The selection of the interviewees was conducted by utilizing the following criteria. The interviewees must be:

- a) a Saudi national or work for a Saudi organization in Saudi Arabia for at least 3 years.
- b) expert in Saudi health sector and management.
- c) among the top managers.
- d) strategic decision makers.

Location of hospitals	Survey population		No. of the pilot sample
	No. of hospitals	No. of decision markers	
Jeddah	29	147	15
Makkah	9	33	3
Taif	4	24	2
Total	42	204	20

Table No. (1-2) Sample for the pilot study

The purposes of the pilot study were to:

1. Clearly define the problem, which was under study.
2. Shed some light on the general hypotheses of the research for purposes of designing and testing them.
3. Investigate the dependent and independent variables of the research.
 - The Saudi Environmental factors as the independent variables.
 - The strategic marketing decisions in Saudi private hospitals as the dependent variables.
4. Elaborate how the process which the model described occurs in Saudi private hospitals, thereby to determine the final design of the research and in particular to determine the instrument which was used for the main data collection.
5. Determine the methods used for analyzing the main data of the research.

Stage 2 The Main Data Collection:

This stage included all the research population and sample. It continued the previous stage, as it mainly involved the collection of data from primary sources through data collection instruments (the questionnaire and personal interviews), unpublished statistical data obtained from hospital, records and unpublished investigations related to environmental factors and marketing practice in Saudi private hospitals.

The purposes of this stage were to record data which were obtained from Saudi private hospital subjects of this study to describe how far Saudi private hospital managers follow the model of strategic decision making produced from marketing theory and consequently finding the ETOP they actually make, i.e. the possible opportunities (represented by factors possessing positive effects, and should be exploited to gain their full benefits) and threats (represented by factors possessing negative effects and should be over come to avoid their dangerous consequences) which decision makers perceive as the environmental difficulties which they face.

The data collected would later enable the researcher to:

1. Determine the relationship between the strategic marketing decisions (the dependent variables of the research) and the Saudi environmental factors (the independent variables of the research).
2. Determine the effect of each individual factor of Saudi environment on the strategic marketing decisions made by the hospitals' management.
3. Determine the environmental factors having the greatest effect on strategic marketing decisions in Saudi private hospitals.

Stage 3 Testing the Theoretical Model (Compare the Model with Data):

This stage mainly involved testing the model as a description of Saudi private hospital marketing, and determining if there are any differences between the theoretical model and the actual practice in Saudi private hospitals. This is done through testing the hypotheses of the research to reach a decision concerning the acceptance or rejection of the research hypotheses stated in the third chapter. For testing the model, three methods were needed, to decide what PEST factors influence strategic marketing decisions in Saudi private hospitals, and how the above process differ according to hospitals and marketing decision-maker types; and whether following the model does produce effective marketing in Saudi private hospitals. The first method is by asking strategic marketing decision makers themselves through survey and interviews to report what PEST factors they consider in formulating their marketing strategy. This method tests H_1 (See P. 144/145 for a full statement of H_1 to H_8).

If data and the model disagree, there are two possible alternative interpretations:

1. The model is valid but Saudi private hospitals do not apply it.
- Or
2. The Saudi managers generally are successful at marketing, so the applied (normative) theory cannot be used in the Saudi case and so the normative element of the model is not valid or not relevant to Saudi conditions.

So it was necessary to find a way of deciding which interpretation is valid to know why the model was not followed exactly. This was explored through the interview questions and documentary evidence.

Interview analyses were used to decide which interpretation is valid; documents were used as confirmatory evidence as stated in chapter six. However, if it is possible to decide whether H_8 is valid, this solves the problem. If H_8 is valid, the first option is the correct interpretation. If H_8 is not valid, the second option is correct. So interviews and document analysis will be critical, only if the researcher cannot determine the validity of H_8 . Otherwise, the interviews and documents provide further supplementary evidence. The success result will be used to discriminate whether a poor fit with descriptive model shows in competence of practice or invalidity of normative model.

To seek correlations between the previous influence of PEST factors on strategic marketing decisions and the hospitals' sizes, level of specialty, location and strategic marketing decision makers' background and nationality, it is necessary to get segmentation details of each respondent to decide how does this influence differ according to them. This method tests H_2 to H_7 . These two methods contribute to the empirical aspect of testing a description of the process and investigating variations across different hospital and decision maker types. To test the normative element in this research it is necessary to know if following the model in Saudi private hospitals produces effective marketing. So it is necessary to define effective marketing. This is done from the model and concepts mentioned in chapter 1. The normative model is then tested by getting evidence of how effectively each hospital in the sample does its marketing, and testing the association between the hospitals' use of PEST factors to form a marketing strategy and their achieving marketing effectiveness. This is done through secondary data on effectiveness and data from the expert interview and official documents. This method is used to test H_8 .

2.3 Research Population:

The research population consists of the private hospitals in western Saudi Arabia. In this study, hospitals are classified according to location, size, ownership, and specialty, (Fig. 2), as this classification is officially adopted by the Saudi Ministry of Health on which this research depends to get most of its secondary health data about Saudi Arabia.

1. Hospital Location:

Private hospitals in Makkah, Jeddah and Taif were included in the study. The three cities are located in the Western Region (Makkah Al-Mukurrama Region) of Saudi Arabia. This choice was made in light of the following considerations:

- A- The Western Region is one of the largest regions in the Kingdom with respect to population size. It also contains 48% of Saudi hospitals.
- B- The availability of all types of hospital which exist in the Kingdom (based on size, specialty and ownership).
- C- The proximity factor which made it easy for the researcher to collect data, and enabled to a certain extent, higher response rate.
- D- Similarity in regulations, economic growth rates and social development in all Saudi cities, income distribution, customs and demand for health service, beside the language, religion and cultural values, to the rest of Saudi society. This allowed the generalization of the research findings to hospitals to other regions of the Kingdom,

thus benefiting other regions from the suggested model and recommendations.

2. Hospital Size:

Saudi Hospitals are classified according to the number of available beds into, large (more than 500 beds), medium (200-500 beds) and small (less than 200 beds) hospitals, (Ghota et. al., 1982). Although there exist a number of classifications for hospital size (American Hospital Association, 1974), the one depending on bed capacity was used, because:

1. It is one of the most important measures used on the international level (American Hospital Association, Guide to the Health Care Field, 1991).
2. It is followed in the annual reports issued by the Saudi Ministry of health and is officially adopted by that Ministry.

3. Hospital Specialty:

Following the divisions adopted by the Saudi Ministry of Health, Hospitals were also categorized into, single medical specialty, and multi-medical specialty (general) hospitals.

Types of Saudi Hospitals

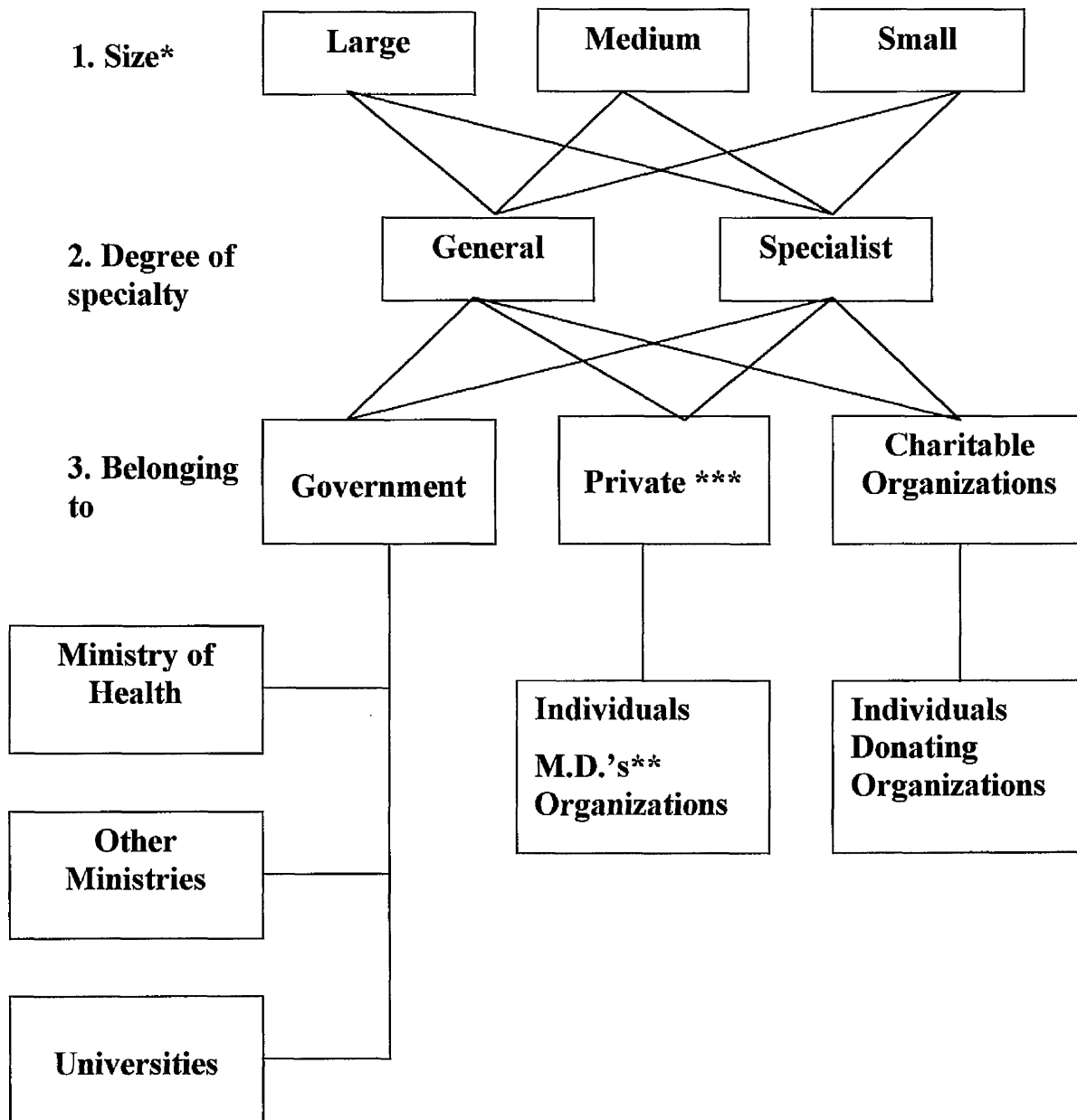


Fig. No. (2) types of Saudi Hospitals, and types the research focusing on.

* Depends on number of beds

** Medical Doctors

(Diagram showing Types of Saudi Hospitals) The researcher suggested it according to the division in Saudi health sector market.

*** The research is focusing on this type.

2.4 Choosing the sampling for the study population:

There are 42 private hospitals working in the western region of Saudi Arabia. In view of this number, all the hospitals included in the study, and all of them were willing to participate. So the research population consists of the 42 Saudi private hospitals in Western region in Saudi Arabia, i.e.:

- 29 Hospitals in Jeddah.
- 9 Hospitals in Makkah
- 4 Hospitals in Taif

(See Appendix 10).

The researcher could achieve complete enumeration within the region due to the geographical concentration of the hospitals subjected to this study, as 29 hospitals are located in Jeddah where the researcher lives and works and 9 hospitals in Makkah (one hour from Jeddah), and 4 hospitals in Taif 1.5 hours from Jeddah. This made it easy for the researcher to access all of them. This completeness in turn gave confidence in the results obtained.

These hospitals represent 51% of all Saudi private hospitals and 20% of all hospitals in the region (public and private), according to the latest report issued by the Saudi Ministry of health 1418, (1998) which states that there are 211 hospitals in Saudi Arabia varying in their ownership in addition to the private sector hospitals subjected to this study.

This research focused on the influence of the external environment factors on the marketing decisions in Saudi private hospitals and extent to which the external environment differently influences managers' different positions and functions within the hospital and even between hierarchical levels inside the hospital. Managers at the higher levels in organization have greater responsibility for managing relations with the

external environment than the lower level managers, because of their greater power and broader perspective. So the study included top management teams in Saudi private hospitals, which included,

1. The General Manager.
2. The Medical Manager.
3. The Administrative Manager.
4. The Out Patient Clinic Manager.
5. The Marketing Manager (if any).
6. The Public Relations Manager.

The inclusion of those executives in all Saudi private hospitals in Makkah region was due to the fact that this group has responsibility for managing relations with the external environment the dependent variables of the research. There is a lack of a marketing department in some Saudi private hospitals. The researcher found during the pilot study that 26 of these hospitals have all the above posts, while the other sixteen have only three of those posts representing top management and marketing decision makers. It was also found that those executives are responsible for strategic marketing decisions (the dependent variables of the research) and participate in designing the general policies and establishing the on going as well as the future hospital patterns. Accordingly the number of respondents, in the study is (204). The questionnaire was directed to the (204) management team members in the (42) private hospitals in western (Makkah) region of Saudi Arabia, table (2-2).

	No. of Hospitals	Strategic marketing decision makers	No. of respondents
	26 Hospitals	$\times 6 =$	156
	16 Hospitals	$\times 3 =$	48
Total	42 Hospitals	=	204

Table No. (2-2) the survey respondents

So, it was possible to conduct a census of all strategic marketing decision makers in all Saudi private hospitals in the Saudi Western Region and the questionnaire survey was a census.

For the interview data, due to the limit on time for the research and the interviewers, sampling was used for them. A purposive sample of population (25%) of the respondents was used for the hospital managers data collection using personal interviews. As this percentage is accepted as a representative sample in such researches. The following table (3-2) shows the interview sample of 25% of the census, which was chosen from the three cities, those hospitals are located in according to number of strategic marketing decision makers in those hospitals.

The location of the hospital	The study population		No. of sample 25%
	No. of hospitals	No. of strategic decisions makers	
Jeddah	29	147	36
Makkah	9	33	8
Taif	4	24	6
Total	42	204	50

Table No. (3-2) the interview sample for the managers in Saudi private hospitals

Accordingly fifty managers were interviewed in those hospitals. The researcher included all kinds of hospitals in the region according to all type of hospitals (size, specialty and location) and all kinds of groups and position of strategic marketing decision makers, i.e. respondents in all three locations, and all kinds of group (medical, administrative and marketer), (Saudi and non Saudi) and all kinds of relevant management position that are (Managing director, Administrative director, Medical director, Outpatient clinic director, Marketing director and public relations director) (See Appendix 8 a, b, c, d, e and f).

At stage 3 (table 4-2), the sample of experts interviewed was 25% of the hospital managers being interviewed. 12 experts in the Saudi health sector and health marketing were also interviewed (See Appendix 9 for names and experience and see 2.5.2 for how they were selected and what interview schedule the researcher used).

2.5 Data Collection Methods and Instruments:

The instruments and primary sources used in this study were:

1. Pilot interviews.
2. Questionnaire.
3. Conducting personal interviews of 25% of the census respondents.
4. Internal health service documents (unpublished investigations related to Saudi environmental variables, unpublished statistical data obtained from hospitals records and related to marketing decisions of these hospitals).

2.5.1 The Questionnaire:

Chapter 4 and 5 explain the design of the contents of the questionnaire for hospital respondents which was prepared to:

1. Identify the properties and characteristics of marketing decisions in Saudi private hospitals.
2. Measure the effect of each Saudi environmental factor on the strategic marketing decisions made by the hospital in the population being studied.
3. Identify respondent characteristics:
 - I. Nationality and the background of the managers (Saudi/non Saudi, medical/administrative or marketing background) who are responsible for strategic marketing decisions in Saudi private hospitals.
 - II. The size, specialty, and location of those hospitals.

The survey questionnaire (See Appendix 2) was divided into the subsequently listed parts.

- An Introductory Letter was provided to the researcher by the Dean of the Joint Programme of PhD studies in King

Abdul Aziz University. This letter introduced the researcher and the research objectives to the private hospital managers.

- The Introductory Letter from the researcher to the prospective study group in Saudi private hospitals.

The questions in the survey questionnaire was a three-part composite: The first part deals with segmentation questions. The section was made up of six segmentation questions and obtain basic organizational and personal data about the study sample used as intervening (moderator) variables to be subjected to statistical analysis of the questionnaire contents. It included hospital size, degree of specialization, and location. It also included the expertise of marketing decisions markers (medical or managerial or marketer) and their nationality (Saudi or non Saudi). This information was used to evaluate and examine variation in answers of the second and third parts of the questionnaire which deal with: the strategic marketing mix decisions made in Saudi private hospitals; and the effect of environmental variables on strategic marketing mix decisions in those hospitals.

The second part of the questionnaire made up of four questions dealt with the strategic marketing decisions made in Saudi private hospitals (the dependent variables of the research). This part was designed according to the research model to help determine the marketing activities and objectives, which Saudi private hospital marketers actually do perform. As stated in the model, according to marketing theory hospitals need timely, adequate, and accurate information about external environment beside the internal reports which supply managers with data to carry out effective marketing decisions, so two questions were added to determine the sources and procedures from which Saudi private hospitals managers obtain their marketing

information about the external environment (the market place), and the degree of internal and external participation in taking those decisions.

The analysis of this data, and the results of the interviews were used to determine:

- Which marketing decisions and uses of PEST analysis the theory recommends and Saudi private hospitals managers also perform.
- Which marketing decisions and uses of PEST analysis the theory recommends and Saudi private hospitals managers do not perform.
- Which marketing decisions and uses of PEST analysis, the Saudi private hospitals managers do make, but the theory did not mention. This contributed to testing the research model and its derived hypotheses describing of marketing in those hospitals.

This part contributed in answering the research questions deal with the actual strategic marketing decisions made in Saudi private hospital.

The third part was basically designed to induce the respondents to evaluate the effect of each Saudi environmental factor (variable) on the strategic marketing decisions in Saudi private hospitals. So this part contained two questions. The first one determined the effect of those PEST factors on the strategic marketing decisions. The second was determined to show this effect on each of the 5 Ps separately (McCarthy's popular classification of the four P's plus People because of their importance in health care sector). This data illustrated which of the decisions are most affected by which PEST factors.

Following the usual PEST analysis variables, which this research focused on as independent variables, each of the two questions of this part covered the main four environmental variables:

- Political-Legal environment.
- Economic environment.
- Sociocultural environment.
- Technological environment.

Within each of these four main parts were a list of subsidiary questions about environmental topics, which are relevant to the Saudi case, mentioned in chapter 4.

This part was structured to collect data to determine the magnitude of the effect of each individual political/legal, economic, socio-cultural and technological factor in the Saudi environment (the independent variables in the research) on the marketing decisions of Saudi private hospitals (the dependent variables in the research), and to determine which factors having the greatest effect on those decisions. This contributed to testing related hypotheses in the research, and achieving the third and fourth objectives of the research.

To achieve the objectives of the research three types of questions were employed as follows:

1. Opening questions (multi-choice questions), for the first part of the questionnaire to get the general information about each hospital.
2. Scale questions for the second and third part of the questionnaire. In these Likert Scale (Oppenheim, 1986) questions, respondents react to items in varying degrees of intensity. This is one of the most common styles employed in questionnaire construction to find out which behaviors are carried out most often by the largest number of those respondents, in a form that is legible and easy to code, tabulate, and analyze, so this type was relevant to the purpose of the study.

3. Open-ended questions in the second and third part of the questionnaire to allow respondents to qualify their own responses, adding issues that need detailed response in the marketing mix decisions in their hospitals, and to mention Saudi environmental factors that are not mentioned in textbooks.

This will help in the analysis, as the respondents are experts in the field as members of the hospital's top management team who play a key role in guiding their hospitals and have greater responsibility for managing relations with the external environment because of their greater responsibility for managing relations with the external environment because of their greater power and broader perspective.

The questionnaire was designed in English-the source language- and then translated into Arabic – the target language – by the researcher. Panels of experts were consulted to validate the questionnaire (Brislin, 1970) (Both Arabic and English versions). This panel of experts was composed of (See Appendix 6)

- 1) Three marketing academicians and two statistical academicians (specialist in administration and social studies);
- 2) Three health sector administrators, and
- 3) Two bilingual translators (Arabic/English).

The three academicians are Arab-speaking colleagues from King Abdul Aziz University-Jeddah who obtained their doctorates in Business and Marketing from western universities revised translations of the questionnaire. The versions of the translated questionnaire were compared and differences found were discussed. In a committee meeting between the researcher and the academicians the differences in

translation were dealt with quite easily since the university colleagues are all bilingual and experts on the subject. The revised and final questionnaire was retested. The researcher had a clearer vision of the questionnaire after retesting the Arabic version by random-probe questioning. The final Arabic version was used for data collection. This is done because the researcher found during the pilot studies that respondents prefer the questionnaire to be Arabic. They find it easier to understand and answer in Arabic, as most of them are not experts in marketing.

The researcher administered the survey herself using the two basic ways in which questionnaire can be used in self-administered situations the hand out survey and mail survey.

The questionnaires were handed-out to hospitals in Jeddah and mailed to hospitals in Makkah and Taif with the help of the Saudi Ministry of Health to collect them back.

Completion of the questionnaire took place through the following steps.

1. Determining the data needed about the Marketing decisions in Saudi private hospitals, and the effect of the environmental variables on these decisions from the point of view of the managers of those hospitals, which fulfill research objectives, answer its questions and test its hypotheses (see above). The top managers in the hospitals (whom this questionnaire were handled to) were asked to help by making sure his responses were complete and characterized by credibility and facts. The researcher did this through presenting her research objectives and goals as well as its confidentiality in the covering letter of the questionnaire.

2. Employing the three types of questions mentioned previously, considering how to put the questions in the right order in the questionnaire, and avoiding questions that contained strange words or words that may have different meanings as well as avoiding those questions that may reveal other meanings.
3. Considering other requirements concerning the form of questionnaire as follows:
 - i. Availability of enough space for responding (open questions).
 - ii. Choosing suitable size and good quality paper (as it was directed to hospitals top management).
 - iii. Examining and reviewing questionnaires in order to ascertain that they were free from wrongly typed words or letters.
 - iv. Considering attaining symmetry between the typed letters in order to avoid bias.

The questionnaire was tested through conducting as pilot study. Accordingly, questionnaires were distributed between a group of managers in a number of hospitals included in this study, and a number of experts in the managerial field to test their level of understanding these questions and the extent to which they were covering the subject.

2.5.2. Interviews:

Qualitative analysis deals in words rather numbers. In this research such data was collected by focused interview. This was where the researcher approaches the interviewee with specific objectives in mind and knew what questions were to be used to attain the objectives. The researcher knew about the focus of the interview, so was able to

direct the interviewee to concentrate on the area directly related to the purpose of the study.

The researcher conducted three sets of personal interviews, one for the pilot study; one as part of the survey of managers to gather data relevant to $H_1 - H_7$; and one with selected experts after the survey, to gather data relevant to H_8 (See table 4-2 for interviews stages 1, 2 and 3).

The first, interview was unstructured and was held during the pilot studies with a randomly chosen sample of 20 manager; 6 experts in the Saudi health sector and marketing; and three owners of Saudi private hospitals (previously mentioned in the pilot study) before the questionnaire was carried out. The criteria and purposes of these interviews were mentioned too.

The questions of those interviews were focused on marketing decision in those hospitals, and the four main parts of the Saudi environmental variables (P.E.S.T factors and their subdivisions), which may affect the Saudi health sector and managers need to base their strategic marketing decisions to achieve the hospital effectiveness.

The second, interview (2) was structured focused interviews. These interviews, which were held with the hospital managers who had completed the questionnaire (See Appendix 8), were a more important way of the main data collection. The purposes of these interviews were to seek explanation of some answers to the questionnaire and discuss them with interviews to allow deeper data analysis methods as shown in Fig. (3).

The interviews administered to each respondent at the time they suggested. The interviews were held after collecting and analyzing the questionnaire. The following procedures were followed:

- a) The questions of the interview were asked by the researcher the way they had been written (See Appendix 5a and 6.5.1).
- b) The answers were written down by the researcher
- c) Additional remarks or comments were recorded adjacent to the question addressed.

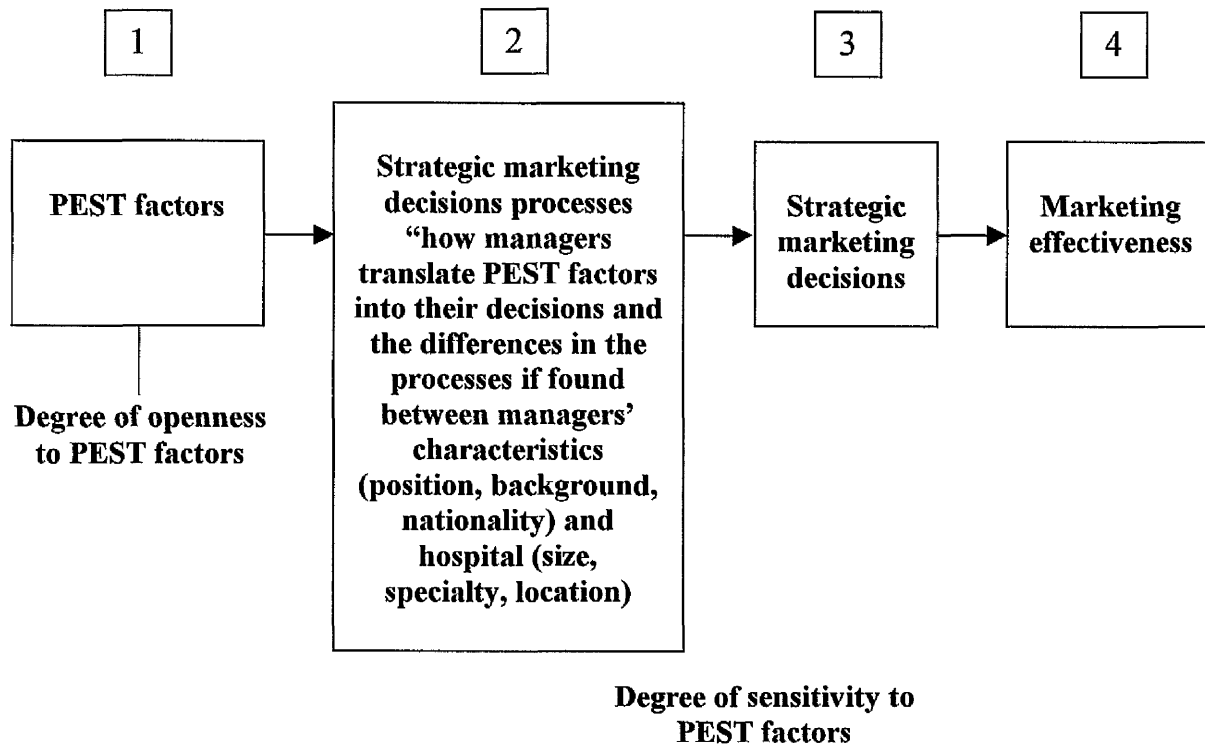


Fig. No. (3) The theoretical model and the data collection.

The questionnaire determined the influence of PEST factors on strategic marketing decisions i.e. (1) on (3) while the stage 2 interviews explained the reasons for influence or non-influence, which were difficult to discover through questionnaire data. The stage 3 interviews tests marketing effectiveness of the process (4). Since the research was primarily concerned with the assessment of the Saudi hospital managers towards marketing decisions and how much they perceive PEST factors

in these decisions Q 2 and Q 3.1 of the questionnaire were formulated according to Likert Scales with the five points to show the relative importance of each item of the study from the respondent's point view and to solve the problem of un-dimensionality in measuring managers attitude.

The interviews showed how hospital managers perceive the external environmental factors when making their marketing decisions (i.e. how much their openness and sensitivity to these factors is, and how they translate Saudi PEST factors into their decisions. It is possible they are open to recognizing the importance of some factors without letting these factors influence their marketing decisions, so their reasons for this could be known through the interviews.

The questionnaire data determined the strategic marketing decisions in Saudi private hospitals, their main marketing objections, the main sources of information about PEST factors and the participants in making those decisions and if the managers in those hospitals are open to the external environment or not. The interviews discussed the following details that were difficult to obtain from questionnaire data.

- The framework of marketing practice in private Saudi hospitals and the hospital managers' approach to marketing for health services.
- Their reasons for using specific environmental information sources and their attentiveness.
- How much managers in those hospitals are sensitive to PEST factors i.e. how much they translate those factors into their strategic marketing decisions.
- Difficulties and problems facing the managers in Saudi private hospitals while dealing with the external environment.

- The environmental opportunities and threats profile in Saudi private hospitals.

Moreover the interviews were used to cross check the answers of the questions and to discuss the discrepancies appeared between the research theoretical model and practice in Saudi private hospitals.

In depth stage 3 interviews were with 12 experts in Saudi health sector and marketing. The selection of interviewees was by the following criteria.

Marketing experts to be:

- expert in Saudi private health marketing and have not or had not any kind of formal contact with private hospitals in Western region (i.e. he did not work for them).
- a Saudi national or has worked for a Saudi university for at least 5 years.

Saudi health sector experts to be:

- among the top managers.
- a Saudi national.
- a senior consultant or strategic decision maker.
- able to supply researcher with available needed documents.

These interviews also showed the main data collection. It aimed to contribute to testing the model and its hypotheses. The basic aims of this interview schedules were to check the importance of Saudi PEST factors which appeared in the research theoretical model for strategic marketing decisions and to ask experts to judge the success of the hospitals which were very near to the theoretical model and those who were very far from it; and to ask about documents supporting the judgment if found. To collect documents a “snowball” method of collecting documents was

used. Through these interviews the researcher learnt of documents relevant to the study, and where possible collected or at least read them.

Based on the above, it was decided to include marketing experts, consultants in MOH, members in Saudi Shura Council, the coordinator between private hospitals and public sector (See Appendix 9). It was semi-structured interview with some stress given to each group according to their specialty. The same schedules used for hospital manager's interviews – mentioned above – was used in recording the third experts' interviews.

The ethnographical method of qualitative research, (Patton, 1990), which suits this kind of research that needs more in depth information for analytic purposes, was used to analyze the interview data. This method depends mainly on professionals view and opinions on the subject being studied and the researcher personal observation. The cooperation of the interviewees was gained by informing them about the importance of their information needed for this research, and the confidentiality of the information they are giving.

The following table (4-2) summarizes stages of data collection.

Stage	Data Collection Methods	Sample	Purpose of the Data
1. Pilot Study	Interviews (1) (unstructured open interviews) + Secondary research	20 managers + 6 experts (Marketing + Health sector) + 3 Owners of Saudi private hospitals	Forming the theoretical model + Forming research hypotheses
2. Survey	Survey questionnaire + Structural interview (2)	Private hospitals marketing decision makers in Western region the questionnaire was a census the interview data as a 25% purposive sample (50 Saudi private hospital managers)	Testing H_1 to H_7
3. Expert Opinion	Semi-structured interview (3) Primary documents (discovered at interview)	4 health marketing experts + 8 Saudi health experts	Testing H_8 + Cross-checking the model

Table (4-2) Stages of data collection

2.5.3 Reliability and validity of the Instruments:

Reliability:

In any questionnaire or interview design, there are two basic goals:

1. To obtain information relevant to the purpose of the study and,
2. To collect this information reliably.

The term reliability refers to the accuracy and consistency of the measuring instrument and its execution. If the same sets of objects are measured by a questionnaire, an interview, and the results are the same or very close, the questionnaire is considered a reliable instrument (Carmines & Zeller, 1997). To test of the reliability of the questionnaire the internal consistency test was used, which is a measure of repeatability. It was achieved by employing a number of similar items in the second part of the questionnaire (in the first and second questions about marketing activities and marketing objectives in the same hospital) and in the question about sources of information of external environment (2.4), that appear in the interviews (see chapter 6). A comparison was then be made of the answers to the questions in their varying positions. The purpose was to detect any differences in answers or contradictory opinions (results of this comparison appear in 6.3.2).

Another way of checking factual questions, as suggested by (Oppenheim, 1992) is crosschecking with a second in dependent source of information. It must be stated that a second independent source is not available in Saudi Arabia. Indeed this is commonly the case with information on social phenomena. Bateson (1984) referred to a second way of checking data. i.e. the use of respondents' surveys. Repeated surveys have limitations. They work only on an aggregate level. Also, they validate instruments by using other data which itself is based on a survey. As with repeated surveys, using a second independent source

checks only reliability. So in this research, the question posed for the questionnaire and interviews were designed to crosscheck each other.

Validity:

The term validity is used to refer to the appropriateness of the content of the questionnaire. The definition of validity has two parts:

Firstly, theoretical research is concerned with applicability to the greater population and different social settings, i.e. with what could be called external validity. Megrath and Brinberg (1983) stress that external validity is more complicated than generalization. Secondly, whether the measuring instrument actually measures the concept in the question and not some other concept; and whether the concept is being measured accurately. The relationship between the validity and reliability is asymmetrical, as validity means reliability but not vice versa (Oppenheim, 1986).

The type of validation used in this research was construct validity which includes relating a measuring instrument to an overall theoretical framework in order to determine whether the instrument is tied to the concepts and theoretical questions and assumptions according to theoretical model that are employed. In this study measuring it took the form of questionnaire followed by focused interviews, which reflected the research questions and hypotheses according to a developed theoretical model (Nachmias & Nachmias, 1976 and Maukut & Morehouse, 1995). Some research experts at king Abdul Aziz University in the field were also consulted to ascertain the validity and the construction of the questionnaire and interviews items. The questionnaire was distributed to top managers in Saudi private hospitals because of their firsthand knowledge of hospital marketing practice.

A pilot test was also conducted by the researcher with a randomly chosen sample of 10% (20 respondents) of the respondents who were met individually by the researcher, with the researcher noting any ambiguity, misunderstanding, or sensitivity that might occur (especially given the political/legal environment).

In order to check the validity of questionnaire items, researchers developed the following criteria, which have also been applied in this study:

1. The questionnaire had a central topic.
2. The questionnaire sought only information, which could not be obtained from non-survey data.
3. The questionnaire requested only data essential to the subject matter.
4. Respondents were given clear and complete instructions on how to answer each item.
5. The questions were objectively constructed with no hint of desired responses.
6. The questions were presented in good psychological order, proceeding from general to more specific responses. Embarrassing questions were avoided (Caramines & Zeller, 1997).

These are the characteristics of a good and reliable questionnaire, which are very carefully followed during the construction of the survey instrument.

In summary, this study pertains to the attitude of hospital managers, and the type of validation used in this research is construct validity. In this study the measuring instrument used took the form of questionnaires and focus interviews. The validity of this research depends mainly on the questionnaire design. The questionnaire was also

tested through conducting a pilot study. To ensure validity the researcher quality check the manager survey by comparing it with the interviews and the available documents to ensure an in-depth exploration of the managers answers.

2.6 Data Processing and Analyzing

2.6.1 The questionnaire data:

The survey data treatment were under taken as outlined below:

1. Checking the Data

Checking the data before coding was done primarily to identify the open-ended questions and have the answers categorized into groups. The open-ended questions in the questionnaire were question 2.1, 2.2, 2.3, 2.4, 3.1, 3.2 and 4.

2. Coding the Data

Coding the data for computer was done through assigning all the questionnaires a serial number stating with Part I Question # 1.1 representing hospital size and ending with Question 3.2 The influence of PEST factors on the 5 Ps.

3. Scoring

A Likert Scale (Bruce, 1975) was used in questions 2.1, 2.2, 2.3, 2.4 and 3.1 to estimate the degree of the importance of strategic marketing activities, objectives, the degree of participation in taking those decisions, the source of the environmental factors and the influence of PEST factors on those strategic marketing decisions (See Appendix 4).

The mean scores of each factor was taken out of the five point scale. The mean score of each factor was extracted by getting the total scores of each respondent on each items and dividing

the number of items of that factor. The grand mean score for the sample as a whole was extracted by summing the individuals' grand mean scores and dividing the study sample into satisfaction categories (See tables 7 to 10, and 35 to 42) and after categories (See tables 11 to 34)

4. Statistical Procedures and Data Analysis

To examine the hypotheses of this study, certain statistical tests were applied through treating the collected data. The tests were:

- 1- Chi-Square to test the descriptive data to show the relationships between perceiving PEST factors in strategic marketing decisions and groups of different variables/ hospitals' sizes, specialty, location and respondents' position, academic background and nationality).
- 2- Z test to see the difference between two group means in perceiving PEST factors (doctors and administrators) (Meyer & Jones, 1976).
- 3- The Kruskal-Wallis multiple range test to pinpoint the different groups, to test the homogeneity of other group, and to cross check the results of the X^2 test.

The data for this research was analyzed via the statistical package for Social Science (SPSS) (Norusis, 1990). The SPSS program was employed in the estimation of descriptive statistical measures (mean, standard, deviations, frequencies, and percentage confidence intervals) were used to test the research hypotheses formulated in section 3.7 as follows:

For testing H_1 , frequencies and weighting of answers of the influencing of PEST factors on strategic marketing decisions as general

in Q3.1 and on each of 5P in Q3.2 showed how far the model is followed in Saudi private hospitals.

For testing H_2 to H_7 all questions were cross tabulated with respect to the respondent's positions. (General manager, Administrator manager, medical managers, Relationship manager, out-cline manager, others if found and marketing manager); group (medical-administrative) and nationality (Saudi – non Saudi). Questions were also cross-tabulated with respect to: Hospital location (Makkah, Jeddah, Taif); size (large, medium, small) and specialization level (one specialty, general).

The X^2 and Z tests were used since they are considered standard non-parametric ways to test descriptive data in order to identify relationships between groups of different variables. The one-way ANOVA test was used to test for differences in the managers' thinking about environment factors and in their thinking about marketing across the groups in the first part of the questionnaire. Analysis of variance techniques provides ways to test whether more than two population means may be considered to be equal. The Kruskal-Wallis multiple range tests were employed to pinpoint the different groups and to test homogeneity of other groups to cross check the results of X^2 test. The Chi-Square test was used to determine if there are any significant differences between the different types of hospitals and the strategic marketing decisions in those hospitals in perceiving PEST factors while making their decisions. The Z test was used to determine if there is any significant difference between the view points of Saudi private hospital managers according to their groups, to determine if their management background affects the results or not. It is assumed the correlations are significant only where both tests show significance of correlation.

As for marketing research, a 5% (0.05) level of significance is accepted. This means that there is a 95% probability that the value of a sample statistic can be accepted to lie within the stated confidence interval, so the level of significance used in this research was 0.05.

Analysis for H_1 shows whether individual hospitals decide each of the 5 Ps and how much they perceive PEST factors in their strategic marketing decisions. Analysis of H_2 to H_7 shows what types of hospital most and decision makers to do so. Interviews analysis and documentary evidence contribute to testing this effectiveness by association secondary data on marketing effectiveness and data on using the model from testing H_1 to H_7 .

For testing H_8 , the researcher compared data on effectiveness with a ranking of the hospitals' capacity to generate the strategic marketing decisions from PEST factors (See 6.5.3 for details).

2.6.2 The interview data

The interviews formulated to construct this research made was basically started from personal observations that the researcher made (comprehended) during talks and exchange of dialogues with managers and experts in marketing and Saudi health sector. Interviews with hospital managers were done at their convenience in their hospitals. They were held after analyzing the questionnaire. Because of the difficulty of audio taping these interviews (as the researcher noticed in the pilot study that managers do not talk freely on marketing if there is an audio tape recording), the researcher depended on taking copious notes during interviews and immediately before leaving each hospital's details were reconstructed and have been transcribed for use in data analysis at the same arrange of the questionnaire questions which were

prepared by the researcher before each interview to be easy to cross questionnaire data, adding on a separate sheet any additions related to the study. As marketing aspects are very sensitive, the researcher was very conscious of the rights of the hospitals. The researcher informed the hospital managers that they are free to say what they liked and that nothing they say will ever be identified or described in any way that would reveal their identity. The interviews included both structured and open-ended questions. The constant comparative method for qualitative analysis, originally introduced by (Glaser & Strauss, 1967) and later expanded by Miles & Huberman, (1984); Lincoln & Guba, (1985); Wolcott, (1990); Patton, (1990) and Pett, (1997) was used to record and analyze the data. This method was used to complete the data that was difficult to obtain from other sources, especially data dealing with the marketing approach in the hospitals, and to continue the theoretical research. As it would be known through the questionnaire that managers are open to Saudi PEST factors, the interviews were important to cross check their answers and to show how much those managers translate these factors into decisions. This part contributed in answering the fourth, the fifth and the sixth questions of the research.

The same procedure applied to expert interviews. Again the interviews used both semi-structured and open-ended questions, with more emphasis on some questions according to their specialty. They were also asked to judge the success of the hospitals after the researcher had divided them in groups according to the theoretical model, and consultants in the MOH were also asked about documents supporting their judgment. One possible problem in the conclusions about H₈ occurred. The choice of expert tended to favor experts who were interested in marketing and private health care and were therefore

predisposed to agree with H8. To overcome this limitation, the researcher took care to cross-check the experts' opinions against documentary evidence, so far as available, at interview, at stage 3.

The personality, responses and social position of the interviewer may affect what information is given, and how it's presented by the interviewee. Besides, the interview is a social process in itself, and the process may influence how much information is extracted, and what kind. The researcher tried to overcome bringing her own assumptions of value to the analysis. The researcher checked what she believed is true according to her own experience in Saudi health sector and Saudi environment. She interpreted the interviewees' answers and judged the truth and falsity of what was being said by checking herself what's going on in the hospital. She tried to avoid misunderstanding the answers by asking the question again in another words when necessary. She also avoided leading questions.

2.7 Research Limitations:

- Limitation of the Theoretical Model (Stage 1):

The model depends on assumptions of previous researchers. As there is no specific study for Saudi case, the researcher used a hypothetico-deductive model, which can be criticized but not here as it is a philosophy of science, and is accepted in these researches. The research considered only external environment considered as the factors needed to base strategic marketing decisions on in all Saudi private hospitals. The study covered PEST factors although there might be other factors which effect the study sample strategic marketing decisions which were not considered in this research. It does not refine the analysis to generate an implied strategy for each individual hospital because that

needs individual hospital data which is difficult to obtain. International considerations are outside the scope of the study except for factors affecting marketing strategies (e.g. the effect of WTO membership and the role of external competitors (See 3.3)). As this research deals with marketing, so the research concerns marketing effectiveness rather than clinical effectiveness. Criteria of marketing effectiveness used in the marketing are very narrow for the health sector. Profit and market share are superficial and impoverished indicators of marketing success or failure in healthcare. It proved very difficult to get data even about market share and profits in Saudi health care, so the results are inconclusive. Definition of hospital success and effectiveness is limited to the standards used by Saudi Ministry of Health that limited to the standards used for Joint Commission International Accreditation of hospitals (JCIA).

- Limitation of Data (Stage 2):

Time span:

Secondary data covered by the research was limited to last reports issued by Saudi Ministry of Health which was in 1419. As the main environmental changes (politically, economically, society and technologically happened in Saudi Arabia in the last five years so 1415 used as the base in this research, the results were limited to the time period in which the study was conducted.

Geographical (place) Limitations:

The study is conducted only in the western region of Saudi Arabia, currently known as Makkah region due to limited time and resources. Western region has 51% of the private hospitals in Saudi Arabia, besides

it has all kinds of these hospitals, and it has Jeddah, which is considered the commercial center of the Kingdom.

The similarity in all regions in Saudi Arabia (See 7.3) allowed the generalization of the findings of the research in private hospital in the other four regions of Saudi Arabia (Central, Eastern, Northern and Southern), and thus benefiting from the suggested model and recommendations.

Type of Hospital:

Although the strategic marketing oriented approach emphasized the importance of marketing to all kind of organizations (public and private) to achieve their effectiveness and quality, the importance of marketing has just started to be recognized in the private health sector in Saudi Arabia. Besides, the managers' roles differ between the public and private health sectors, so the environmental factors having influence on these decisions may differ.

This study is focusing on private sector. So its theoretical implication might apply to the public sector, but the empirical study may not apply. It was difficult to generalize the results in the private sector to the public sector because of the differences between them (e.g. the financing system, the objectives the marketing decision makers).

Concerning the type of decisions taking, only strategic marketing decisions, which the researcher ascertained from during the pilot study and the primary test of the questionnaire, were included in this study. This was according to marketing orientation approach applied in this research. No details on tactical marketing decisions were included.

Concerning the selection of respondents only the top managers and managers responsible for strategic marketing decisions in Saudi

private hospitals were included in the survey. They are considered to have a first hand knowledge as the research deals with the relationship of the environment and the hospital marketing decisions. So these executives only were included due to the fact that this group, are not only (as found during the pilot study) responsible for strategic marketing decisions, but also have a great responsibility for communicating with this environment and managing such relations.

Concerning the nationality of the managers, all managers i.e. Saudi and non-Saudi were considered.

Limitations of Analysis (Stage 3):

The evidence that can be collected by the methods described above is stronger in respect of H_1 to H_7 than in respect of H_8 . Any conclusion about H_8 will still have some evidential support, but that support will be weaker than for the other hypotheses. Further research on H_8 would be necessary to give conclusions about H_8 an equally strong evidence base as H_1 to H_7 . Because of the impossibility of tape recording or, therefore, transcribing the interviews, it was not possible to make a quantitative statistical analysis of the interview responses. The best that could be done in these circumstances was taking notes during the interviews, and record it and arrange it by the researcher as soon as leaving the interviewees office (in the same building). Telephone calls were used sometimes to confirm the interview data. Accordingly some data in the research could be tested statistically; other data could only be tested qualitatively using the ethnographical method of qualitative research that achieves the objectives of this research. If data and model disagree, there were two possible interpretations. Interview and documentary evidence analysis was used to decide which is valid and the reasons for the discrepancies.

The methods of comparing predictions with the data is fairly simple and therefore used only to reveal and analyze the biggest discrepancies between model and data (See 6.3.3), and similarly only clear cut correlations (supported by both tests) are accepted (See 6.4).

The results are limited to criteria of success of the hospital that produce marketing effectiveness and limited to the standards used in Saudi health sector.

The results of this research reflect the correlation of perceiving PEST factors in strategic marketing decisions among the study sample but not causation. In other words causation might be inferred from correlation but this cannot be definite.

The complexity or instability of the Saudi environment cannot be analyzed because the necessary measures and instruments do not exist yet (even in Europe and America), and cannot be inserted within the scale of a single thesis.

In summary, the hypothetico-deductive methodology was used in this research where one can test theory, and hence the theoretical model in this research, by testing the hypotheses which follow from it. It is a standard method in such cases. The researcher judged the strengths and limitations of the research design as follows:

1. The research theoretical model-as mentioned before-depended on earlier work of marketing theory (cited in chapter 3 and 5), as there was no specific study for Saudi case. So the model is only valid, assuming that the theory used is also valid in Saudi case. For this the researcher made the pilot study and then used document as confirmatory evidence mentioned in chapter 6. However, the present research method tests the model and therefore also the theory from which it derives.

2. If theory and practice differ, the present method of research has the problem of deciding which interpretation is correct. To decide that and also to test H_8 to know whether following the model produces effective marketing, a further supplementary analysis of interview and documentary data were needed.
3. Change may occur in the population of Saudi private hospitals, and their policy, even in hospital managers' expertise in marketing. So the evidence will gradually get out of date, but it can be used as a base line. The empirical value of the model depends on how unstable the Saudi environment is, so the data collection will also have to be analyzed in a way which indicates stability or instability and the general model need to apply the changes if occur in PEST factors for such studies in future.
4. The list of rankings of PEST factors for Saudi Arabia is a matter of judgment i.e. the researcher's judgment and judgment of the experts whom she consulted during the pilot study (see above).
5. A strength of the research is using interview data to check the completeness of the list of PEST factors, and the marketing model (i.e. the check whether the model leaves out any important factors).
6. The qualitative data from interviews cannot be used to refine the statistical analysis of the questionnaire, only to interpret them.

2.8 Research Difficulties:

Applying the scientific methods of marketing research helps lessen uncertainty and heighten the quality of management decision. In developing countries, however, research facilities and information cannot be expected to be as readily available as elsewhere. However,

business decision-making has the same need for rigorous rational and systematic procedures, so compromise and creative research methods have to be employed to cope with difficulties with lack of data and of facilities. The research has, as can be seen, had to face such difficulties beside the following ones:

- Hesitation of some managers to fill in the research forms from the first time for being busy and lack of time.
- The absence of some managers during collecting data either because of sickness or travel.
- Difficulty of conducting some interviews with executives or physicians because of their constant business.
- Filling in the research form with a few words and leaving some questions without answers.
- Loss of some forms as a result of some individuals taking them till the following day.
- Lack of some data and refusal of private hospitals to supply some.
- Refusal of hospitals to give financial and marketing data.
- Lack of statistical records at some hospitals for storing the records in warehouses for long years and difficulty or referring thereto.
- Disagreement between a lot of hospitals in calculating rates of beds occupancy and average period of accommodation.
- Lack of adequate scientific and marketing training qualifications for those working with marketing and statistics at most hospitals which led to the disinterest in scientific methods in marketing and in statistic and their records.
- Lack of information as regards the marketing aspects at the Ministry of Health.

The researcher was able to minimize the problems listed above as outlined below

- The data for this research was collected through self-administered questionnaires distributed to the hospitals in Jeddah and by calling the general managers in the hospitals in Makkah and Taif after sending the questionnaires to them. Questions for the survey were mainly of the closed type since this type of question generally is easier and quicker to answer which better suits physicians. However, those closed questions have an open option at the end to allow self-expression by the respondents who are willing to do so especially the administrators who usually have more time than physicians. The wording of the questions in the survey was carefully chosen to avoid specialized words in marketing (e.g. segmentation, relationship marketing). A number of call backs had to be made in order to collect the completed questionnaires.
- In the absence of statistical records at most hospitals and the disagreement between them in most calculating indicator rates, the researcher only considered, MOH formal information (see research limitation 207).
- Due to insufficient information about marketing activity in hospitals, the researcher tried herself to contact the executives in MOH and other related ministries through informal channels to have the available information.

What follows is the theoretical base of the research, which was used to produce the general model for the Saudi health environment.

Chapter 3

A Model of Marketing Strategy Production

3.1 Introduction

The previous chapters stated that a theoretical model of the strategic marketing process is produced and tested in this research. This chapter is designed to state the research theoretical model; and the following two chapters designed to formulate appropriate marketing strategies of Saudi private hospitals by producing strategic marketing decisions from PEST analysis. The model is a generalization of a process of strategic health marketing planning and management as described in standard recognized marketing texts written in English and Arabic as these are the most familiar recognized languages in Saudi Arabia, and the texts are available in Saudi Arabia. Those texts were used by selecting the common themes about how marketers produce marketing strategy. Two elements were used in the texts, firstly the description of how strategic marketers produce marketing strategies and secondly normative accounts of how to market effectively. Texts about systems theory, environmental analysis and marketing strategy formation especially marketing mix were examined, emphasizing those relevant to health care services. Previous studies made in Saudi Arabia (not in health sector in particular) were used because of the unique kind of this environment and due to the lack in the studies in Saudi health sector.

As these texts were produced mainly for other countries and other sectors, it is necessary to test how far they can be applied in Saudi private hospital. Texts on Saudi PEST factors were needed as shown in chapter 4. The aim of this chapter is to state the theoretical framework

of the research. To achieve this aim, a brief definition of systems theory and its importance in the research is discussed to emphasize the important of environment to strategic decision markers, followed by an account of the three main aspects of the theoretical model of the strategic marketing process.

3.2 Systems theory and its importance to the research

In this part of the chapter, the literature review will cover a brief definition of systems theory, the systems general characteristics, and the importance of relying on systems theory.

3.2.1 Definition of systems theory:

The effect of the environmental factors surrounding organizations has been among the important subjects in studying management since the end of the 1950s. Ludwig Von Bettalanffy, Chicago University originated the concept of the open system in 1956. It focuses on the effect of the environment on organization. Systems theory is a set of concepts and relationships describing the properties and behaviors of organizations with their environment.

Since the start of the sixties a group of contributions have appeared in this field. Farmer and Richman (1964) were the first to produce a model presenting the environmental effects on managerial operations to achieve effectiveness. Concentrating on the climate surrounding the organization, open systems theory began to take into account the apparent effect of external powers on the internal movement of organizations and on their decisions.

Organizations vary in how open they are to the outside environment. Theorists found the more organizations are open and

sensitive to their environment, the more effective they will be (Jackson & Morgan, 1998; Gluek, 1980; Green & Jones, 1981; Daft, 1986 and Robey, 1991). The systems approach sees all variables in the environmental as mutually dependent and interactive, and all organizations as open systems constantly interacting with the external environment. These open systems are characterized by flexible equilibrium as depicted in Figure (4). They are continually receiving external inputs, which in turn being transformed into outputs. Information on the adequacy of the output is fed back into the system for purpose of adjustment and correction.

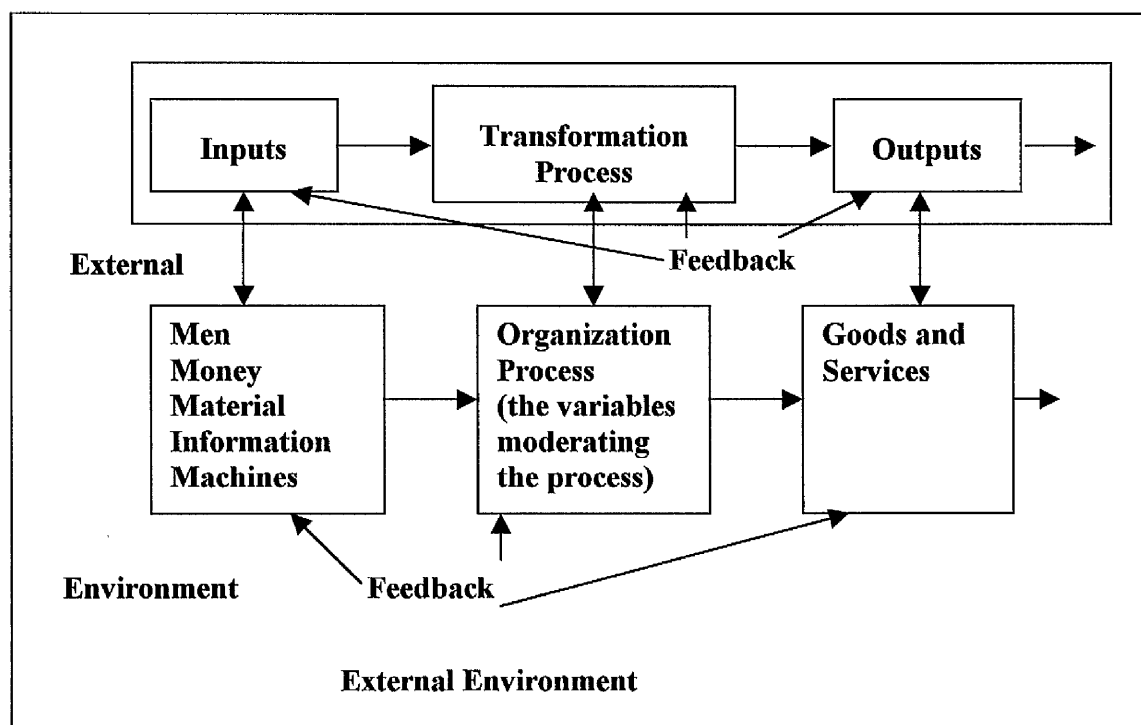


Fig. No. (4) The organization as an open system according to systems theory.

Organizations are systems with boundaries that are open to their external environment, receiving their inputs from it, converting them into

outputs and returning them to it once more. Accordingly, organizations must take the character of this environment into consideration when taking the decisions, to increase their effectiveness, (Arnold & Feldman, 1970; Gerloff, 1985; Kast & Rosenzweig, 1985; Lawrence & Lorsch, 1986 and Peters & Waterman, 1997).

3.2.2 Importance of relying on systems theory

Systems theory is employed in this research to understand the two important aspects: the Saudi private hospital as an open system linked to its environment, and the market structure facing Saudi private hospitals.

Saudi private hospitals should be looked at as open systems because they exist in Saudi society as a means to the fulfillment of Saudi health needs. They also affected by events in the Saudi Society like some Saudi policies, rules and regulations, Saudi income rates, inflation, technology and values and norms prevailing in Saudi society. Dealing with hospitals as open systems linked to their environment is important for understanding the relationships between those hospitals and their environment from where they get their resources which they need to continue operating, and send back their outputs of health services. Any hospital is considered a system that cannot isolate itself from the environment to ensure its development and survival. It is noticed that organizations differ in their way of perceiving and dealing with the environment. Chandler (1962); Aldeeb (1985); Daft (1986); Miller (1986); Robey (1991); Cummings & Worley (1993) and Ledtka & Rosenblum (1996), illustrated the relationship between environment, marketing strategy and structure.

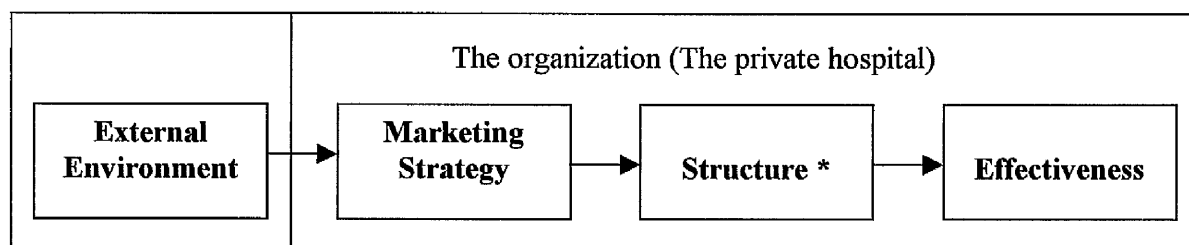


Fig. No. (5) The relationship between environment, marketing strategy and structure (Cummings & Worley, 1993)

** By 'structure' Cummings & Worley seems to mean 'implementation'*

This relationship is shown in figure (5) that shows how an adaptive hospital can achieve effectiveness through monitoring and interpreting important environmental variables.

Saudi private hospitals – like any other organizational system – is composed of three related parts, mentioned in the systems theory as inputs, transformation and outputs (as shown in figures 4, 6).

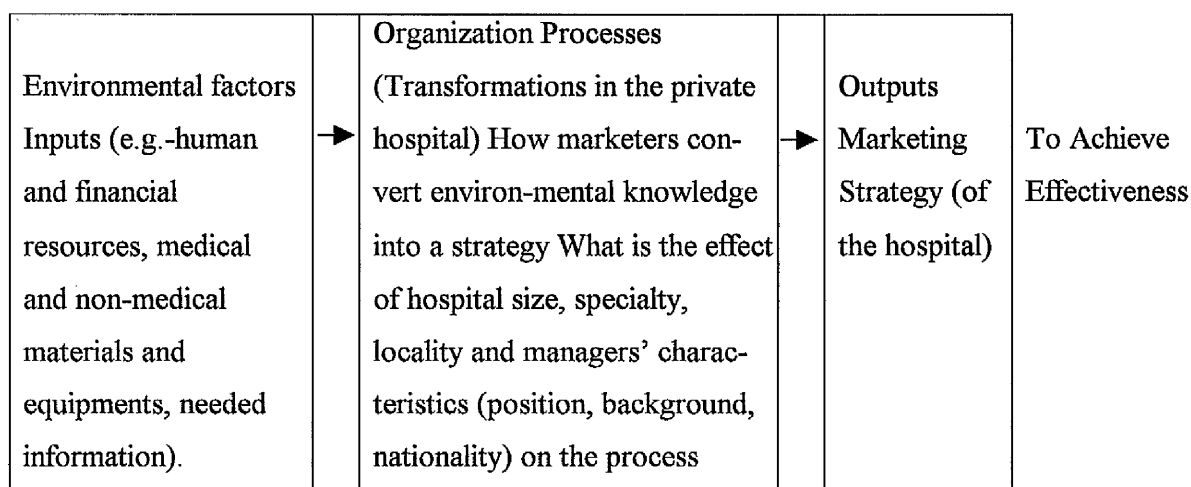


Fig. No. (6) Model for Diagnosing strategic marketing process in hospitals according to systems theory

Therefore, a model of the market process has to explore the three following main aspects: environment (as Inputs); how marketers convert environmental knowledge into a strategy (as Transformation process) and marketing strategy in the hospital (as Outputs).

3.3 Environment

Although a group of contributions in this field had started in the sixties, writings in the Arabic language started in the end of the seventies, especially publications in the Arab Republic of Egypt, and writings of Saudi researchers have started only in the eighties. Most Arabic language studies have concentrated on the effect of environmental variables on manufacturing, while the service sector in general and the hospitals sector in particular did not gain the same interest.

Researchers views differed in their approaches defining 'environment' according to differences between them in specialization and the referential framework on which each one of them relies. Here under is a demonstration of the related definitions. In defining the environment, Emery & Trist (1965) were the first to be interested in the causative relationship between its elements and the establishment. They pointed out a group of elements with which the establishment deals and which form accumulative relationship with it, followed by Arnold (1970), Khandwalla (1973), Miles & Petty (1977), Duncan (1979), Al Deeb (1985), Baron & Greenberg (1986), Selmi (1990), Palmer & Worthington (1992), Treah (1994) and Kotler (1997). Elaky (1985), who is considered the first to be interested in studying the effect of these environmental factors in Saudi Organizations, used this definition in his

studies, followed by Abdel Ghaffar (1990), and Terkostani (1996). Banaja (1996) used this definition in his study in the Saudi car market.

Due to the importance of existence of integrated definition that gathers all the different definitions, the researcher adopted the following definition of the hospital environment as a basis for analysis which conforms to the theoretical pattern and represents the referential framework of the research: The environment is the group of external variables or factors, whether or not those can be measured, which lie outside of the boundaries of the Saudi hospital, and affecting the effectiveness of the hospital performance. They are the source from where it obtains its resources and returns to its outputs. This environment may or may not be perceived by top management to represent opportunities or restrictions, (Degreen, 1982; Griffin, 1984; Bedeian, 1984; Kast & Rosenzweig, 1985; Elaky, 1985; Hodgen & Anthony, 1988; Stoner, 1982; Aldeeb, 1985; Al-Rashed, 1990; Kotler, 1991; Smith, 1991; Madkor, 1991; Borsley, 1991; Erramilli, 1992; Khatab, 1994; Treah, 1994; Ghorab, 1994; Banaja, 1996; Ramiz, 1997; Upton & Brooks, 1997).

There is a consensus between most researchers that all organizations operate within an environment which consists of a microenvironment, and a macro-environment. The microenvironment relates to the organization itself. Its influence, therefore, will be specific to a particular organization, Stoner (1982) called it "Direct Action Elements and Hodgins (1985) called it "First Tier Force", while most other researchers called it: "Internal", "Relevant", "Task" and "Specific Environment". This environment will not be included in this research, because the research can't generate a strategy for an individual hospital

as this would need separate individual hospital data. It may be another research's concern (see limitation of the research in chapter 2).

The Macro-Environment is the external environment in which all firms operate. It affects all organizations in the same society to a lesser or greater degree. Stoner (1982) called it "Indirect Action Elements" and Hodgen (1985) called it "Second Tier Force", while most researchers called it "External", "Total" or "General" Environment. Following general systems theory, the study focuses on the environment which influences Saudi private hospitals in particular. The researcher used the term "External environment". She found it the expression most understood during the pilot study by interviewees that were not from a marketing background.

Many analysts have classified external environmental factors into four categories and used the acronym PEST to describe them. These factors are political; economic; socio-cultural and technological environment.

Upton and Brooks (1997) used this classification for health sector. Tichy (1983) ignored the economic environment in his T.P.C. theory. However, the economic environment is very important in this research, given the importance of the economic changes in the nineties. Pettie (1995) used a more detailed framework, which includes two more dimensions, which will not appear in the analysis. One is the international dimension or environment because this factor concerns international activities organizations, which practice production and marketing business with several countries. They work in the shadow of different cultures and are in competition with organizations working in these countries under the circumstances and conditions distinguishing each country. It is important to multi-national organizations, but it will

not be included in the analysis, as Saudi private hospitals are not these kinds of organizations. Competing hospitals overseas are not covered. But the effects of WTO membership which is among the important new policies in Saudi Arabia and the role of external competitors of Saudi private hospital were exceptional due to their importance in the study. Neither will this study consider the physical environment (polluational degralation of physical environment) (See research limitations). Although this factor is very important to consider in manufacturing and some kinds of research organizations, it is not important for hospitals. So, it will not be included in this research.

Additionally to this, and according to previous studies, the main groups of environmental elements can be divided into subsidiary elements for analytic purposes as follows:

3.3.1 The Political-Legal Environment

Political/Legal Environment is composed of laws, government agencies and pressure groups that influence and limit various organizations and individuals. Sometimes these laws also create new opportunities for business. According to previous studies, factors may influence strategic marketing decisions in organizations are society's political climate; centralization and decentralization of the political power in society; government objectives, policies, decisions; the extent of stability of the political and legal system; legal restrictions, imposed on the organizations; pressure groups; different governmental units having legislative authority; laws concerning taxation, establishment licensing and control over organizations in the society (control style regulations); red tape/bureaucracy and government agencies of enforcement. Among the multiple definitions of the political/legal environment, Arab researchers used the following two in their studies.

One is “the climate prevailing in the society as regards the shape of government regime the governor-governed relationship the extent of citizen’s enjoyment of political freedoms, especially as they prefer and the pattern of the prevailing regime (democratic, dictatorial etc.)”, (Palmer & Worthington, 1992 and Khatab, 1994). The other definition describes as more precisely its connection and interaction with organizations. In that sense the political environment comprises government departments and agencies, policies, political parties and trade union that can influence the activities of certain organizations (Griffin, 1984 and Ramez, 1997).

3.3.2 The Economic Environment:

According to marketing theory the economic environment includes the economic system in the society in which the hospital operates. It is considered the most influential environment on strategic marketing decisions in the private sector. The importance of predicting these factors increases when the organization works in a competitive environment. (Livesey, 1987; Enemark et.al., 1990; Rosenstein, 1991; Azzam, 1993; Banaja, 1996; El Kateeb & Dukkak, 1997 and Kotler, 1997).

Tuncalp (1988) handled the effect of the economic aspects and the conditions of competition in general on the trends of trade activity in the Saudi market, but did not arrive at the extent of the effect of each group on this movement in a statistical form. The study only described this effect. Abdel Ghaffar (1991) tackled the effect of economic factors influencing the decisions of business organizations; the subject matter of her study were, the Saudi Arabian Airlines, a service organization, and the Saudi Cables Company, which is a manufactor organization. In her

study she captures the importance of such factors and recommended the necessity of analyzing and studying the characteristics of the environment in which the organization operates and the necessity of drawing the attention of decision makers to the importance of studying the external environmental factors, specifically the economic ones thereof and determining the most effective on the process of taking decisions. Banaja's study (1996) arrived at determining the most effective economic factors on marketing decisions in the Saudi car market, namely the degree of stability in the rates of growth in the Saudi economy, rates of economic inflation and the size of the local market. El Khateeb & Dakkak (1997) focused on inflation as the most important economic factor affecting health business organizations. They noticed that the increase in the rates of inflation and its spread in different areas leads to lowering the level of health services obtained from clinics and hospitals of the private sector, which correlate between their service charges and inflation. Al Faleh (1999) pointed out to the fact that the richer the State the higher the rate set aside by the individual from his income to spend on health adding that this fact started to be applied in Saudi society, so decision markers in private hospitals should be conscious about this demand. Among the important economic factors mentioned in previous studies (non-Saudis) in the health field are the policies of appreciation of currencies and their relations to other currencies.

The economic environmental factors can therefore be classified into three categories:

- The general economic factors.
- Competition.
- The hospital itself.

Because the research focuses on the effect of the external environmental factors, it omits the third category which differs from one hospital to another according to its resources and abilities. The factors that are necessary to base marketing decisions on are, therefore general economic factors and health sector competition.

General economic factors include cycles of economic recession and prosperity; rates of incomes and interest. Theorists added that in addition to measurable economic prosperity, the level of perceived wealth and confidence in the future could be an important determinant of demand for some high-value health services (Green et. al. 1981; Rosenstein, 1991). Monetary policy and tax exemption in general affect the motivation of owners of capital to invest and the profitability of existing organizations. Whenever the tax provision decreases the distributable profit increases, thus increasing the return of this organization. Theorists emphasized that government expenditure is one determinant of the volume of demand expected for the services of organizations. For whenever the project is a private hospital the volume of government expenditure in the field of public health and governmental hospitals must be known, and such expenditure must be analyzed according to governorates and cities. For whenever the expenditure on developing and improving governmental health services increases the demand for the services of private hospitals may decrease. Beside the importance of Monetary and Financial policies, previous studies also emphasized the importance of role of the banks because any organization whether at its beginning as a project or during its life cycle needs financing, and to spend the funds on fixed assets or operations. One phenomenon is worth noticing is the banks' tendency in general to

offer short term credits or loans, rather than medium and long term lending and financing. Whenever international rates of exchange stabilize, the degree of risk to which investors and organizations are exposed to decreases.

Stanton (1991) and Ramez (1997) state the unemployment rate as one of the economic indicators that also bears on strategic marketing decision taken by organizations. If it is high, the organization can easily get its requirements in an ample labor market besides paying lower salaries to those employees who are selected. If, on the contrary, the unemployment rate is low, where skilled labor is required, the management will have to pay higher salaries to attract such skilled labor. Rosenstein (1991); Azzam (1993) and Banaja (1996) state that during periods of inflation organizations bear higher costs for materials, wages, maintenance services and utilities. So inflation should be among the factors influence organizations marketing strategies.

Marketing theory emphasizes that competition is the most vital factors in economic environment in private sectors. It affects the marketing strategies especially when the organization works in a competitive environment. Madkor (1993) and Saaty (1998) state that PEST analyses of the competition part of the economic environment help managers to know market structure facing their organization, and if it is price or quality competition that faces their organizations so as to decide the proper marketing strategies accordingly. It is important to analyze factors affecting behavior of beneficiaries in the use of services, as this helps in the measurement of the size of effective demand (Khatab, 1994; Palmer, 1994 and Ramez, 1997).

3.3.3 The Socio-Cultural Environment:

An exact definition of socio-cultural environment is rather difficult but generally speaking it involves those values, tendencies and desires of a certain group of people living in a given area and linked together by a bond that has shared common characteristics and properties. Culture is defined as the people's mental patterns of behavior and the underlying regulatory beliefs norms values and premises. It provides standards that direct a person's life-style (Oliver, 1990 and Palmer & Worthington, 1992).

A knowledge and understanding of socio-cultural environment which comprises of characteristics of people, their culture, their social class, values and life style is vital for marketers, because this environment influences buyer behavior. It is also related to needs and therefore to demand of consumers which is of interest to marketers. While the marketer cannot control for the most part these variables, an understanding of their influence on behavior can help him to select the most effective offered service, method of price, promotion, channels of distribution and other aspects of the hospital marketing program (Hill, 1991; Bateson, 1992; Khatab, 1994; Palmer, 1994 and Ramez, 1997).

Madkor (1993) emphasized the effect of increasing population and its direct affect on increasing demand on health services. Among the demographic factors which the marketer is required to diagnose and analyze the trends of change therein are the number of population, the geographic distribution, age, rates of birth, marriage and death, nationality, religion, profession and the educational stages of the society's individuals. Immigration has an effect on the size of markets or the geographical volume of demand inside the market of one state.

Tuncalp's Study (1988) described the effect of the demographic and social aspects as well as the consumer's behavior on the movement of the commercial activity in the Saudi market but without analyzing it statistically.

Shata (1985); Donnelly (1987); Barakat (1991); Hassan (1993) and Bjeske & Al-Meer (1993) studied the cultural and social environment as a factor influencing organizations marketing strategies from several aspects, namely: the demographic structure, labor and work force distribution over professional activities, the economic position and income, education, illiteracy, strategy of the social policy and mother and child care. Banaja handled the cultural and social environment as an effective factor on the marketing decisions in the Saudi car market noting the substantial effects of the population's professional structure, average size of the family, the citizen's personality and human characteristics (tendency towards pride) the lifestyle of the Arab citizen behavioral rules originating from Islamic (especially in pricing decisions), the average size of family and the effect of the social roles in the family on the promotional mix of decisions.

3.3.4 The Technological Environment:

For marketing purposes a technology is a specific technique for producing user benefits. It includes 'hard' technology (machines, etc.) and 'soft' technologies (protocols, etc.) (Russel, 1989; Fletcher, 1990; Mobley & Elkins, 1990; Pride & Ferrell, 1991; Whitted, 1992 Amer & Al Demerdash, 1993; Terkostani, 1996 and Ramez, 1997). The technological advancement has an effect on the effectiveness of the hospital, for the medical technology and information technology are considered a major source of competitive advantage for the hospital

(Whitted, 1992 and Rudavsky, 1994). Theorists have emphasized the importance of maintenance as an influential factor in marketing strategies (Pride & Ferrell, 1991 and Amer & Al Demardash, 1993). However, technological change in hospitals is significant only when it produces a change in benefit i.e. new services, or existing services at lower cost or better quality. So technology is an important factor, which has to be considered while producing or improving new services in the hospital to use the right technology at the right time and at the right price, which suits both the provider according to its cost, and the new prices of the services that present and potential clients are ready to pay.

The following table (1-3) summarizes types of influence of technological development on strategic marketing component as appeared in previous studies.

Strategic marketing component	Types of influence of technological development
Health service	Source of new services
	Improvement in services performance
	Patient protection over competition (Advantage for patients, compared with competing providers)
	Customer convenience
Pricing	May lower service cost (or raise it)
	Efficiency of order processing
	Computation of prices
Promotion	Improved communication capabilities
	Access to customers scheduling of advertising media
	Information on customer preference
Channels of distribution	Increase speed of and capacity distribution
	Monitoring control of distribution

Table No. (1-3) The influences of technological environmental factors on strategic marketing component

Despite the significance of this environment and its effect on decisions, yet it has not received the interest of Saudi researchers, where it was not considered like the three previous environments, which researchers have tackled as mentioned above. This is due to the fact that all these studies were in the manufacturing sector. The researchers assumed the stability of the technological environment in its effect on the

decisions of organizations, especially as Saudi Arabia is an importer of technology (Terkostani, 1996).

The researcher deems it important to include technology also in order to learn the extent of its effect on the strategic marketing decisions of hospitals as it affects the planning, organizing, structure of the human resources and the management criteria (Whitted, 1992; Rudavsky, 1994).

The researcher has used the subsidiary factors which appeared in previous studies as examples to be used in the pilot study, as a first list to from which to choose only the factors that apply to Saudi health sector, and which one would expect Saudi private hospital managers to be conscious of and to take account of in their marketing decisions.

Theorists in previous studies also presented a group of environmental dimensions such as complexity, hostility, stability, variation of markets, degree of consistency dynamics, change, instability, uncertainly, technical complexity, environmental capacity, volatility, environmental illiberality, and opportunities available to decision maker (Tung, 1979; Carry, 1991; Satty et. al., 1994; Murdach, 1995; Mercer, 1998). These are not quantitatively measurable yet (Smith, 1991). Accordingly the researcher – as mentioned previously in research limitation – has not analyzed the complexity or instability of the Saudi environment.

3.4 How marketers convert environmental knowledge into marketing strategy

In developing effective marketing strategy there are essentially two tasks:

1. The selection and knowledge of the target market according to an understanding of the external environment of the organization.

2. The formulation of an appropriate marketing mix suiting the resources of the organization to serve this target market and matching the factors in the external environment in which the organization operates (Wilson, 1991; Lovelock, 1991; Woodruffe, 1995; Bowman & Ambrosini, 1996; Hoffman & Bateson, 1997; Ramez, 1997 and Goncalves, 1998).

The focus on these two tasks is due to the fact that most marketing work is an attempt to be responsive to the needs and demands of consumers and hospital users through adjusting the marketing mix. These adjustments may include new or enhanced health service offerings, adjustments to prices, refinements in the way that channels or place are used to reach the hospital's users and/or promotional messages and techniques used to communicate with one's target market.

The process of linking knowledge of the Saudi environmental factors to strategic marketing decisions is as Mazzloini (1981), Ansoff (1984), Christopher (1994) and Swift (1994) say the heart of strategic planning. Marketers have to recognize the factors that are beyond their control, and respond to them in deciding their strategic marketing mix. Bowman & Ambrosini (1996) stated that whereas intended strategy refers to plans and missions, realized strategy refers to the actual current strategic situation of the firm, in light of the environment it faces.

The PEST factors framework used as a basic framework of the research contains all the environmental variables, which are important for strategic marketing decisions of the Saudi private hospitals, according to the strategic marketing decision makers' answers during the pilot study interviews. It provides compartments into which one can sort the various trends, events, threats and opportunities which occur in the Saudi environment. It also identifies the factors offering opportunities

for the hospital in order to increase probabilities of attaining its objective and modifies its policies accordingly. Within each of the four P, E, S, T compartments the analysis of environment implies a focus on factors critical for Saudi private hospital marketing success. These elements determined later on in chapter 4 following an analysis of the existing environmental variables in the Saudi health sector. Managers are continuously looking for ways to improve performance through responding to environmental effects. So, whenever they make decisions, they have to choose between many alternatives on the basis of understanding this environment. PEST analysis is the standard method for analyzing the environment to identify its effects contributes in increasing their understanding the hospital market structure and the effective demand, hence helping them in improving hospital performance. Through analyzing the Saudi political/legal, economic, socio-cultural and technological environment, a PEST analysis builds up a picture of the amount, type and location of Saudi private client needs; who might pay for needs to be met and the potential purchasing power of the market; available technology that suits Saudi health market; competition and competitors in Saudi health sector, and governmental rules, regulations and legislation for Saudi private hospital.

This analysis selected by the researcher agrees with environmental analysis approaches presented by many investigators and researchers. However, it must be pointed out to the fact that the numerous terms presented by those researchers and theorists are included in the four types of environments. This leads to the comprehensive and integrated views to the environmental elements and helps in attaining research objectives. For those reasons PEST analysis is as the basis of the model used in the research.

3.5 Marketing Strategy for Hospitals (as Outputs)

Most academic literature on health services emphasizes that the marketing strategies used for health services and other services sectors or manufacturers are the same. However, the content of the analysis is different (Rathmell, 1974; Shostack, 1978; De Bray, 1979; Bloom, 1984; Kotler & Clarke, 1987; Kohil & Jaworski, 1990; Sheaff, 1993; Al Masry, 1998 and Al Mosaed, 1998). Putting a hospital plan and service quality specification into practice requires a set of decisions and activities which together comprise the hospital marketing mix or the 'controllable factors' as Kotler named them. As this step deals with the dependent variables of the research, more detail is now given to classifying these decisions as they should be made in Saudi private hospitals for the analytic purposes, according to the textbooks. As Kotler's definition (1997) suits the suggested model and the aims of the research, it is used here. This definition is as follows:

"Marketing Mix is the particular blend of controllable marketing variables the firm uses to achieve its objective in the target market".

These objectives should be determined precisely, and so is the target market.

If the consumers differ, marketing segmentation is important to decide the target market to help in designing the appropriate marketing mix. Then an appropriate marketing strategy can be developed dependant on a segmentation of the market, and the formulation of a marketing mix to meet the needs of the target market. The hospital then has to choose a market selection strategy, either ignoring segment differences (undifferentiated marketing), (mass marketing), or developing differentiated services and marketing programs for several

segments (differentiated marketing), or going after only one or a few segments (concentrated marketing) according to the market needs. Theorists found that no particular strategy is superior in all circumstances. It should depend on the results of the PEST analysis, and then depends too on each organization's resource (Assael, 1973; Levitt, 1980; Baker, 1985; Morden, 1985; Beane & Ennis, 1987; Tynan & Drayton, 1987; Khatab, 1994 and Al Sahn, 1995).

Although many variables make up the marketing mix decisions, they can be classified into a few major groups. McCarthy (1960) formulated a popular classification called the four P's under the headings product, price, promotion and place. Researchers in the field of marketing of services indicated how applications in the service sector that should carry out each one of these four elements.

However, Magrath (1986), Wind (1986); Brooks (1997) and Christopher (1994) disagreed with using in the field of services the same marketing elements and concepts which are applied to material goods. Applying them to services led these writers to try to develop an integrated marketing mix that would take into consideration the distinguishing characteristics of services. So they enlarged the elements of marketing mix by adding two more elements "participant and process". Gonzalez (1997) stressed on the importance of participant (people). Booms & Bittner (1981) mentioned Physical evidence making a seventh P, and Palmer (1994) adds customer service as an additional element, Al-Sahn (1995) agreed with him. Lauterborn (1990) emphasizes that the 4P's represent the sellers' view (Saudi private hospitals) in the research of the marketing tools available for influencing buyers (the customers of these hospitals).

According to the strategic thinking approach, which emphasizes the importance of delivering a customer benefit from each marketing tool. Lauterborn suggested that the seller's 4P's correspond to the customers' 4Cs – which the researcher deems is a good one for health care purposes – as shown in table (2-3).

4 Ps	4Cs
Product (Effective demand)	Customers needs and wants
Price	Cost to customer
Place	Convenience to customers and Government Rules
Promotion	Communication with the surrounding environment.

Table No. (2-3) the 4 Ps and the 4Cs, (Lauterborn, 1990).

Since McCarthy's classification is popular among both practitioners and researchers in the fields of both material goods and services, it is followed illustrating the main components of marketing mix. However, there are special applications to the service sector in general and to the health care sector in particular that should be noticed, because of the special characteristics of the health sector that distinguish it from the rest of sectors. In health care more than in other services, the product is the person. When the patient thinks of medical care, he thinks of the physician. When he thinks of a hospital, he thinks of the nurses, the aids, the physical therapist, and the housekeeper. The patient envisions medical care in terms of the people who deliver it. Health care services are largely people-based, in spite of a growing reliance on medical technology. Therefore the researcher deems it important to pay attention to the element of those participants (people) as the Fifth P

which includes the individuals who offer all activities and operations performed during the rendering of the service to the patient from the time of his discharge in order to create a good impression on this patient or beneficiary about the hospital. This is due to the large impact they have on the degree of satisfaction of the beneficiary receiving the service from the hospital, which represents the center of the hospital marketing decisions.

The research 5Ps model of service management has been derived from a framework that encompassed seven elements: The original 4Ps plus participant (people as proposed by Booms and Bittner (1981) whereas the physical evidence and process are not included because they are more tactical and the research deals only with strategic decisions. Accordingly, the research comprises the following five strategic decisions of the Marketing mix Product (services), Pricing, Place, Promotion and Participants (people) decisions, which represent the strategic marketing decisions, in private hospitals.

3.5.1 Product Decisions (which is called in the hospital case, services and decisions):

Product decisions are McCarthy's first element in the marketing mix. It is defined as "the total package of benefits the customer receives when he buys" (Kotler, 1997).

The basic group of characteristics that distinguishes the marketing of health service from goods and other kinds of services implies decision makers not to ignore them to achieve marketing success that leads to effectiveness. Most important of which is:

1. Most health services (specially those of private hospitals) are distinguished by being personal, i.e. they are rendered to individual persons. Every hospital physician has a specialization in a specific field of health services. The physician cannot treat more than one patient at a time and with his same specialization. This is not a rule that applies to all health services, as there are services that are not personal i.e. are not rendered to an individual person but to a number of persons at the same time such as health Awareness Campaigns against a specific disease which are directed towards all individuals of the society at the same time.
2. Many health services require speed in performance because they cannot postponed (especially in case of emergencies, some operations).
3. Health services require simultaneous or concurrent production and consumption. This requires the spreading of outlets rendering the service in populated areas and receiving different cases at any time.
4. Rendering of health service requires the existence of a continuous direct relationship between the physician and the patient in order to be able to treat the case, follow it up and supervise it over different periods of time from one case to another. (Even between the nurse and the patient).
5. There is difficulty in determining, evaluating and measuring the quality of the health service. Health services are largely intangible. The hospital sells the utility or satisfaction of services (Blois, 1984) and a reduction of anxiety.
6. It is formulated from elements complementing each other, where it

is found that examining and diagnostic services as well as treatment, prevention, nursing and hotel services together with administrative services complement each other.

7. There are fluctuations in the demand for different health services throughout the year. In Saudi Arabia this occurs according to Islamic seasonality.
8. The health services cannot be stored when they are not being used, but the provider must decide a peak capacity and must be flexible through seasonal demand.
9. Uncertainty, and results of healthcare that may differ between individuals (the amount of nature of perceived risk). This limits scope for preplanning the product.

The hospital's strategic decision on the product part of the service depends mainly on consideration of two aspects: the service offer, and the service quality. These services according to the sixth characteristic mentioned previously include medical and other non-medical services needed in hospital case (e.g. registration, accommodation, cleaning, security, maintenance services).

Decisions on service offers are concerned with what will be produced, when, how, and where services will be provided, and who will provide them (Donald, 1984; Bin Saed, 1993 and Rudavisky, 1994). Levitt (1980) rejected the presumption that services are less differentiated than consumer products. Overtveit (1998) defines differentiation as how the service establishes in the mind of clients, purchasers and referrers what is distinctive about its response in terms of the benefits to them, adding that a service positions itself in the market through differentiation. According to marketing theory the decisions

related to the service offer include Diversification of products: i.e. addition of new product to the current one's offered by the hospital to add advantages to hospital services whether in the form or the content of the service in order to benefit from technology in the health field (Lovelock, 1984). Donnelly (1976) and Berry and Parasuraman (1991) suggest guidelines to be followed to ensure success in launching new products. Managers in Saudi private hospital can benefit from these guidelines which are that:

- The product must truly be seen from the viewpoint of the consumer.
- The research on various market segments is taken to discover unfulfilled needs.
- It is important to reduce the psychological discomfort of customers in relation to new products, which require strong behavioral changes.
- The benefits of new products developed must be clearly and graphically communicated to the market segment.

The first two of these depend upon PEST analysis. Another approach is to do market research to find out empirically what consumers regards as high or low quality (Kasalova, 1995). Damanhori is doing a Ph.D. research on this aspect in Saudi Health sector.

Lovelock & Young (1984) explored the issue of a customers' sensitivity to changes in services, observing that introduction period is crucial in attracting customers and persuading them to try a new or developed service.

Since health services are labor intensive, maintaining a high quality level for services is not easy, and any attempt to operate at lower costs may result in a lower quality level, which mean as a loss of prestige

(Iami, 1990). A focus on productivity and quality from the customers' viewpoint is critical to a hospital financial success, operations and managers (Martin, 1991; Taylor & Cornin, 1994; Longlin & Kaluzny, 1995; Ovretveit, 1996; Bin Saed, 1997). Thus service marketers equate quality with customer satisfactory, as defined by the formula:

$$\text{Satisfaction} = \frac{\text{Perceived service}}{\text{Expected service}} \leq 1$$

The theory is quite simple. Service quality is the extent to which a hospital service meets or exceeds client expectations. If clients perceive the actual delivery of hospital service as better than expected, they will be happy, if it is below expectations, they will be mad. And they will judge quality according to their perceived level of satisfaction with the service (Gronroos, 1984). If they have no previous experience, they are influenced by family, friends, the mass media and reports. The first three are the most influential factors in the Saudi case.

Parasuraman, Zeithaml, Berry and Leonard (1990) named ten dimensions that customers use in forming expectations about the perceived services. These dimensions are, reliability, responsiveness, competence, access, communication, credibility, security, courtesy, understanding customers and tangible evidence. So they suggested that managers could use five broad dimensions as criteria:

1. Reliability: Is the hospital dependable in providing service as promised, over time.
2. Tangibles: What do the service providers' physical facilities equipment, personnel, and communication materials look like?
3. Assurance: Are hospital employees knowledgeable, polite, and competent and trust worthy?

4. Responsiveness: Are the hospital employees helpful and able to provide prompt service.
5. Empathy: Does the hospital provide caring personalized attention?

The third model developed by Le Blanc & Nguyan (1988) is based on certain characteristics integrating tangible and intangible elements of services. These characteristics include five quality components namely: corporate image, internal organization, (instruments and staff that are not visible to customers) and physical support of the service producing system, customer/staff interaction and the degree of customer satisfaction.

The previous models present different criteria for evaluating service quality. In spite of difficulty in defining and measuring hospital service quality, hospitals should evaluate to improve their quality using the models that suit their resources to meet the clients' expectation and achieve the hospital effectiveness. To improve service quality, the theories cited above imply seven methods that Saudi private hospital manager can use,

- Educating customers how to use the service could lead to a better service quality. Also, making the hospital's policy clear could reduce customer disappointment.
- Manipulating customer expectations to avoid promising too much to the customer.
- Managing the physical facilities e.g. equipment and appearance of service personnel, to give a good impression of service quality.
- Developing a quality culture within the service providers' organization and establishing standards among personnel.
- Making sure the equipment and physical appearance fit the desired

service quality level.

- Introducing an automated system, where it is possible to substitute for human effort can stabilize the service quality. (i.e. using a telephone machine for answering and computer system for registering).
- Following up customer satisfaction after the service has been performed can help to discover any service process stages that may need improvement.

So, decisions on services to offer or eliminate or improve, diversification of products and expectations about the perceived services for evaluating hospital service quality depends on government rules, new policies, competition in health sector, customer view point and technology available. Chapter 5 section 5.3 explains quite fully how PEST analysis information supports the product decision-making.

3.5.2 Pricing Decisions:

Customer satisfaction as well as profitability is a marketing concern of private hospitals. Setting prices can be considered a very challenging task for health service firms (Madkor, 1993 and Heskett, Jones, Loveman, Sassen & Schlesinger, 1994).

Costs play an important role in the pricing of health services. Managers must consider corporate objectives as well as costs when setting prices. Merely covering costs is insufficient since the hospital needs to meet its financial objectives and generate a profit. In addition to cost consideration, hospital-pricing strategy is commonly influenced by consumer price elasticity. Price elasticity of demand measures the responsiveness of the quantity demanded of a service to any charge in

price segmentation theory supports the notion that different groups of consumers will place different values on a service, and therefore require different price strategy, (Booms & Bittner, 1981; Zeithamal, Parasuraman & Berry, 1985; Palmer, 1994 and Nagel & Holden, 1995).

The three principle methods of pricing which Lovelock & Wright (1999) call the pricing Tripod, can be used, in Saudi private hospitals. They are:

1. Cost-based pricing

The price in this cost-plus pricing system includes calculated variable costs, plus a mark up which covers the overhead costs and a level of profit. Formulas exist to calculate different types of mark ups. This method is distinguished by its simplicity so hospital managers can explain the basis behind setting the final price.

2. Value - based pricing

The hospital examines its client's perception of the appropriate price, their loyalty to the hospital, their finances, and their knowledge of consultants' fees. The result is the hospital charges different clients different prices depending on the level of care and any special arrangements. This method, which Kotler (1997) called demand-oriented method gives the clients the opportunity of trading off prices with the level of services.

Successful service pricing depends on recognizing the value that a client places on a service and pricing that service accordingly, adding that total consumer costs extend beyond monetary costs and include time, energy and psychic costs, similarly total client value extends

beyond service value and includes service personnel and image value, (Zeithmal, 1981;Madkor, 1991;Bateson, 1992;Heskett et.al., 1994 and Peters & Waterman, 1997). Hoffman and Bateson (1997) suggested that alternative pricing strategies that convey value to the customer include satisfaction based, relationship, and efficiency pricing.

3. Competition - based pricing

This method includes a review of the competitors' price before determining the hospital's price. Thus the hospital needs to have complete information about competitors' prices. By this method the hospital either accepts the on going rate or charges different prices. The PEST analysis suggests policies for pricing new services Saudi private managers can use. Guitinan (1987) stated that a skimming price policy is used in the first stage of the product's life cycle, and in case of existence of a large sector of beneficiaries capable of paying the price of the new service adding that it is a safe policy for if the price was high and the prescribed sales limited, the price could be reduced easily. This policy works if the hospital is innovative in producing health care and has no competition.

A penetration price policy "Market penetration policy" is used to create a mass market for a service that highly sensitive to price to possess the greatest position of the market. A pre-emptive pricing policy, which is deliberately price at a low level to discourage potential competition.

Berry & Manjil (1996) recommend pricing guidelines to be stated in pricing decisions to reduce the clients' complaints.

In handling the complex issue of pricing, Marketing Theory stated that a hospital should proceed through four stages.

First: It should determine the pricing objectives. Among these pricing objectives can be distinguished. Surplus maximization, net patient service revenue maximization, cost recovery, usage maximization, market disincentive, and public relations enhancement and cross subsidization.

Second: It should determine the pricing strategy - whether price should be cost-based, demand based or competition based.

Third: It should determine pricing in situations such as self-pay markets reimbursed markets. (i.e. segmental pricing)

Fourth: It should anticipate possible changes in reimbursement procedures in the future and how to respond to them.

Accordingly pricing strategies depends on recognizing the value to the clients, costs, competition, government rules and available technology. PEST analysis provide all these data; so it is important to base pricing decisions on. Chapter 5 section 5.4 explains quite fully how analysis information supports the pricing decision-making.

3.5.3 Place Decisions (Distribution Decisions):

Place, the third major variable of the marketing mix deals with the availability and accessibility of products and services. In the health care market, place means not only a physical space, but also the way the hospital offers its services, which should be according to Lauterborn (1990) convenient to customers and comply with government rules. Kotler stated that hospitals whose primary products are services have three major distribution decisions. These involve: physical access (channels, location and facilities), time access and information and promotional access.

Physical access can be broken into three decisions; Channel

selection, Location selection and facilities design. The channels used for health services have expanded rapidly. The most important are still the physician, so the distribution policy depends directly on the direct and closed relationship between the physician and the patient. Choice of location is an important marketing decision because the patient/beneficiary market often segments itself according to proximity to the source of medical care, Kotler emphasized the importance of the demographic factors in these decisions. Uhl & Upah (1983) distinguished between convenient and inconvenient type services in terms of location. They proposed that 'convenience' services are located where customers are less willing to travel long distances, or indeed spend a lot of time in looking for required services. Consequently, 'convenience' services are located close to the customer, and distributed through a large number of outlets.

As Lauterborn's argues (see above) the concept of place includes for health care purposes four major design decisions about the design of facilities:

1. What should the facility look like on the outside?
2. What should be the functional and flow characteristics of the facility?
3. What should the facility feel like on the inside?
4. What materials and furnishings would best support the desired feeling of the facility? Each hospital facility has a look that may add to or detract from consumer satisfaction and employee performance. The latter point deserves special emphasis. Since employees work in the facility most of the day, it should be designed to support them in performing their work with ease and cheerfulness (Harastani, 1990).

Time access deals with three distinct issues: the hours during which services are provided; the length of waiting time in the service provider's waiting area; and the length time between calling for and having an appointment. Informational and promotional access concerns the process of getting the consumer to know about the provider so that the service can be obtained. This involves the use of intermediaries who distribute information on and promote the hospital. The most obvious intermediary in hospitals (as in all health care industry) is the physician. The choice to use or not use intermediaries is encompassed by the choice between the two strategies that marketers commonly call 'push' versus 'pull'. According to service marketing theory, the following alternative place decisions are open to Saudi private hospitals:

- Change the current physicians' offices of outlet.
- Expand the number of places from which the hospital will offer its service.
- Change the way the clients reach the hospital, or vice versa.
- Use or motivate intermediaries, such as marketing representatives or doctors in clinics.

Generally, the first two strategies require large capital investments. The last two require less money but demand more creativity, time and energy. They take advantage of opportunities, which abound in this area of marketing change, for new ways or providing service to clients. Technology can improve the way the hospital serves its clients.

So, the availability and accessibility of hospital services which place decision concern with should be convenient to clients and comply with government rules. Competition and available technology should be considered in those decisions. So these decisions should

depend on data from PEST analysis (See 5.4 for details).

3.5.4 Promotion Decisions:

Aaker & Mayers (1987); Hall & Dornan (1988) and Lauterborn (1990) emphasized that communication strategy is one of the key components of the health services marketing mix, adding that the hospital managers must first analyze the needs of customers in the environment it serves and decide the communication tools that suit the environment, based on profit and growth potential given hospital resources and objectives.

Hospitals can utilize all the elements of a traditional promotional mix but they may differ in their methods and techniques of applying promotional strategy. As with products, the difference lies in the importance of each element, and the purpose for which each element is used. For example, personal selling is considered the keystone of service promotion because buyers of services cannot evaluate the risk, which may arise in their buying decisions. Therefore, they rely to an extent on the experience of others. Consequently, health service providers may have to capitalize on word of mouth as a means of promotion more than manufacturers, although this is not a tangible means of promotion.

Although promotion is a huge area of marketing, theorists found that in fields with little marketing history like the health sector a limited range of promotional tools can be used. One is personal contact marketing, because it is clear that promoting and selling a service is done best by telling others about a service through direct or by indirect contact though such means as referrals. Word of mouth recommendation can be a key factor in the patient's hospital selection process. Client relations, public speaking, direct mail, and materials such as newsletter or an offer

for a discount on services, advertising, publicity, telemarketing and even through the internet can also be used (Ulrich, 1991; Madkor, 1993 and Murdach, 1995).

According to marketing theory the main tools of promotion fall into four categories: advertising, sales promotion, personal selling and publicity. These elements are interrelated. Therefore, a hospital should direct its policy to utilize the promotional mix in such a way as to maximize its benefits with the lowest possible cost. Overuse of any of these promotional tools may be detrimental to the hospital and therefore must be used with caution. Promotion basically aims to inform, persuade, and remind potential patients, expanding the rendering of health services through promoting all hospital services and advertising its larger potentials; offering health services at specific times, or dealing with a specific category of beneficiaries and conveying ideas and health guides which the hospital deems important. So the promotional tools a hospital can use are advertising, sales promotion, personnel selling, publicity and public relations.

The extent of advertising utilization differs according to the nature of a product. For example, when a product is highly standardized, advertising is expected to play a minor role. On the other hand, when products are highly differentiated, advertising should play a major role (Stout, 1995). Since health services are often highly differentiated, advertising should play an important role in marketing health services. Based on the special characteristics of health services, a consideration of the following guidelines may be useful in the design of advertising for Saudi private hospitals.

- Advertising should be directed not at customers (patients, references and payers) only, but also towards employees in order to influence

and educate them to better serve the customer.

- Tangible evidence should be associated with the health service advertisements. This helps in giving a good impression of the service itself and reduces the element of risk in the customer's buying decision.
- Advertising messages must only promise what can be offered, because raising the expectations of the customer without being able to satisfy these expectations leads to customer disappointment.
- Advertising may be used to give the customer information about the service, and maintain his cooperation in the service production process.
- Generally speaking, continuity is important in advertising. It is particularly important in health service advertising as it implies continuity in service quality, and should constitute the continual use of a symbol, a theme, or a certain format to reinforce the desired image. Continuity in advertising can overcome the intangible nature of service, especially if tangible clauses are provided in the advertisements.

Some types of sales promotion are not suitable for health services, e.g. it would be improper for a doctor to give a free coupon for the client's next visit. Sales promotions are gaining the increasing attention of health service firms. For example hospitals may offer reduced tariffs for the family, or make medical exhibitions.

A problem identified by (Akhter, 1995) as facing hospitals is when people who perform the service are not qualified or are not willing to perform the sales transaction. However, three options are available to

hospitals in assigning sales functions to staff and Saudi private hospital can use. These are as follows:

- Relying on a specialized marketer or selling personnel to carry out all of the selling procedures but letting professional service providers (doctors) close the transaction.
- Assigning junior professionals to do most of the selling, but closing the transaction through the senior professionals.
- Allowing high-level medical professionals to perform all sales transactions, and with assistance from other sales personnel. Hospitals should be selective in hiring employees and provide suitable training and recognizable qualifications (Bowers & Powers, 1991).

Bloom (1984) believes that professionals can perform both the service and the selling. According to him to overcome the problem of incapability and unwillingness of professionals to practice the selling process, management should:

- Look for the ability to sell in the recruitment of new personnel.
- Professionals should be trained in selling skills, i.e. professionals should be encouraged to participate in marketing plans, and be exposed to the sales functions. This exposure should persuade them to take a real interest in sales.
- Professionals will be enticed to take part in sales if sales are made financially rewarding.

Managers in Saudi private hospital can benefit from all the above.

In order to get free access to media, hospitals can rely on publicity by making the press interested in promoting the service firms, e.g. in the case of a promotional party, the press could be invited by the hospital

and so the event would make “news”. Since publicity requires special skills, hospitals have turned this job over to professional public relations’ firm. In this case, public relations should be considered a communication tool to advertise the hospital’s objectives, (Donald, 1984). Kotler (1997) illustrated that the effectiveness of public relations by following these five steps:

- (1) Identifying the organizations relevant publics.
- (2) Measuring the images and attitudes held by these publics.
- (3) Establishing image and attitude goals for the key publics.
- (4) Developing cost-effective strategies.
- (5) Implementing actions and evaluating results.

All of them are important to Saudi private hospitals.

Marketing theory suggested relationship marketing i.e. to referrers as another relatively new marketing term that typifies the new found interest in customer communication efforts.

Based on the above, deciding the effective communication tools and programs and the effective messages implies understanding clients, government rules and competitor strategies. The hospital can benefit from new technology in communication according to what is available and common in the society (See 5.6 for details).

3.5.5 Participants (People) Decisions:

Generally speaking, personnel are a key factor in the success of any organization, (Berry, 1984; Guest, 1991; Gummesson, 1991; Sherman, 1993; Davidson, 1996 and Hesket et. al., 1997). Personnel are particularly important in the health service industry because of the attitude, the behavior, the skill and the appearance of the staff (doctors,

nurses, technicians) that influence the clients, (patients') perception of health service quality and the physical appearance of the hospital and the hospital personnel (staff) help clients build up a favorable image of the hospital, through providing tangible clues. In complex services - like health services - personnel (staff) have an important role in reducing the uncertainty of the client's decision.

Management personnel are equally important. Guest (1989) and Al Mosaed (1998) indicated that health service firms should design programmes to generate interest of their employees and potential employees, adding that staff development should be ongoing. All of this suggests that service marketing requires more than just traditional external marketing using the four P's. Figure (7) shows that health care marketing also requires internal marketing, which describes the application of marketing techniques to employees within the organization (Atkinson, 1984; Berry, 1986; Boxall, 1992; Keveney, 1995 and Woodruffe, 1995). Kotler (1997) added that internal marketing must precede external marketing.

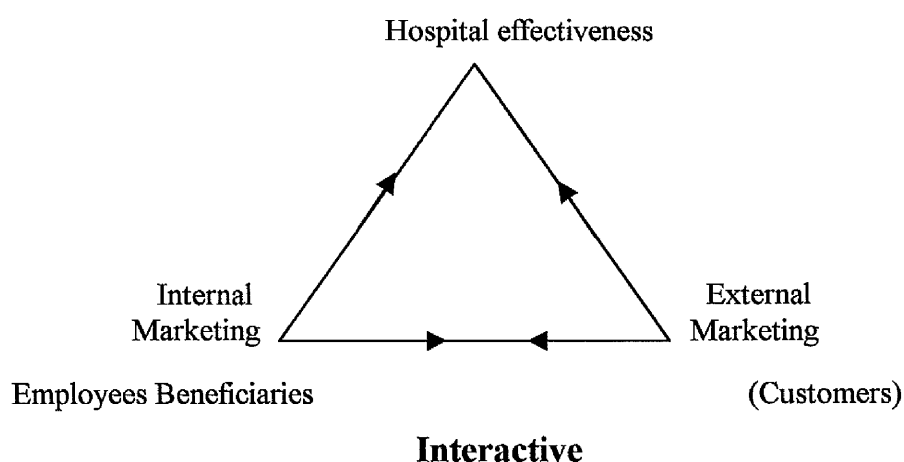


Fig. No. (7) the external and internal marketing Interaction (Gronroos Model)

Training is needed to impart knowledge and build expertise and also to give focus on direction for the future direction of the organization and its employees. Staff development incorporates training but goes a step further in designing strategies for an holistic approach to getting the most out of people and helping them maximize their potential. Narchal (1987) emphasized that environment factors should be considered in all stages for its effectiveness, adding that it should be considered in motivation according to Maslow's theory (1943). Environmental analysis helps management in choosing appropriate strategy for motivation and rewarding staff, (Pollert, 1988; Marginson, 1989; Pearson, 1991 and Woodruffe, 1995). So motivation and training programs implies understanding staff, competitor strategies, government rules and new training technology available in the society (See 5.7 for details).

3.6 The Research Theoretical Model

The marketing process essentially involves matching the controllable internal factors of the strategic marketing mix decisions in the hospital with the demands of the environment these hospitals operate in.

To identify relationships between environmental factors (using PEST analysis and strategic marketing decisions applying strategic thinking, marketing orientation approach the researcher adopted the following empirical model. Figure (8) showing the dependent/independent and intermediate variables.

Independent Variables	Intermediate Variables	Dependent Variables
Environmental factors for Saudi private health sector (PEST factors)	Recognition by Strategic Marketing decision makers in Saudi private hospitals → Moderated by Intermediate variables moderating the process are: hospital size, specialty, locality, managers' position, background, nationality	Strategic marketing decisions in Saudi private hospitals ←

Fig. No. (8) Research Empirical Model Showing the Variables of the Research

According to Marketing theory this relationship results in effective marketing. Accordingly the researcher developed the following model in figure (9) showing the empirical and normative elements of the research.

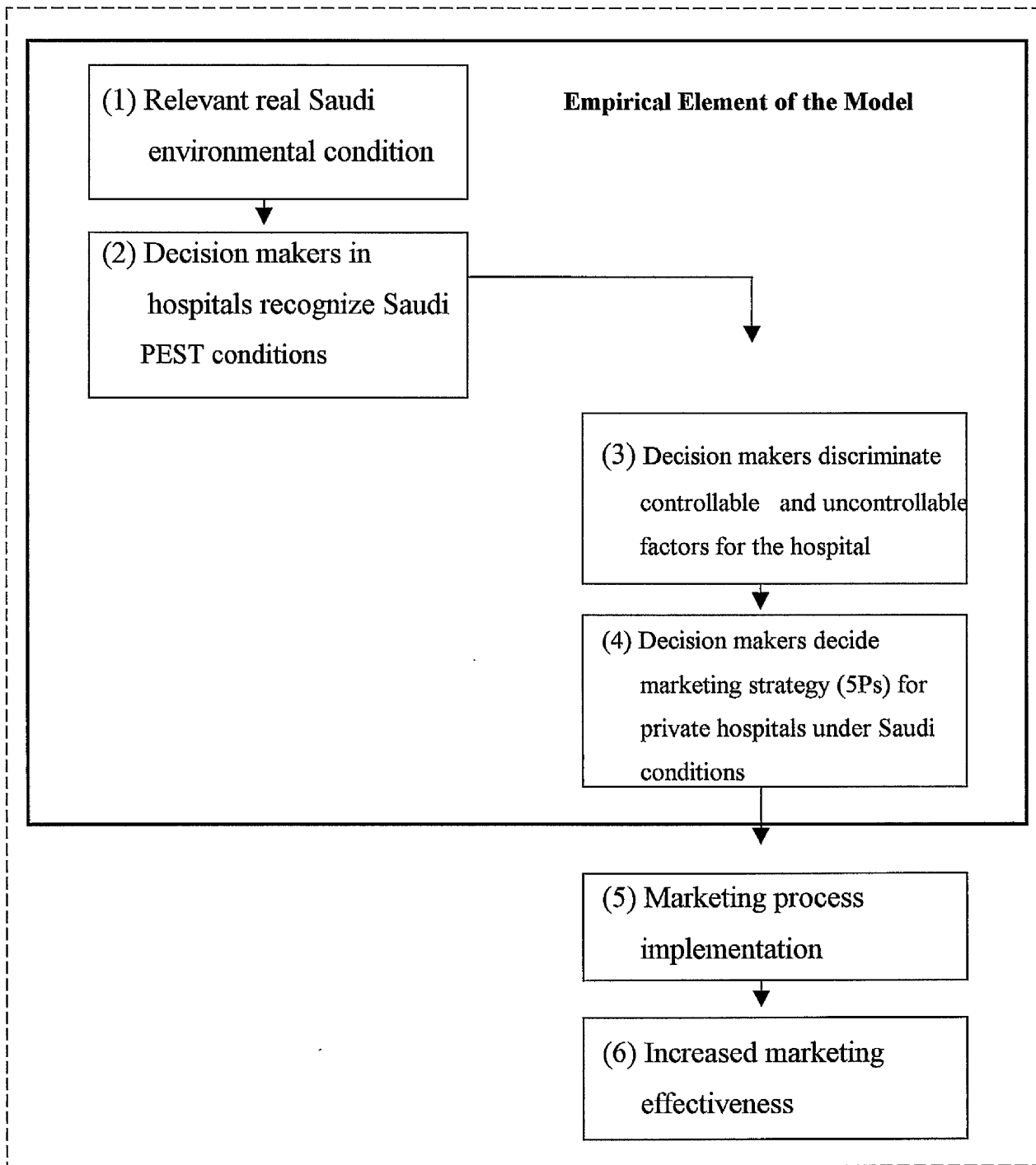


Fig. No. (9) The Research Theoretical Model showing the empirical and normative elements

- Empirical element of the model.
- Normative element of the model.

The model is derived by applying general marketing theory to Saudi condition. It describes the strategic marketing decision making process. i.e. the analyses and decisions made by marketing decision makers (steps 2 to 4) which states the empirical element. It implies that strategic marketing decision makers in Saudi private hospitals do take these three steps. According to the differences found in the pilot study, in strategic marketing decision in marketing expertise and nationality may vary because those differences between hospitals themselves in sizes, level of specialty and location (Hassan, 1993). So the process may be completed differently (more or less fully carried out) by different hospitals and strategic marketing decision-makers in those hospitals. One would expect people with marketing expertise to understand and use this model (or a similar one) more fully than general managers use it; also, general managers with some marketing knowledge to use marketing methods more fully than doctors (who may participate in taking these decisions and have not such knowledge) (Rosenstein, 1991). As there are Saudis and non-Saudis among strategic marketing decision makers in those hospitals, so it would be expected that Saudis are more exposed to Saudi PEST factors especially socio-cultural factors than non-Saudis. Also hospitals more exposed to US and European marketing ideas and practice i.e. those in Jeddah may be expected to use the model more than hospitals which are less exposed to foreign influence (in Makkah and Taif). Hospitals with one specialty may be more affected by technological factors.

The model assumes that whatever strategy the decision makers choose is implemented (step 5) and produces marketing effects (step 6). The model assumes that the more fully the marketing makers (step 4) recognize the PEST factors (step 2), the greater the marketing

effectiveness of the implemented 5P strategy (step 6). The criteria of success are market-share, profitability and quality by an established standard used in Saudi health sector following to international accreditation.

Since marketers are used to dealing with groups of Ps, these can perhaps be most easily dealt with in terms of internal controllable Ps and external controllable and uncontrollable PEST factors. The model adapted from (Peattie, 1995) and summarized in the following figure (10), illustrates how hospital marketing success relates to PEST factors and hospital marketing decisions in term of P's and Ss of success.

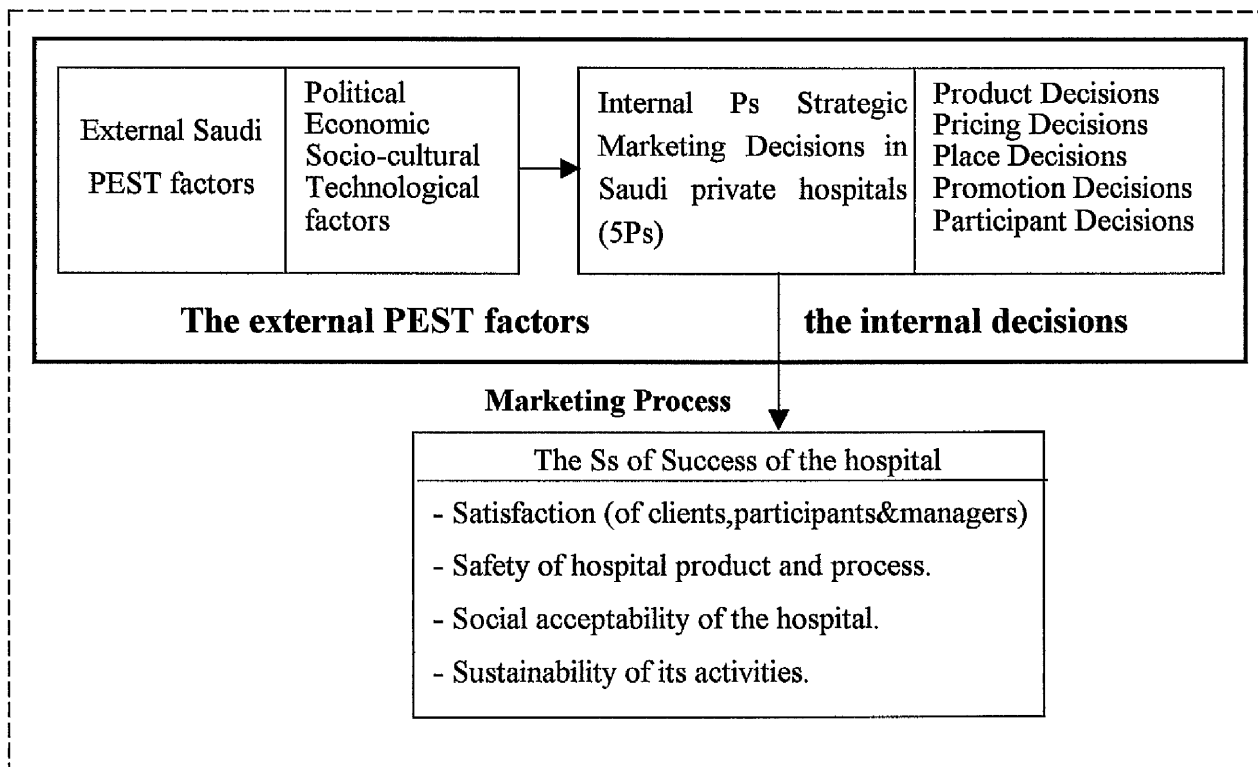


Fig. No. (10) Marketing process (The research theoretical model) in terms of Ps and Ss

- Empirical element of the model.
- Normative element of the model.

3.7 Research Hypotheses:

The model implies the following hypotheses:

- H₁ Strategic marketing decision makers in Saudi private hospital recognize all four PEST factors when they make each of their 5P strategic marketing decisions. That is:
 - A. They decide each of the 5Ps.
 - B. In doing so, they consider each of the P.E.S and T factors.
- H₂ Managers with a marketing background are more likely than generalist managers to base their strategic marketing decisions on PEST analysis.
- H₃ Managers are more likely than doctors to base their strategic marketing decisions on PEST analysis.
- H₄ Local people are more likely than foreigners to be sensitive to the local PEST factors especially social and cultural patterns. Saudi managers are therefore likely to be more sensitive to the social element of the PEST analysis than non Saudis are in making strategic market decisions.
- H₅ Hospitals more exposed to 'western' influence are more likely to base their strategic decisions on a PEST analysis because they are more exposed than other hospitals to western marketing ideas and practice. That is, Jeddah hospitals will make more use of PEST analyses in making their strategic marketing decisions than hospitals outside Jeddah.

- H₆ Single-specialty hospitals rely on their technical expertise to gain market share. They are therefore to be more sensitive to the technology as part of PEST analysis, in making their strategic marketing decisions, than other hospitals are.
- H₇ Large hospitals are more likely than smaller hospitals to have more marketing management resources, and therefore more likely to be sensitive to all the PEST factors when making marketing strategic decisions.
- H₈ Hospitals which are most competent at marketing are those which derive their strategic marketing decisions from a PEST analysis. They will be the most successful, according to marketing theory, at
- 1) Gaining market share (H₈₋₁)
 - 2) Making profits (H₈₋₂)
 - 3) Providing services of a good quality that are relevant to consumer's demands (H₈₋₃)

3.8 Summary:

An environment analysis should form the first stage in any marketing plan. What this research is concerned with is the external or macro-environment which, affect the whole Saudi private hospitals, and the object of analyzing this environment is to identify influences on demand for private health services, control those (if any), which can be controlled and use any, which can be used for best competitive advantage. This chapter stated the theoretical model of marketing strategy production according to marketing theory, and the hypotheses derived from it. To test this model, we must interpret specifically what

environmental knowledge it is necessary for strategic marketing decision makers in Saudi private hospitals in 1995-2001 to have, that is what Saudi health environmental factors under the four main headings, Political, Economic, Social/Cultural and Technical (PEST) factors is necessary would they need to base their strategic marketing decisions on to achieve marketing effectiveness for their hospitals. This is what will be discussed in the following chapter.

Chapter 4

A PEST Analysis of the Saudi Private Hospitals For the Period of 1995-2001

4.1 Introduction

The previous chapter stated the research theoretical model according to marketing theory. To test this model, the researcher has to analyze the environment Saudi private hospitals operate in to interpret what environmental factors it suggests to base strategic marketing decisions on in Saudi private hospital in order to market effectively. The environmental analysis chosen by Saudi private hospital should be a checklist of the main type of factors, which make up the hospital environment that influences the market structure and in particular the patterns of demand that Saudi private hospital faces. Incidentally, no such analysis has previously been made in a publishable form. This chapter uses this PEST analysis to operationalise the theoretical framework model for the Saudi context.

4.2 Environmental factors in Saudi Private Health Sector, using PEST Classification

The definition of environment and PEST classification of the environment, which will be used as a basis for analysis and which confirm the theoretical framework of the research in the previous chapter implies that the most important factors in the environment in which a private hospital operates are:

1. The clients-who uses its services? Who pays? Who are the intermediaries?
2. Competitors and substitutes for the private hospital (government hospital, charities), and their area of activity.
3. Any other conditions or organizations, which limit the hospitals, own capacity to produce and sell its outputs (e.g. Legal frameworks, supply of labor or capital....).

For Saudi private hospitals how the market structure is made up is shown in the following maps, Figures (11,12).

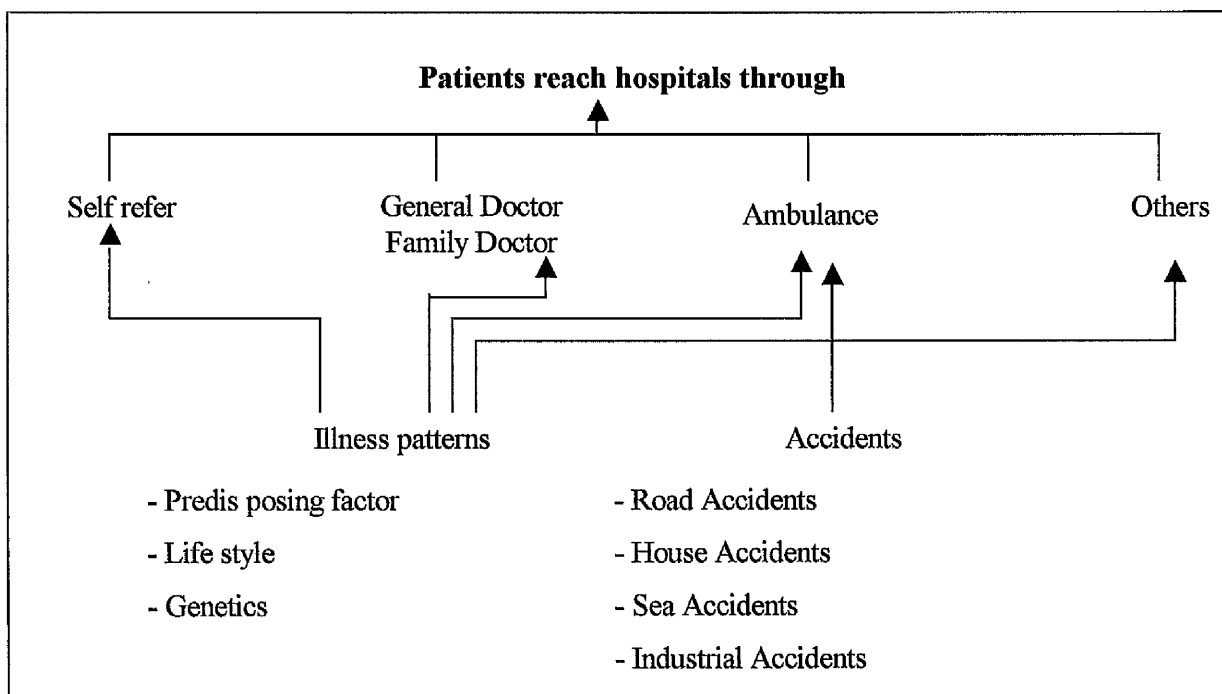


Fig. No. (11) The Real Side (Patient)

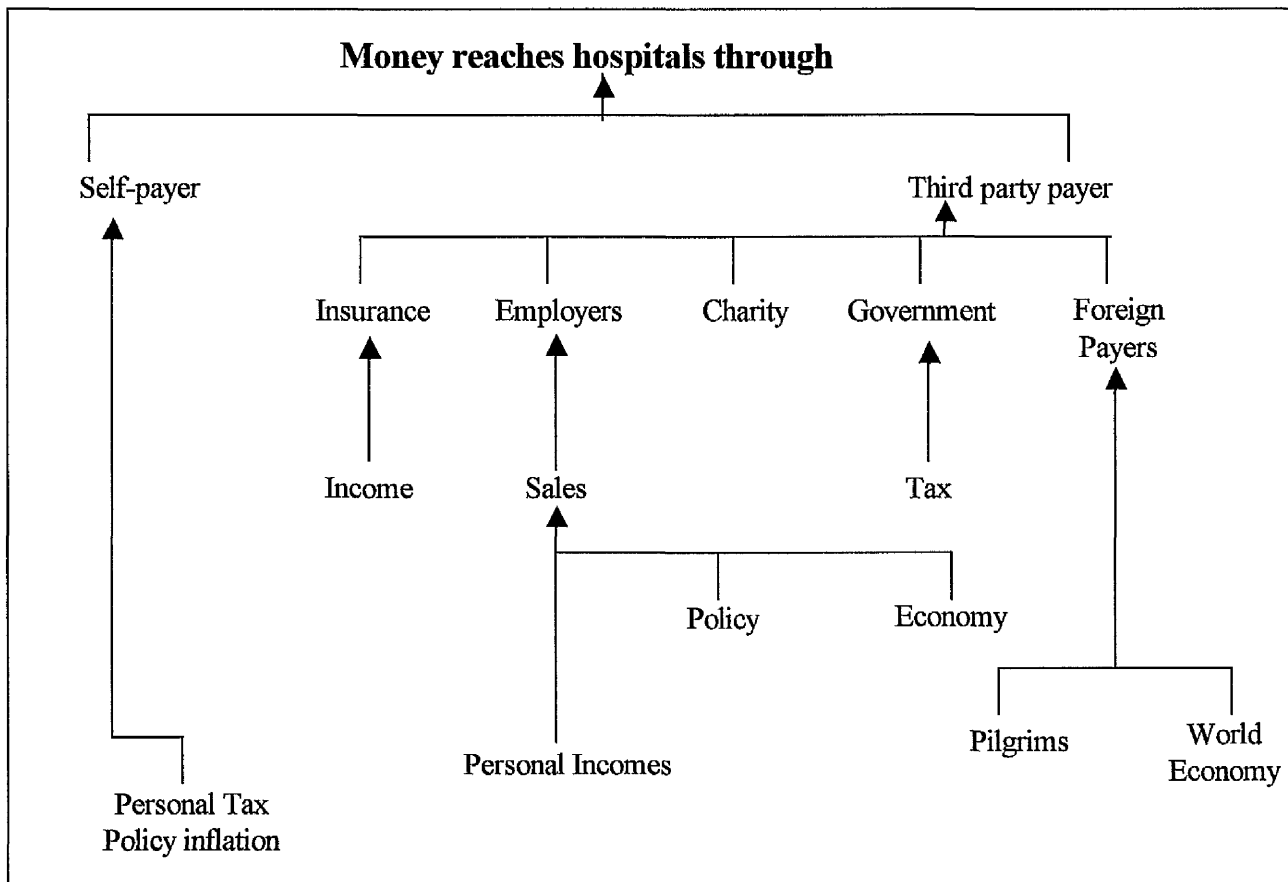


Fig. No. (12) Money Side (Payer)

Thus these two maps are important in building up a picture of amount, type and location of client needs, a picture of who might pay for needs to be met, and of the potential purchasing power of the Saudi health market. What follows is an analysis of the environmental factors that apply to the Saudi private health sector in the research period i.e. 1995-2001 using each of the four P, E, S, T categories in turn. Within each of these the analysis contain the most distinct characteristics of the Saudi system, which affect hospital strategic marketing decisions, and the aspects of each environment of immediate relevance to strategic marketing decisions. Each category will finish with a summary of each

environmental factors that apply to the Saudi private health sector, which private hospital managers might therefore be supposed to be conscious of and take account of in their strategic marketing decisions.

4.3 The Political-Legal Environmental Factors in the Saudi Private Health Sector

The political and legislative structure in Saudi Arabia comprises the constitutional aspects, laws and systems emanating from the Islamic faith, which are related establishing and operating organizations and controlling them in the Kingdom.

A study by Elaky (1985) is considered the first field study on the effect of the political and legislative environment on the managerial efficiency of the Saudi Business organizations (goods and services), This study was able to determine some of the effective components and their rates of effect on the decisions of Saudi private organizations as general as follows:

1. The political stability and security had an effect on 80% of their decisions.
2. The degree of cooperation with Central Governmental Agencies, 30.4%.
3. The effect of repetitive change in governmental, financial and labor systems 25.3%.
4. The effect of the stagnation in governmental financial and labor systems, 24.3%.

Most Saudi studies in the field of the environment did not focus on these components, considering them to be constants and their influence being the same on all private organizations. However, the researcher

deems it important to include them in order to get acquainted with the extent of their effect. This is because they are the product of the trends and decisions of the political power in the State, such as royal decrees, ministerial resolutions and governors' decisions. For these are the makers of political decisions, the politicians who influence organizations with organizing rules. Those trends and decisions affect the scope of cost and return on the organization's operations, whether they are governmental, public, joint or private organizations.

The activities of the political environment include political trends of the Consultative Council Shoura, and the trend and pressures of political groups, businessmen's societies and syndicates (the Syndicate of Physicians and Pharmacists as regards hospitals), the press and its attempts to influence local governmental decisions.

The most distinct characteristics of Saudi political and legislative system, relevant to private hospital strategic marketing decisions, are, firstly, the Saudi monarchy. The history of the Royal family goes back to more than two centuries a centralization of authority. The political stability and the economic stability and social structure which follow, guarantee that management performs its functions in a stable climate, which is an opportunity for Saudi hospitals. The Saudi system is based on the principles of values of Islam. Islamic Shari'a (Law) is the main and only source of Legislation derived from the Holy Quran. The whole population in Saudi Arabia are Muslims, and that there is no plurality of jobs in Saudi society. The judiciary system that is in charge of all matters in the Kingdom (one of which is health sector) is made up of the three following Courts of Urgent Matters; Shari'a courts and judiciary; and the Supervision Authority.

There are no tax laws or procedures governing organizations totally owned by Saudis, except for implementing the divine order of the Zakat, whereby all organizations except governmental are requested at the end of the financial year to extract a statement certified by a well known Saudi institution on which is based the value of the Zakat required of the organizations. The Zakat is an Islamic tax. All able Moslems must pay this religious tax amounting to 2.5% per annum on all their nett assets, liquid or fixed. Also all commercial trade is subject to this tax. A private hospital – as a Moslem entity- must pay their share of Zakat, and it is done through special governmental body called the Zakat and Income agency.

The Saudi Health Ministry circular No. 164/3345/20 of 19/3/1417 was issued to the effect of not granting licenses given for practicing commercial activities in the field of medical specialization or renewal thereof except after setting the municipality fees due. The Ministry issued circular No. 108/795/20 in 23/2/1417 to effect the non-renewal of the licensing of any establishment until completion of its Zakat obligations up to the last fiscal year.

The Saudi government is directing great attention in its sixth and seventh development Five-year plans towards granting more freedom to the private sector, allowing it to assume a leading role in the development process and to perform more efficiently. It is keen to achieve integration between the development efforts by the state and the vitality and capacities of the private sector. (This is to be done within the framework of a free economy, governed by the Islamic Shari'a). One of the objectives of the Ministry in the latest development plan (1420-1425) is encourage the private sector to participate in the health services,

supporting and providing the participants with loans and technical and financial subsidies under the supervision of the Ministry of health.

There are three latest important policies, which will affect the Saudi private hospitals so managers in these hospitals should take them into consideration in their strategic marketing decisions. These policies are: Privatization, the compulsory health insurance program and Saudization.

1. Privatization

Privatization is a familiar policy in Saudi Arabia in the late nineties. The Gulf states of the Cooperation Council in general and the Kingdom in particular offer the opportunity of private participation in public projects through selling all or part of profitable projects to the private sector. In the last two years Saudi Arabia has announced its intent to start the policy of participation of the private sector in governmental projects due to its belief in the importance of the private sector's participation in developing the local economy and due to the confidence of governments in private sectors and their ability to operate and manage these projects.

The health sector is considered one of the first sectors (after transport and telephone sector that announced the privatization in 1998 and electricity sector in 1999), which is subject to privatization in the Kingdom. The proposed model of privatizing the public hospitals in the Kingdom draws from the policies in the sixth development plan (1415-1420 H.). It proposes transforming a hospital or a group of public hospitals to a public multi-lateral shareholder company (private-government). So, all the hospitals' assets such as buildings, medical and non medical equipments, furniture and fixtures are considered the

governments' share not exceeding 51% of the total capital of the hospital while the other shares will be subject to public sale and the hospital's employees will participate as contributors.

The proposed model suggests privatizing one hospital in each area of the three main regions as a first stage. Privatization, according to the Saudi model, does not mean the complete cancellation of the state role because the state still has the higher level of contribution in order to protect citizens' benefits. The service will be free of charge to emergency patients and those transferred from the primary health care centers only.

Therefore, this policy will lead to give distinct opportunities to the current hospitals, which can take part in it and how to focus on its benefits (Chamber of Trade and Industrial in Eastern Region, Saudi Arabia, 1995 and Saaty, 1999).

When applying privatization, the government will choose some hospitals to represent the whole private sector. On the other hand privatization may be a threat to some other hospitals in the region because it means direct competition, so they have to bear it in mind when planning their policies for the offering services, pricing or promoting, especially if their competitor is an outstanding hospitals. But the policy will have least effects on the strategic marketing decisions for private hospitals, which will not join the program.

2. The Health Insurance Program

Unlike some Western countries such as Britain, which provide health care free (no payment is required at the point where care is provided) to its citizens and residents, Saudi Arabia does not levy income tax on citizens and residents. Saudi Nationals do not pay a

specific health tax or make payment or other financial contributions for their health care.

Health Insurance models appear applicable and potentially useful for the government in lessening its probable growing long-term budgetary burden for health care under the current policy of free care and uniform provision of services. It starts with the 6.5 million foreigners and their families living and working in Saudi Arabia (Al-Suabaihin, 2000). Companies employing more than 20 foreign workers have to pay a health insurance tax. There is another project of cooperative health insurance program with private sector for Saudi citizens is being studied in the Shura council (Consultative council) and may start in 2001. So Saudi private hospital Managers should consider this future demand in their strategic marketing decisions.

Health insurance is already known in Saudi health market before this policy with big institutes for their employees (Saudis and non Saudis). So there are already 80 insurance companies in the Saudi health market before applying this policy. National company for cooperative insurance is the biggest. The size of existing insurance market Shares in 1997 was 2,852 Million Saudi Riyals, which is 29% of the insurance share among all Arab countries. This share increased to 6651 million Riyals when applying this policy and Saudi economists estimated the market increasing to 10 billion Saudi Riyals after applying this policy to Saudis (Al-Suabaihin, 2000).

Under the new system, number of insured people is 7 million people, i.e. 28% of Saudi population in 1998, classified as follows:

36.6% Saudi male	19.3% non-Saudi male
36% Saudi female	8.1% non-Saudi female

They are distributed among the Saudi regions as follows:

Riyadh	23%
Macca	27%
Eastern region	15%
Asser	8%
Madinah	6%
Jizan	5%
Kassem	4%
Other regions	12%

According to statistics of the National Company for Cooperative Insurance (the biggest company for the insurance in Saudi health market), there was an increase in the health insurance market from 26.6 million Saudi Riyal in 1992 to 152.6 million Saudi Riyals in 1998 a total charge of 473.7%.

Compulsory health insurance for all non-Saudis workforce and their families is shown in Council of Ministers resolution number (71) dated 27/4/1420 (which is 11.8.1999) in nineteen elements.

3. Saudization

Saudization is a term used on the operating of substituting the foreign workers with Saudis in all Saudi organizations. It started with the beginning of the eighties in the governmental sector, where the majority became Saudis. In the nineties it moved to the private sector (Karsom, 1996). Saudization policy is shown in Council of Ministers resolution number 50 dated 21/4/1415.

A study on Saudi private sector supported by the Saudi Human Resources Council in 1991 shows that 11,147 private institutions (that have more than 20 workers) employ 95,851 Saudis whereas the foreigners are 706,454 which means that Saudis represent only 12% of the workforce. The study shows that the growth average in Saudi workforce

in this sector is 7.4%. Statistics show that the foreign workforce is 625323 in 1996 working in different sectors, 90% of them in the health and education sectors (Civil Service, 1996). Another study (Dahlan, 1995) emphasized that Saudis were 18% of the whole workforce in private sector whereas the other 82% is the foreign workforce. Regarding the health sector, Al-Gheth & Al-Mashooque (1996); Al-Nafai (1997) and Milyani (2000) found the same fact. Al Harithy et.al. (1999) show that Saudization still low in the private health sector. They found 17.1% of physicians and 22.1% of nursing, and 50% of the administrators were Saudis.

The rule is to increase Saudization by 5% of the workforce yearly. The Saudi government started to be strict in applying this policy in all private organizations recently (18/10/2000). The new percentage increased to 25% with a minimum of 15% per annum in each organization. This policy is of major importance in Saudi Arabia for the coming five years. Consequences of Saudization for private hospitals are restructuring of the hospital workforce. Saudization is applying to all sectors in Saudi Arabia, which means a lot of foreign workers were representing effective demand for those hospitals services, will leave.

In addition to the policies already discussed, several Saudi policies applied recently will increase the demand for private services including health services and issued in Saudi Arabia in 2000 are the policy of allowing foreign investment and the policy of encouraging tourism. The policy of participation in W.T.O will increase the competition facing those hospitals (Milyani, 2000). As competition is an important factor in this study, so the effects of WTO membership and the external competition are the only considered factors influencing strategic marketing decisions, although the international considerations are

outside the scope of the study as mentioned previously in research limitations.

Regulations and Legislation

The Saudi Ministry of Health is the major legislator for Saudi private hospitals, which with some related government agencies set terms for license granted and regulations concerning marketing decisions in those hospitals. So the hospitals have to put all these rules into operation trying to follow up regularly whether they are from the ministry itself, its main centers in different regions of Kingdom, or other ministries related to the private health sector. The Ministry of Health was established by Royal Decree No. 5/11/8687 dated 26/8/1370 H (the Gregorian year 1951), several directorates of Health affairs being set up in different parts of the Kingdom and responsible for the hospitals under its jurisdiction. The Saudi Ministry of Health supervises the private sector's health projects including hospitals, dispensaries and clinics; trade in medicines and pharmacies through organizational regulations and executive controls. It determines the proper price for each type of service provided by the private sector, sets terms for licenses granted for medical practices in different fields, with Health Affairs Directorates constantly monitoring commitment to the terms, and monitors controls institutions. Penalties are also applied for violations of regulations, if committed. The Ministry of health also determines terms, laws and regulations for employment of technical cadres in such institutions and issues work licenses for personnel who meet required conditions. It investigates complaints received from citizens against any institution and takes the appropriate action in light of the investigation results. It also records pharmaceutical companies and their products in keeping with the

controls of pharmacology regulations and its executive byelaws. The Ministry determines prices of medication as per approved regulations, also monitors imported medicines, their validity and availability in the markets especially basic medicines and the sale of the same at fixed prices. This activity covers anesthetic and dangerous medication as well as medicines that are barred circulation or sale except under the pharmacology and poisons regulations. The Ministry investigates violations committed against the pharmacology and poisons regulations and takes the necessary measures in this respect.

The Council of Ministers in 1407 H (1987) modified the regulations for private medical institutions of 1382 H (1962). The responsibility of the private sector before the Health Affairs Directorates and the Ministry of Health is to abide by the instructions and the rules for issuing licenses for the establishment and for its employees as well as facilitate the task of the unexpected and periodic monitoring of private medical establishments.

A large number of authorities are concerned with private health sector in Saudi Arabia. They issue them the necessary permits, whether at the time of establishing the project or when expansion works are warranted, as well as providing them some data or particulates if available that might assist them in making the right decisions. These government agencies are:

1. Ministry of Finance and National Economy
2. Ministry Of Commerce, which affects the organization of the whole Saudi private sector.
3. Chambers Of Commerce And Industry
4. The Saudi Consulting House
5. Saudi Arabian Standards Organization

Other government agencies may take part in assisting private hospitals in applying the Saudization policy i.e. The Ministry of Labor and Social Affairs and Ministry of Higher Education for planning to apply and train hospital staff on the various professions needed in hospitals. King Abdul Aziz city for Science and Technology could maintain direct contacts with those hospitals, in order to provide their staff with needed researchers, studies and reports available on different fields. Their reports are available on different fields. The Zakat and Income agency are important bodies to build a relationship with for those hospitals. The Ministry of pilgrims gets data on the number of pilgrims and their countries. This is now important due to the expected increase in the effective demand on private hospital services after allowing private sector to participate in offering health services to pilgrims beside public sector. Moreover, the government allows pilgrims to travel all over the kingdom during their staying in Saudi Arabia, which previously was forbidden.

Political bodies influence Saudi private hospitals through determination of the nature of performance by hospitals of medical and sanitary services as regards type and span. The system for starting Saudi private hospitals or adding new departments in the hospitals is determined by part three of Articles (12), (13), (14), (15), and (16).

As for the Articles of Association, the Executive Regulations of the private Medical Establishments system also stipulates that a license for opening a hospital shall be granted by virtue of a Ministerial Decree by the Minister of Health. The licensing committee for opening Medical Establishment was formulated to lay down the terms, conditions, specifications and documents required for the approval of opening a hospital. This requires the necessity of attaching an Economic Feasibility

Study conducted by an accredited consulting office in addition to other data supplied in the form designed by the committee. The decisions of the committee are to be put forward to the Minister for ratification prior to starting execution.

As for adding a new department Article (5) of the Medical Establishment Executive Regulations stipulates that the hospital License must determine the type of work, specialization permitted to practice and the extent of the license. The Executive Regulations stipulates that each medical establishment shall lay down its price list indicating fees of examination, treatment and accommodation and others. The licenses and permits granted to providers of services, determine the location and sites of hospitals performing services, and the laws and ethical rules relative regulating service performance. They also determine rules of promotion.

Article (7) of the Saudi System stipulates that the Medical Establishment may not publicize or advertise itself except within the limits prescribed by the Ministry.

Article (15) of the Executive Regulations also stipulates that the Medical Establishment upon conducting an advertisement shall observe that it conforms to the Islamic Legislation (Shari'a) and the Saudi Environment, and that it shall also conform to the ethics of the profession in manner achieving the public interest within the framework of what the directorate approves.

Besides, there is the project of cooperative health guarantee already approved by the Shura (consultative) Council and is due to be laid before the Sublime Dignity for improvement of services.

There is no labor syndicate in the Kingdom, so the main pressure group now is the Saudi Consulting Council found since the mid of nineties consists of businessmen and specialists interested in private

sector among the members. In most times press, radio, and television could be a pressure factor not only spread awareness of political issues, but also influence policy and decision making by setting the political agenda and influencing public opinion. It has started to be the same in Saudi Arabia. As trades unions do not exist in Saudi Society, this factor has no influence. Saudi private hospitals must assess the evolving convictions and philosophies of the party and Ministers in power. The political and legal factors in Saudi Society as in all societies have an effect on the marketing practices of business establishments. Hospitals are not excluded from this, and managers in those hospitals should be conscious of it.

Besides all the above, marketing theory emphasized that there are general factors in political environment that effect the strategic marketing decisions in hospitals. They include the Saudi system's ability to achieve political stability in order to enhance the hospitals and encourage it in market planning without fear of major changes in policies, and that is what Saudi Environment somewhat has.

As for the centralization practiced in the Kingdom decisions and systems, it is considered sometimes a problem for the decision makers when they decide to offer a new service, expand or improve a current service. Meanwhile a lot of people complain of the bureaucratic system in the Arab societies, which may impact implementation negatively (Barakat, 1991). This also occurred through controlling system by authorized employees in MOH and its directorates and in other agencies related to health sector.

The political boycott between Saudi government and certain countries e.g. Israel affects the import of medical equipment needed for hospitals and foreign personnel such as physicians, maintenance and

laboratory workers. As a result hospitals have to know all countries, which can provide them with their needs especially those that the Kingdom established new relationships with such as South Africa in order to choose the best alternative resources needed for hospitals.

The political and legal environmental topics that hospital managers might be expected to be conscious of in making their marketing decisions is summarized in Figure (13) and listed as follows:

1. Level of stability of the policies adapted in Saudi Arabia.
2. Level of centralization practiced by Saudi political leadership.
3. Effect of laws regulating commercial activities which stemming from Islam (Islamic law constraints).
4. General Saudi policies.
 - 4.1 Privatization policy.
 - 4.2 The health Insurance program.
 - a. For Saudis
 - b. For non Saudis
 - 4.3 Saudization policy.
 - 4.4 Others.
5. Control system in Saudi Arabia in general, and in health sector in particular, bureaucracy i.e., the conduct of authorized employees in the Saudi Ministry of Health and other government agencies related to health sector, regulations and rules of the Saudi Ministry of Health and its (18) Directorates in the regions, and governmental decisions related to the health sector.

These factors were used to structure the empirical survey of the research.

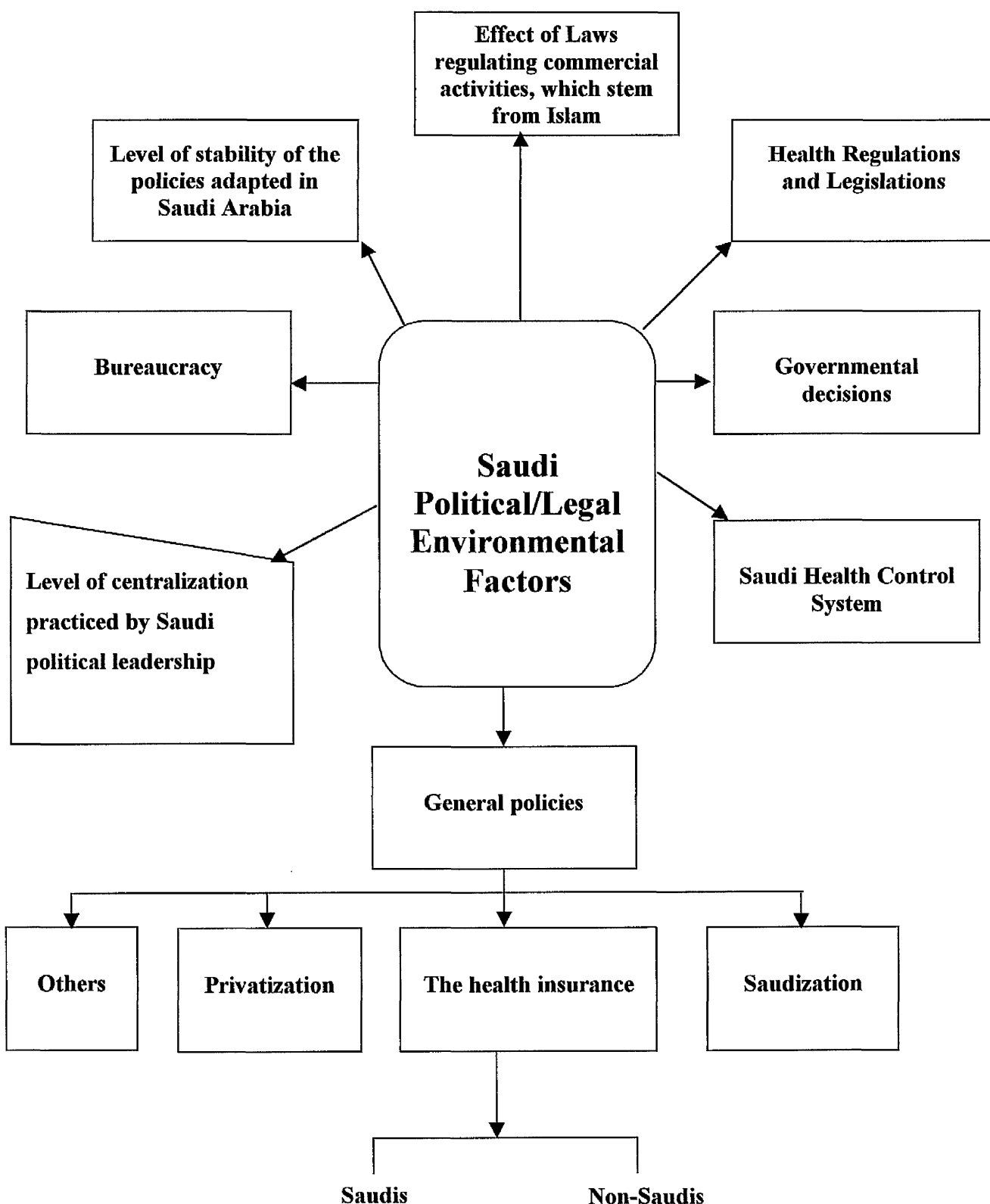


Fig. No. (13) Political/Legal Environmental Factors in Saudi Health Sector

4.4 The Economic Environmental Factors in the Saudi Private Health Sector

According to marketing theory the economic environment is the most influential environment on a Saudi private hospital's decisions. The importance of predicting these factors increases because the hospitals work in a competitive environment and do not limit their services to one economic environment but includes more as they depend on employees from other fields and imported equipment whether medical or non medical.

The Saudi economic factors can be classified into three categories as the theory suggested:

- The general economic factors.
- Competition in the Saudi health sector.
- Factors internal to the hospital itself

Because the research focuses on the effect of the external environmental factors, as mentioned previously in chapter 3, it omits the third category which differs from one hospital to another according to its resources and abilities. Accordingly the factors that are necessary to base marketing decisions on are, therefore general economic factors and health sector competition.

4.4.1 General Economic Factors:

General Economic Indicators

The discovery of oil in Saudi Arabia in the sixties triggered a profound transformation and changes in its economic structure. Saudi economic activities have significantly increased. The standards of living rose and so has the consumers' purchasing power. This was accompanied by expansion in the demand for health services. Individual

average incomes in Saudi Arabia has risen (according to SAMA reports) to \$ 7000 per annum in the year 2000. The economic boom witnessed by Saudi Arabia in the eighties and the start of the nineties led to fast economic growth in all sectors including health sector, and to the entrance of new hospitals into the Saudi health market, which in turn created environmental restrictions and opportunities. However, in the mid nineties it has become clear that such growth could not possibly continue as a result of the drop in the rate of growth in the urban movement due to the completion of the infrastructure in the Kingdom, the hard circumstances experienced by the international oil market, and the Gulf War.

The distinct characteristics of Saudi economy, which affect hospital strategic marketing decisions, include: The reliance on petroleum as a main source of income, which affects the standards of living in Saudi Society according to the change in world prices of this source. The Saudi economy is open to the world. This is very important to Saudi private hospitals, which rely on importing most of its medical and non-medical equipment, and still depends on foreign experts. Among the important general economic factors mentioned in previous studies in the health field are the policies of appreciation of currencies and their relations to other currencies, and in Saudi previous studies not in the health field are the degree of stability in the rates of growth in the Saudi economy, rates of economic inflation and the size of the local market (see chapter 3).

Health services expenditure – as researchers found – are positively related to total available income according to Engel curve (Rosenstein, 1991). Furthermore, while aggregate changes in spending power indicates an increase for Saudi health services in general, the

actual distribution of spending power among Saudi population influence the pattern of demand for a specific health services (e.g. plastic surgery, luxury services). This has led some private hospitals, especially in big cities like in Jeddah and Riyadh to increase this type of service. In addition to measurable economic prosperity, the level of perceived wealth and confidence in the future could be an important determinant of demand for some high-value health services (Green et. al. 1981; Rosenstein, 1991).

Cycles of economic recession and prosperity

Although an economic cycle is one of the general economic indicators, the researcher put it here by itself as a factor because of its importance influence on demand in the Saudi health Sector. Through out the economic cycle, the Saudi health service consumption increases during boom periods and declines during recessions (Matar, 1992 and Hassan, 1993). Unemployment can suggest the onset of a recession, with gloomy prospects for hospital activity and services. Rising unemployment may put downward pressure on wage rates, but because the phase of economic prosperity is characterized by high growth rates in the economy, drop in the rate of unemployment especially in Saudi health sector exists (Saaty, 1998).

Monetary Policy

In the Kingdom, there are several official departments and authorities such as the Statistics General Circuit, the Monetary Establishment (SAMA) and the Chambers of Commerce and Industry which issue economic indicators publications and guides which interest managers and businessmen according to the types of their organizations.

Saudi investments enjoy tax exemptions, although they are still subject to the Islamic Zakat tax (see above). Stability of customs fees also affects the cost of production requisites. The tax policy in the Kingdom aims at encouraging health investment.

Financial Policies

Over the years investments in Saudi health services (both by public and private sectors) are increasing as shown in MOH reports (1989, 1998), which evidences an increase in public sector investment by SR (3012) million – in the year 1419 (1998) compared with 1409 (1989). Likewise private sector investment increased by 40%. Such increased investments require funding through loans granted by banks, lenders and others. The Saudi Financial Ministry lent the private health sector 950 million Saudi Riyals for investments for year 1996 (Alomar & Bin Saed, 1997). The State Budget for 1417 AH allocated 7365 millions Saudi Riyals (or 6.8% of the aggregate budget) to the health sector (MOH report 1998; SAMA report 1998), thus ranking health third amongst main government sectors, next only to defense and security and human resources development. Government Expenditure is one determinant of the volume of demand expected for the services of a private hospital. The volume of government expenditure in the field of public health and governmental hospitals must be known, and such expenditure must be analyzed according to government rates and cities. For whenever the expenditure on developing and improving governmental health services increases the demand for the services of private hospitals decreases. The current situation encourages and increases the demand for the services of private hospitals.

Role of the banks

A Saudi private hospital as any organization whether at its beginning as a project or during its life cycle needs financing, and to spend the funds on fixed assets or operations. One phenomenon is worth noticing is the banks' tendency in general to offer short term credits or loans, rather than medium and long term lending and financing. The debts due to banks from the private Saudi health sector increased by some 11 billion Saudi Riyals to reach 312.8 billions Saudi Riyals in 1998, an increase of 4% as against 1997. An interest rate rise accompanied this increase in debts since 1995 A.D. Inevitably such a rise bears on strategic marketing decision making in hospitals, affecting the cost of rendering various health services to patient. As Saudi private hospitals depend on imported equipment and medicines, rates of exchange are an important environmental influence on their costs. Whenever international rates of exchange stabilize, the degree of risk to which investors and organizations are exposed to decreases.

Inflation

In many countries, both developed and growing, the health sector is characterized by a higher rate of inflation compared with other sectors. Statistics issued by the Saudi Currency organization showed that prices of consumer and durable goods, living requirements, including dwelling, transport and medical costs have witnessed a rise of 12% in 1998 according to SAMA statistical yearly Report (1999). So did the government's health expenditure, which was followed by a fall in the proportion of the Ministry of Health in the State's aggregate budget in spite of a higher budget for the Saudi Ministry. This is attributed to population growth in addition to inflation causing rise in prices of health

service requirements. The costs of living index is one of the important economic indicators as it reflects the extent of change in prices relative to living direct costs incurred by individuals. It is estimated to rise by 5% compared to the previous year.

Inflation in the Saudi health sector is attributed to the following external and internal causes. Externally, rises in wages of labor and prices of commodities are rising in international economies in general, a phenomenon that is reflected on the national economy as a whole. Internal causes attributable to the industry itself are firstly higher labor costs due to increases in the number of employees leading to a higher volume of salaries and wages, besides the rise in wages and salaries of skilled staff (doctors, nurses, technicians of radiology and laboratory analysis and the various operating theatres) (MOH report 1998).

Increases in the number of hospitals may take place with the intent to provide more services but without a study of demand and without restrictions on hospital bed numbers. Such increases necessitate provision of technological equipment and various other inputs. This has been noticed by the researcher in certain Saudi private hospitals during the pilot study where only one third or one half of bed capacity is used and where costly equipment cannot be used optimally. This raises average costs and prices, as do unoccupied hospital beds.

Effects of inflation on the Saudi health sector raise the costs incurred by patients who benefit from health services. It was SR. 32 per person per month in 1990, which became (because of internal and external inflation) SR. 103.2 in 1998 according to Monetary Agency report 1999. Prices of pharmaceutical substances have risen in addition to inflationary effects on the national economy as a whole. More government expenditure on treatment of certain patients abroad has increased

(due to unavailability of adequate treatment locally). Such high expenditure is due to high prices of hospital treatment abroad as a result of inflation there, the costs of which are incurred by the government. Many aspects such as costs of hospital construction, equipment and operation have become higher due to the international rise in their prices, a matter that should be considered. Inflation is very important for Saudi private hospitals because the health system depends heavily on imported requirements (medical and non-medical), and on the non-Saudi workforce, which are (97%) of the workforces of hospitals according to MOH report 1998. So managers in these hospitals need to know about world inflation to choose the best alternatives place to import the needed resources, or at least to be aware of any expected increase in costs. All these items cause high patient/day cost at internal clinics*. The rise in the rate of inflation leads to negative effects on hospitals as on other organizations, most important of which is lessening the purchasing power of individuals. This contributes to lowering the rates of demand for medical services as with other services. The management in some hospitals may tend to raise the prices of their services in a manner equal or above the rate of inflation, lowering the competitive power of its services against similar services, and causing some people in the Kingdom to seek medical services from hospitals abroad.

The economic environmental changes cause scarcity of labor in specific specializations specifically in hospitals. This created a problem of a rise in cost of the salaries and incentives given to attract employers. The unemployment rate is low. Because skilled labor is required, the management will have to pay higher salaries to attract such skilled labor.

* *'internal clinics' means hospital based clinics.*

Saudi hospitals in general suffer from a permanent lack in certain medical specializations, (e.g. neurology). Such scarcity has led to payment by private hospitals of excessively high salaries to scarce specialized staff, a fact that accounts for the high cost of health services performed for patients. Because this factor is important, the researcher added it as a factor.

4.4.2 Competition in the Saudi Private Health Sector

Marketing theory emphasizes that competition is one of the most vital environmental factors. It affects the marketing strategies because the Saudi private hospital works in a competitive environment. Saudi private hospitals face competition, as Saudi individuals are absolutely free to avail themselves of the services of any of the private providers in Saudi Arabia itself or abroad. Other indirect competitors provide the same benefit using a different service or technology e.g. traditional medicine, primary care. Saudi private hospitals face fierce competition from MOH hospitals, other governmental sector hospitals and private sector health services. It is most probable that the market-share of every hospital rather than profitability influences their reactive defensive decisions. Competition also includes competition for consumers, competition for the supply of raw materials and spare parts (i.e. to win suppliers). There are a great number of hospitals, each of which attempts to offer a marketing mix combining price and non-price factors. The size of the market may be small or large (due to the great expansion of the Kingdom). New hospital entry into and exit from the market depends on the government's general policy.

The scope of competition in Saudi health market has widened. Some Saudi Citizens prefer treatment and operations to be carried on

abroad (this category cannot be estimated precisely due to lack of statistical information), mostly in the United States (57%) Britain and Germany (together 43%) (MOH latest report 1998).

It is noticeable that competition between hospitals is to win more market share and in the scope of new development and innovation. All types of competition, whether present or potential, influence the competitive position of any hospital. Hence hospital management has to be on the alert to face the new situation.

Government policy is of encouraging and aiding the private sector to participate in providing health services. Thus the state, represented by the Ministry of Finance and National Economy, provides financial aid to private sector through soft loans. SR. 16 millions has been disbursed to private hospitals and clinics. The total amount paid until the end of 1418 H amounted to SR.95 million as assistance to construct and equip 57 medical organizations in more than 15 towns and villages in Saudi Arabia. Moreover, SR.2268 million has been paid to private companies and firms securing the supply of drugs pharmaceutical and the medical equipment to public hospitals. This resulting increase in the private health sector was that number of private hospitals increased from 40 hospitals in 1409 to 82 hospitals in 1419, an increase of 105%. The steady increase in numbers of graduates from Saudi medicine faculties also increases in number of Saudi health and hygiene institutions and the attention paid by the Ministry of Public Health to development of human resources through training programs designed for various technical and administrative specializations. The number of those who applied for joining such programs and courses amounted to 11978 students in 1419 H. Physicians enter into contracts with more than one hospital to perform surgeries therein. This is especially influential on

competition between private hospitals, as the physician is not subordinated to or working with any one hospital in particular. Hence it is his decision that direct the patients to receive treatment at a certain hospital or to demand the service of the hospital.

Influential competitors also exist in the 63.2% of the health market that is dominated by the government (Saaty, 1998). Certain Ministries have joined the field of health services supply (Ministry of Defense, Ministry of Interior, Ministry of Education). This leads to a large entry of large hospitals possessing high technological capabilities and human skills. The government has designed several strategies having considerable effects on other competitors. One is adoption of a free health service, which monopolizes performance of protective health services and medical education. It covers the various regions in Saudi Arabia with a wide network of health organizations to secure provision of health services to individuals in Saudi cities and villages. Many societies and associations performing voluntary health services exist, such as Saudi Red Crescent Organization.

The field of Saudi health care witnesses a wide movement depending not only on entry of new local competitors but also on foreign newcomers. The movement of competitors has a two-sided effect, it can impose restrictions and/or create opportunities (Madkor, 1993).

The direct competitors of each Saudi private hospital are the other Saudi private hospitals in the same region or in the Kingdom while the indirect competitors are local (internal) competitors (inside Saudi Arabia). They include: the clinics and polyclinics in the same area inside the Kingdom physiotherapy center/optical, dentals, public hospitals that are only for Saudis now, and external competitors from outside the country.

The following characteristics of patients have conducted to more competition in private sector. One is the absolute freedom of the patient to choose between several hospitals offering services. Cost, the patient's health condition and his preferred physician are all elements governing his choice of certain hospital. Other elements equally important are the availability of medical technology capable of treating special cases of patients, competition between hospitals to attract the most skilled physicians in all fields of specialization, taking into account the strong relation between the patient and his doctor who takes decision that are decisive for his life. In spite of the recognition of the State's considerable role dominating performance of health services, it should be emphasized that price is not the decisive factor attracting the patient as it has become established that competition between hospitals is related in the first place to the extent of availability of sophisticated facilities and equipment securing provision of medical and health services satisfactorily and not the price (Madkor, 1993). Supply within the Saudi health service industry tries to satisfy predetermined requirements from a medical standpoint rather than from a market-oriented standpoint that is influenced by market variables (Al-Ahmadi, 2000). New providers face difficulty to coming on the market and shifting from one specialization to another due to the necessity of satisfying a great number of rules, requirements, specifications, qualifications and studies necessary for all those who provide medical services. Advances in medical technology, technical and specialized labor skills and capabilities in these hospitals are conducive to fiercer competition to win more of the health care market (see also section 4.6 below).

Patients' decisions to use private health services are correlated with the two groups of factors the theory suggested, some related to the individual while others are related to the environment and the extent of interaction between them (social factors/determinants) (Madkor, 1993). The individual factors dealing with the two factors of demand for private hospitals – patient from one side (real side), money from the other side. The real side factors are predisposing biological factors, illness level, and enabling, factors. 'Pre-disposing' means that, some individuals in Saudi health market have a certain propensity to utilize health services more than others. Furthermore there are a lot of people who cannot predict or have any idea about their health condition through the symptoms felt by them; hence they can use inappropriate health services (Hassan, 1993). Despite this fact, demographic factors i.e. age, sex, social condition and previous disease(s) do affect the use of Saudi health services. The social structure constituents including education ethnicity, occupation, family size, religion dwelling conditions and frequent travel from place to place also affect the pattern of use and demand for Saudi health services. For example the true Islamic religion and a certain types of urban and rural communities characterize Saudi society. These characteristics are reflected in the extent and type of use health services (e.g. men cannot substitute especially in midwifery and gynecology, for women physicians and nurses).

Individual beliefs regarding health care have their bearing on behavior in respect of health care e.g. a family that believes in the efficiency and skill of foreign physicians will tend to be treated abroad and/or by foreign physicians, unlike a family that does not prefer or believe in the good effect of the treatment undertaken by foreign

physicians. These factors have been dealt with in the Saudi Social environment.

The mere availability of health care and individual financial capability are not enough for making decisions on using health services since the knowledge and understanding of exposure to diseases and probabilities connected therewith are decisive factors in the use of health services. AIDS is a good example for this. The following factors tend to enhance health awareness in individuals:

1. Number of disability days spends by the patient depriving him of performance of the job which he had been used to.
2. Symptoms: Self-assessment by the individual of his own health condition (depending upon his own experience in the "diagnosis" of signs and symptoms identifying diseases).

The measurement of the size of effective demand for health services requires study of the health condition, closely connected with the demographic characteristics and dimensions of the population.

The MOH report 1998 shows developments in numbers of beds in public and private sector hospitals. It indicates that despite the increase in numbers of beds in the hospitals of the Ministry of Public Health between 1410 and 1418 from 25835 to 126835 to 126866, the ratio of beds/persons in those hospitals has remained almost constant during the subsequent years due to population growth. Indeed it witnessed a decrease in 1415 A.H., a fact that emphasizes the opportunity for investment by private sector in general. In a study conducted by the Council of Honorable Makkah Region, it was pointed out that the deficit expected during 1420 A.H. in number of general beds will amounts to about 3955 beds only in Jeddah, of which 500 beds have been approved under the current five year plan while 3455 beds remain available for

investment. The deficit in Taif region is expected to reach 1005 beds, of which 200 beds have been approved under the 5-year plan, with a remainder of 805 beds available for investment. As the required average 18 beds per 1000 persons, Honorable Makkah requires about 3600 beds of which 2500 exist at present. Thus investment opportunities exist for the private sector to fill the gap and satisfy the need for more beds estimated at 1100 beds, a need that continuously grows at the rate of growth in Makkah population which is higher than the average population growth rate in the Kingdom according to statistics of the Statistics Department, taking also into consideration its Islamic position, the existence of the Holy Mosque in it and the ever-increasing number of pilgrims and those who perform minor pilgrimage (Umra) every year. They estimated to reach 3989 beds in year 2000. This shortage of bed can be a good opportunity for the private sector.

The following Saudi epidemiological characteristics also lead to an increase in the demand for health in the Kingdom. One is the existence of certain diseases attributable to past morbid factors, the Gulf war and lack of awareness by some citizens of the essential rules of hygiene conducive to health. Among such diseases are obesity and endemic diseases. Demand is increased by more contacts with neighboring Gulf countries; great numbers of whose citizens frequent the Kingdom especially the eastern region as well as western region for religious tourism. It is also increased by greater employment of foreign labor from many countries, especially those of East Asia, Egypt, India and Pakistan besides employment of European and American experts in sophisticated work. This number expected to increase after applying the new foreign investment system in Saudi Arabia.

A project prepared by Health Development International, Gutierrez & Associates in December 1996, illustrated the incidence of two chronic diseases, diabetes and hypertension within the elderly group in Saudi Arabia, which are 835,000 and it has been estimated that in the coming 15 years will increase to 1.7 million. These two diseases, which can lead to stroke, limb paralysis, heart attack and limb amputation present conditions, that require comprehensive rehabilitation, which is not found in most Saudi private hospitals. Latest research held in Saudi Ministry of Health (1999) determined three main health problems in Saudi society are road traffic accidents as accidents rates in Saudi Arabia considered being one of the highest in the world according to MOH reports; cardiovascular diseases and diabetes mellitus. The number of diabetic people in Saudi Arabia increased from 2% of the whole population in 1980 to 17% in 1999. A study conducted by faculty of Medicine in Riyadh (1996) found that among every six Saudi persons there is one diabetic.

Saudi Arabia contains holy places (in Honorable Makkah and Medina) and the steady increase of pilgrims and those who perform the minor pilgrims and those who perform the minor pilgrim (Umra) year after year thanks to better means of transport, further is likely to increase demand.

Certain customs and traditions relative to health and treatment also help sustain demand, as does the acceptance of certain new ideas, was not popular in the Saudi society until the beginning of the nineties, e.g. check up before marriage, periodical check up and the plastic surgery. There has also been an increase of drug addition in Saudi society in the nineties. The Saudi government is very strict in dealing with it, but because of the openness of Saudis to the external world this habit

increases. Lastly there is an increase in the number of accidents mainly road traffic accidents which increased to 85277 in 1419 according to MOH report 1998. On the financial side there are many individuals who have a propensity to use health services but are short of financial resources due to the increase in the cost of living in Saudi Arabia (SAMA report, 1999). Thus family income and consequently the capability of present and potential clients for using health services has increased, leading to a higher demand for both protective and remedial treatment on the highest technological levels competing with international standards, besides the tendency towards providing high hotel standard for accommodation. Regional differences in income average should not be overlooked because of the slight differences between them (Azzam, 1993). Another study revealed that 50% of the Kingdom's total population live at a minimum standard of living while only 10% live below that level and the remaining 10% live in a good condition (Shata, 1988).

The steady economic progress of Saudi Arabia made it – as mentioned before in the previous environment – possible to achieve a high standard of living, comparable to the standards prevalent in advanced countries. In 1990, the per capita was approximately SR.22, 575(\$ 6020) per annum. Naturally this is accompanied by an increase in the individual purchasing power and this generated a positive effect on the consumer goods and services demand, which has increased by an average annual rate of 9.4%.

Accordingly, one would expect that economic factors are the most important factors for private hospital and Saudi private hospital managers must be aware of the following list of the economic factors,

which was used in the empirical survey of the research as topics to check for on site to achieve the aims of the research:

1. General Saudi Economic Indicators:
 - Average incomes in Saudi Arabia.
 - Standard of living.
 - Unemployment rate.
 - Degree of stability and level of economic growth.
2. Cycles of Economic recession and prosperity.
3. Monetary policies (Taxes, Zakat, Customs).
4. Financial policies, governmental expenditures.
5. Role of banks system in the health sector.
6. Inflation rates in Saudi Arabia, and world inflation.
7. Competition in Saudi health sector.
 - Size of Saudi Health market (number of Internal competitors (direct & indirect) and the new competitors in the market & External competitors.
 - Competitors leaving the health market.

The following figures (14), (15) summarize the Saudi Economic Environmental factors. The competition factor is separated because of the importance of this factor to private sector and to be easy to be read. PEST analysis of the competition part of the economic environment especially help Saudi hospital managers to know what forms of price or quality competition face their hospital.

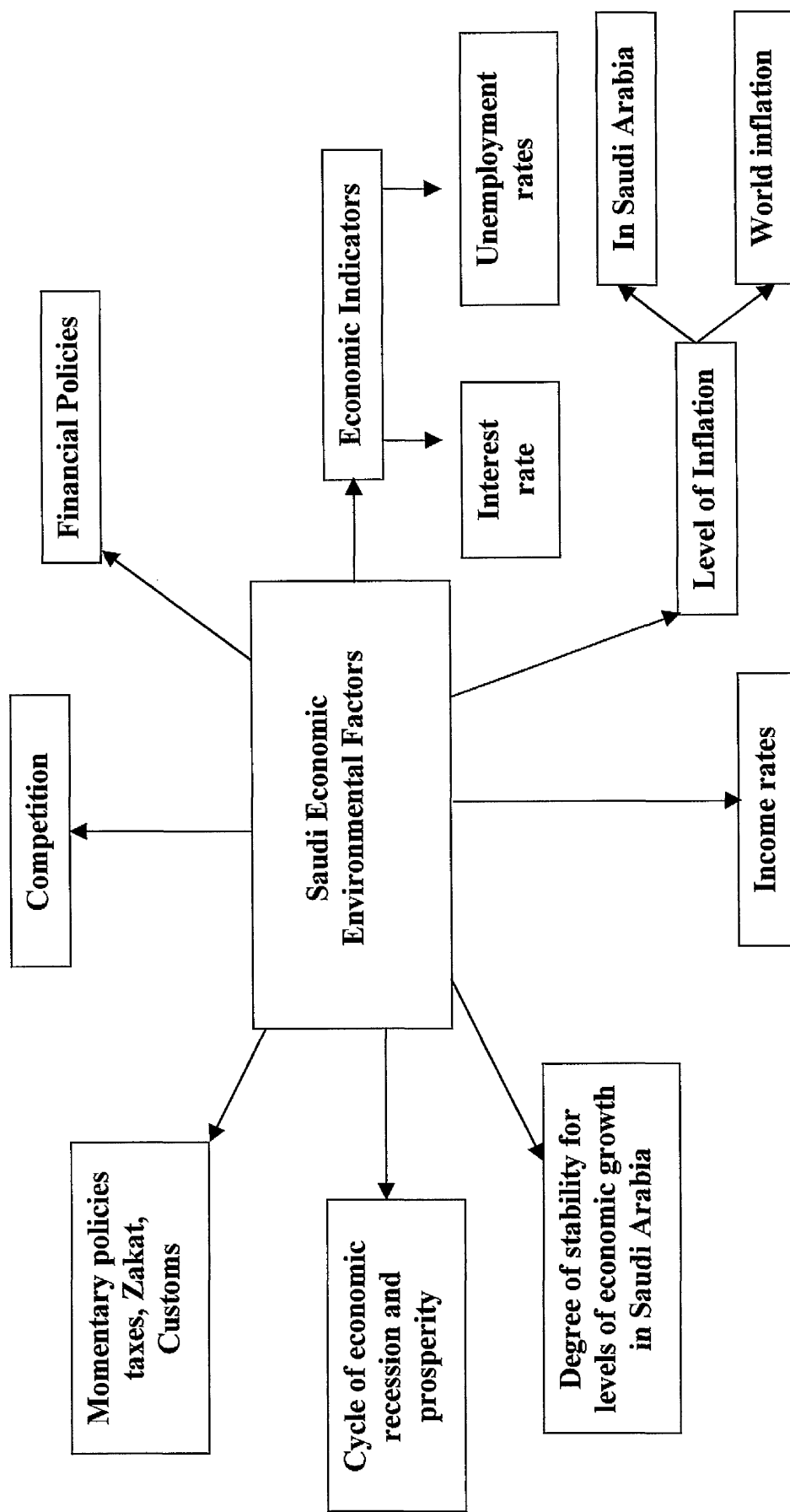


Fig. No. (14) Economic Environmental Factors in Saudi Health Sector

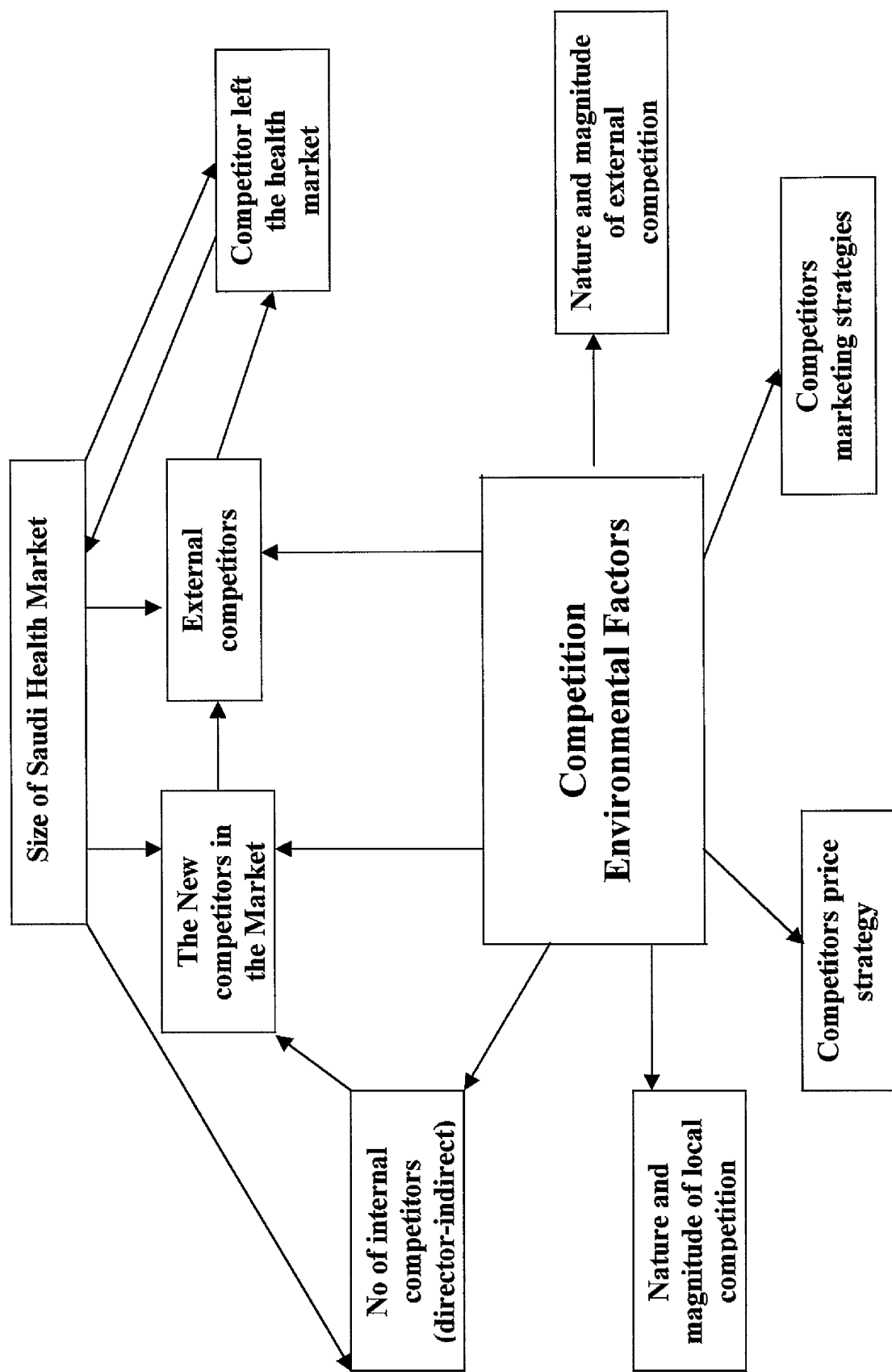


Fig. No. (15) Competition Environmental Factors in Saudi Health Sector

4.5 The Socio-Cultural Environmental Factors in the Saudi Private Health Sector

According to marketing theory, a knowledge and understanding of the socio-cultural environment, which comprises of characteristics of people, their culture, their social class, values and life style is vital for marketers. This environment influences buyer behavior. It is also related to Saudi society's needs and therefore to the level of demand of consumers of Saudi private hospitals, which is of interest to marketers. While the marketer in those hospitals cannot control for the most part these variables, an understanding of their influence on behavior can help him to select the most effective offered service, method of price, promotion, channels of distribution and other aspects of the hospital marketing program, (as the theory emphasized previously).

As marketing theory states, demographic factors of the Saudi society are one of the most important issues for the marketing strategist. These individuals represent the market the Saudi private hospital will be servicing. Among the demographic factors the strategist has to diagnose and analyze its change path. The increase of Saudi population, which is considered of the highest proportions worldwide yearly, which is associated with the people's knowledge increase and more alertness of the medical services represents the chance for increasing demand for the services of such hospitals in the future due to the increase of population and especially of children and youths, (Abo Shaar, 1992). During the past years such an increase was associated with the steadiness of medical services provided by the public sector due to the augmentation of the financial costs on the state's budget. All these factors increase the demand on the medical services of these hospitals, which sometimes represent the only source for most people to receive medical treatment.

The steady increase in the population of the Kingdom which reached 20.686.000 by 1998 with annual growth rate of 3.9% (Al Harithy et.al., 1999), also increases demand on health service in Saudi society whose population, mounting to 20.5 millions forms three distinct communities: Bedouin, rural and urban. Whereas Bedouins account for 21.77% people in rural areas account for 26.87% and those in urban parts constitute 51.36% of the total population. Since the rural and urban populace have more in common with each other than with the Bedouins, the population may thus be divided into about 73.13% settled against 26.87% Bedouin. Saudi Arabia's population is growing at relatively high rate (about 4% annually, especially during the past ten years). As for age groups, official statistics show that those under 14 years of age account for 45.1% of the total population, whereas those between 15-64 years of age form 51.8% of the country total population. For marketers in hospitals this is important because of the high proportion of private health services users. These percentage can lead to estimates of department doctors, equipment, etc. which must be available.

Saudi Arabia shows an increase in population growth because of the increase in birth rate and net immigration and the fall in death rate in the nineties due to the economic and culture factors in addition to improvement in health services offered since the third plan 1410-1415. All these factors combined have resulted in higher life expectancy and increase in population growth which marketers should be aware. For analysis purposes theorists divided demographic factors into categories such as, age, sex and income.

Population division into males and females has also its bearing on the frequency of many diseases, e.g. coronary artery disease and lung cancer are more common in women compared with men. A study

conducted by faculty of Medicine in Riyadh (1996) showed that the incidence of gallstones in women reached 20%. Such differences between males and females have multiple effects that are important to marketing decision makers. Many health services that are confined to one sex, and patients' behavior, treatment and average period of stay in hospital differ by sex. Unfortunately Saudi statistics indicative of the extent of differences and rates of bed use are missing despite their importance. Males represent 50.4% of the whole Saudi population and females constitute the remaining 49.6%.

As regards, the incoming workforce constitute 27.3% of the whole population (Ministry of Planning, 1998). Immigration as the theory emphasized has an effect on the size of Saudi health markets or the geographical volume of demand inside this market of one region, for the volume of demand for the products in general increases in areas, which attract population. This is a useful indicator for marketing organizations when planning to determine the locations of its branches. Private hospitals have faced the opportunity, in the immigration of workers from Arab countries, especially during the eighties and nineties, of an increase in the demand for private health services. Managers in those hospitals should keep an eye on this; PEST analysis helps them to decide which such opportunities in the health market to benefit from. The immigration of temporary labor from outside the Kingdom adds to the population increase. Although the state is keen on implementing the Saudization policy, it still imports part of this labor, which represents a real demand on services of these hospitals. The actual present number, which will be available during the next coming five years still represents actually a large demand, which the private hospital should benefit from, if it is within the limits of its capabilities, by offering the quality of

medical services that suits this segment at the right prices. As the theory emphasized, patients' main reason for choosing the Saudi private hospital depends on its relation with the Saudi Society where it operates. Thus the marketing strategists in those hospitals have to be aware of the various social influences and factors dominant in the society, analyze the possible future changes to ensure the proper relation between the hospital and the society and its continuous implementation.

In Saudi society, the new life-style of the Saudi persons causes the demand for the luxury hotel services in hospitals, and for new clinical departments, which were not known before e.g. plastic surgery, especially in big cities like in Jeddah and Riyadh. Some private hospital – as found in the pilot studies and the experience of the researcher – started services to satisfy this demand and achieve a competitive advantage. The new life-style also increased health quality demand (Al-Ahmadi, 2000).

As the theory stated the marketers in Saudi private hospitals must diagnose and analyze the subsidiary cultural values and trends of the minorities in Saudi society, such as national and religious minorities. The individuals of these minorities will hold the subsidiary cultural values of their nationalities, as well as the original cultural values of their big society to which they belong. The cultural values are very similar in the Saudi Society as a whole due to the nonexistence of religious minorities. For example, the increasing interest of the individuals of society especially in big cities like Jeddah, Riyadh, Makkah, in health, physical fitness has led to marketing opportunities for some hospitals in Jeddah which have opened departments for them. Also, the intermingling with the outside world as a result of traveling of Saudis and the increase in the health awareness has led to the creation of demand for some health

services which did not exist before, such as the treatment of infertility or the demand for modern methods such as epidural anesthetization in obstetrics.

Since the eighties, the channels of education have started to produce qualified types of graduates, especially in the field of health services, thus giving hospitals better opportunities to increasing the supply of labor and less training cost. The Saudi female labor has increased in the Saudi Health Market because the increase in educating females. The number of female employees in the health work force according to MOH report in 1998 has reached 11704 rating 56% of the total Saudi workforce (male and female).

Women are no more confined to household activities; the Saudi women labor force has grown at an annual rate of 1.5% in the nineties. The role-played by women in the spheres of medicine, education, social work and care is increasing steadily, and the Saudi society is now accepting employment of Saudi women. The effect of female labor is quiet clear in several points, most important of which is a restriction on the freedom and flexibility of the management in transferring personnel and the rise in the rate of absenteeism among the female work force. A study on the effect of employing women on production has revealed that married women are at the top of the study as having exhausted their casual leave, followed by girls then men. The study also revealed a rise in the rate of turnover of female labor in the work force was either as a result of marriage, child build or devotion to raising children and household responsibilities or for these reasons combined. After a specified period that differs according to the circumstances of the female employee, some of them return to work (Dahlan, 1993).

Culture affects marketing practice in other ways including deciding who makes the decision of using the hospital, or doctor, and or the method of health treatment. It also determines which ways of treatment are acceptable, because of their symbolic associations, and how a sale takes place (e.g. bribes are acceptable in some cases in Saudi Arabia although Islam forbids them). Culture therefore shapes the nature of the marketing message and the most appropriate medium of communication.

The population of Saudi Arabia consists of a number of tribes, each traditionally occupying a particular region. The late King Abdul Aziz Al-Saud united these scattered tribes, although Saudi Arabia still is divided into five main provinces:

1. The Western Province (Hijaz, which this study focuses on).
2. The Central province (Najd).
3. The Eastern Province.
4. The Southern province.
5. The Northern province.

Although all of these five provinces have its own sub-cultures (customs and traditions) and way of life-style, they do not differ much. The researcher discusses only the factors influencing the effective demand, the efficiency of using and operating Saudi health organizations in general, and Saudi private hospital in particular. So the following factors will be discussed:

Religious Factors

The origin of values and culture in Saudi Arabia is the Holy Quran. Thus the most important characteristic that distinguishes the Saudi society is strict adherence to the tolerant Islamic Laws as a solid basis for all dealing within Saudi Society. Further more, the western

region is the spiritual focal point for all Muslims of the world, who flock in, either at specific time year for Al-Haji or during the whole year (especially two months of the year Rajab and Ramadan) for Al-Umra. This increases the demand for health care in the region during those period, it will continue increasing as a result of the recently policy applied in 1421/2000 to open the whole year for Al-Umra for pilgrims, and allow pilgrims to go any where in the Kingdom. Ragheb (1990) stated that the behavioral ethical rules stemming from Islamic religion should be considered in marketing policies.

Certain nutritional customs

Overeating and non-observance of hygienic rules in nutrition leading to an overburden on the stomach are reflected in many disorders of the digestive system. Excessive use of stimulants e.g. coffee and tea, as well as smoking (cigarettes and narghile) has evil consequences on health and often causes certain pectoral diseases. The treatments from the diseases caused by the above mentioned customs increase the demand of special departments in the hospitals. This increase means marketing opportunities to sell new services, or develop an old ones. It will also help the hospital to know what to feed people (patients and their companions) when they come to hospital, according to the new nutritional customs known lately in Saudi Society (e.g. some people do not eat meat at all or prefer diet food). Other new social values, which affect the effective demand for Saudi health services, are the acceptance of certain new ideas about check ups before marriage, periodic health check-ups and plastic surgeries. Smaller family size, and changes in the roles of the marketing decision takers in the family, and wider media effects in Saudi society.

Customs related to popular medicine

Several inherited customs, usage and traditions some of which have bad effects, are widely spread in Saudi Arabia. Hospitals, clinics and health centers, through they are available, are not always used. This phenomenon requires a study of the reasons why individuals prefer to be treated by popular medicine rather than availing themselves of health systems.

Popular medicine flourishes in the Bedouin culture and some urban areas, particularly amongst older people. Islamic canonical law scholars (Ulama Al-Shari'a) unanimously agree that treatment is a religious duty (fard). Within this context, popular beliefs make wide room for such diseases as are attributed to psychic causes, i.e. those for which no known physical reasons have been established and are allegedly attributed to the evil-eye (e.g. covetousness) (Al-Rekabi, 1997). Undoubtedly a good number of popular beliefs, assuming the aspect of religious facts, have completely mixed religion with myth and superstition leading to emergence of certain popular pseudo-religious beliefs about contact with heavenly regions. Traditional and scientific medicines are two competing parties in the arena of economic, social and cultural environment. In spite of economic and social developments in Saudi Society, it been established that scientific medicine has not been able yet to remove traditional medicine completely. Recently an ad-hoc committee of the Ministry of Public Health has been charged with the study of traditional medicine and the so-called alternative medicine (e.g. herb medicine).

Drug Addiction and Drinking Alcohol:

The spread of these habits has become a dangerous social new phenomenon facing Saudi society. In spite of being new in this society,

in spite of being an Islamic religious society that prohibits these practices, and in spite of the strict religious punishments applied to those who practice them, their spread has generated a demand for specific types of departments in hospitals that did not exist before, namely the addition department. However, the researcher found that the demand for these departments in Saudi private hospitals is still limited in spite of their importance.

Wastah

“Wastah” in Saudi society means it is better to know some body in the organization to have better and quick service and may be get a discount, or the job if you applying for it. The practice of “wastah” or getting preferred treatment as a patient in a private hospital, although strange and not making any economic sense, does exist. There are many reasons for it, which could be understood albeit not acceptable. Some staff or customers may give preferred treatment to their families or friends or the relatives of their friends, either because of social pressure, or an individual decision. The discounts given to certain people or organization (large firms and charities) and employing non-qualified persons are another form of wastah and approved by the influential persons in the hospitals.

An additional more “legal” form of wastah would be when the owners of the hospital or their families give instructions to admissions to give a non-qualified customer some form of a discount. This naturally would be in both the form of discounting the invoice as well as upgrading the type of accommodation for the customer, adding to the financial loss to the hospital. It is the view of this writer that all such discounts should be re-considered and only charitable cases should be

discounted. One may think that this is easier said than done, but the forth-coming non-optional health insurance regulations should make it easier to implement.

Naturally there is a completely different type of wastah, based on medical rather than financial reasons. In this case the patient may get an earlier apportionment than he would have had he not been known to the person helping him. The wastah could also be in form of getting much more medical attention than other wise would be given. This type of preferred treatment is much more common than the financial one and is harder to stop.

Others

Some diseases are more frequent among certain ethnic groups. Saudi Arabia's population can be classified into three main groups. The first two are indigenous inhabitants while the third group comprises foreigners. Members of the first group are the main tribes while those of the second group are local inhabitants of towns and villages. The third groups are foreigners (Arabs and non-Arabs) living and working in the Kingdom. Islam is the religion of the Saudi population (mainly Sunnis). The trend towards urbanization and abandonment of Bedouin life has become prevailing and is encouraged by the Saudi Government.

The Saudi population's distribution among urban areas is reflected in different distinct characteristics besides differences in their relative economic and cultural aspects. These are in turn reflected in their behavior and the types of diseases regularly found in each area, and in turn reflected on the demand for type of health services thus there is a high incidence of endemic diseases e.g. malnutrition disorders in towns. Diseases correlated with environmental hygienic level, differing in their types between town and villages. Customs and traditions peculiar to

every site, especially in villages, accompany behavioral patterns relative to disease and health.

Although the Saudi government is paying more attention to villages, not all-backward or unhealthy aspects have been mopped up. Much effort still needs to be exerted by both public and private sectors, according to latest reports of the health Ministry. Unfortunately there are no statistics about differences in behavior between urban and rural inhabitants in Saudi Arabia regarding their use of health units, occupation rates, patients average stay period, and patients average cost in villages and towns or the disease pattern in villages as against towns.

The 1990s was a period of great migratory movement between countries and within countries. Population structure in Saudi Arabia reveals the two immigration trends, which have effects on health services. One is internal immigration from villages to towns. The incessant flow of villagers to towns, carrying with them certain chronic diseases, has increased demand for a certain type of hospitals and services. The lower level of education among villagers has had a negative effect on health awareness, knowledge about and protection from diseases, leading to a higher incidence of disease and more pressures on hospitals.

The eighties witnessed a wide movement of imported foreign workers to Saudi Arabia having multiple effects on the health services, one was higher demand for protective services to protect the country from incoming diseases, for medical examination and testing of the incoming people, in turn to higher demand on hospital services. Statistics show that foreign workforce is 625323 in 1996 plus their families accounted to 1625501 persons holding 190 nationality, 51.1% of those are Indian, Egyptian and Pakistanis (Civil Service, 1996). Demand for

the private sector rose after the new insurance health system was approved for all non-Saudi workers and their families in 1999.

As the family plays a big role in Saudi society, moreover – as the theory stated – is a vital reference group and one that influences a person's perceptions and behavior, so managers in Saudi private hospitals need to monitor this factor. Social pressures from the news media are the other major challenges currently facing hospital management. So these two factors play big roles as reference or pressure groups in the Saudi private health sector. One of the major change in Saudi society is the changing role of women, as they have become the decision maker for most families on health care matters. In Saudi society, where group influence is strong, informal, face-to-face advice – as the theory suggested – can often be more influential in deciding Saudi consumer behavior than advertising.

The economic development in Saudi Society was accompanied by the emergence of many social organizations playing their role in the scope of health services according to their relative philosophies and targets. Among such organizations, various press organizations play a prominent role in consolidation of the trend to increase family and cultural awareness together with enhancing health awareness among common people, giving for example information about AIDS virus (in the international AIDS Day), thus leading to increase in demand for protective medicine. Thirteen Saudi newspapers and magazines are published in the Kingdom of which the main daily newspapers issued 170 pages on the average daily. The Ministry of information study (1996) revealed that 90% of the health themes published over month were critical, concentrating on medical faults and complaints of citizens, particularly about the private sector. To complement the study, a

comparison was held between health subjects published in Saudi newspapers. It was found that U.S. press concentrates on health awareness, follow-up of medical developments and analysis of laws relative to health. Saudi television, radio and space channels, which have become widespread, dedicate several programs to the family, women and health to spread awareness and enhance cultural and hygienic levels.

Some media channels have become widespread in several Arab regions and the Gulf, especially after the spread of satellite dishes. Private hospitals could find a Gulf market for themselves during the presence of vacationers in the spring vacation through advertising in the different satellite channels, especially those transmitted to the Gulf or the Arab Countries, which citizens' work in the Kingdom.

Table (1-4) summarizes the effect of social factors on demand and processes in Saudi private hospitals.

Social factors	Effect on demand and processes
Demographic factors: Population Growth	
Age	Existence of health services for different age groups
Sex	Difference in patients' behavior.
Income	- Different diseases incidence, - Better care provided
Location	- Incidence of certain types of diseases, - Differences in types of diseased between different geographical areas with different characteristics.
Educational level	- Differences in extent of spread of disease, - Difference in hospital use pattern.

Internal immigration	<ul style="list-style-type: none"> - More demand for health services. - New outlets for provision of services new urban communities.
Immigration from abroad	<ul style="list-style-type: none"> - Emergence of new diseases - Increases in protective services.
Change in social habits	More demand for certain types of treatment.
Popular medicine Drugs and drinking Alcohol	Emergence of new treatment methods, new health services (psychiatric) clinics.
Customs and traditions Certain environmental customs. Certain nutritional customs	<ul style="list-style-type: none"> - Emergence of some environmental endemic diseases. - Malnutrition disorders. - Non-use of hospital services and uses information health systems.
Emergence of certain social organizations	<ul style="list-style-type: none"> - More health awareness by patients - Codification and regulation of behavior and professional ethics of physicians. - Protection of environment from pollution.
All the above	Differences in: Average stay period. Bed occupation rate Patients cost. Satisfaction of services.

Table No. (1-4) the relationship between the Saudi Socio-cultural factors and their effects on demand and operation.

In summary, the following socio-cultural factors are those, which managers in Saudi private hospitals must to take account of in their strategic marketing decisions.

- Demographic factors:
 - Population growth rate in Saudi Arabia.
 - Regional population distribution (urban/non-urban).
 - Population age profile.
 - Population structure according to professions (occupations).
 - Population levels of education.
 - Income Levels, and distribution.
 - Sex profile.
 - Immigration (internal and external).
- Reference groups.
- Average family size.
- Effect social roles within the Saudi family.
- Emergence of certain social organization, media effects.
- Culture
 - Trends, values, and attitudes (customs and norms) that prevailing in Saudi Society.
 - Behavioral ethical rules stemming from Islamic religion.
 - (Islamic seasonal events in the region during Hajj, Ramadan, Umra seasons.
 - Nutrition customs.
 - Wastah.
 - Attitude toward Saudi private hospital.
 - Psycho-graphic.
 - Life style of Saudi citizen.
 - Health problems affecting patients (nature of disease in Saudi society).
 - Personality of Saudi citizen.
 - Health awareness.

The following figure (16) summarizes the Social-cultural Environmental factors in Saudi Health Sector, which was used as the checklist in the analysis for its importance.

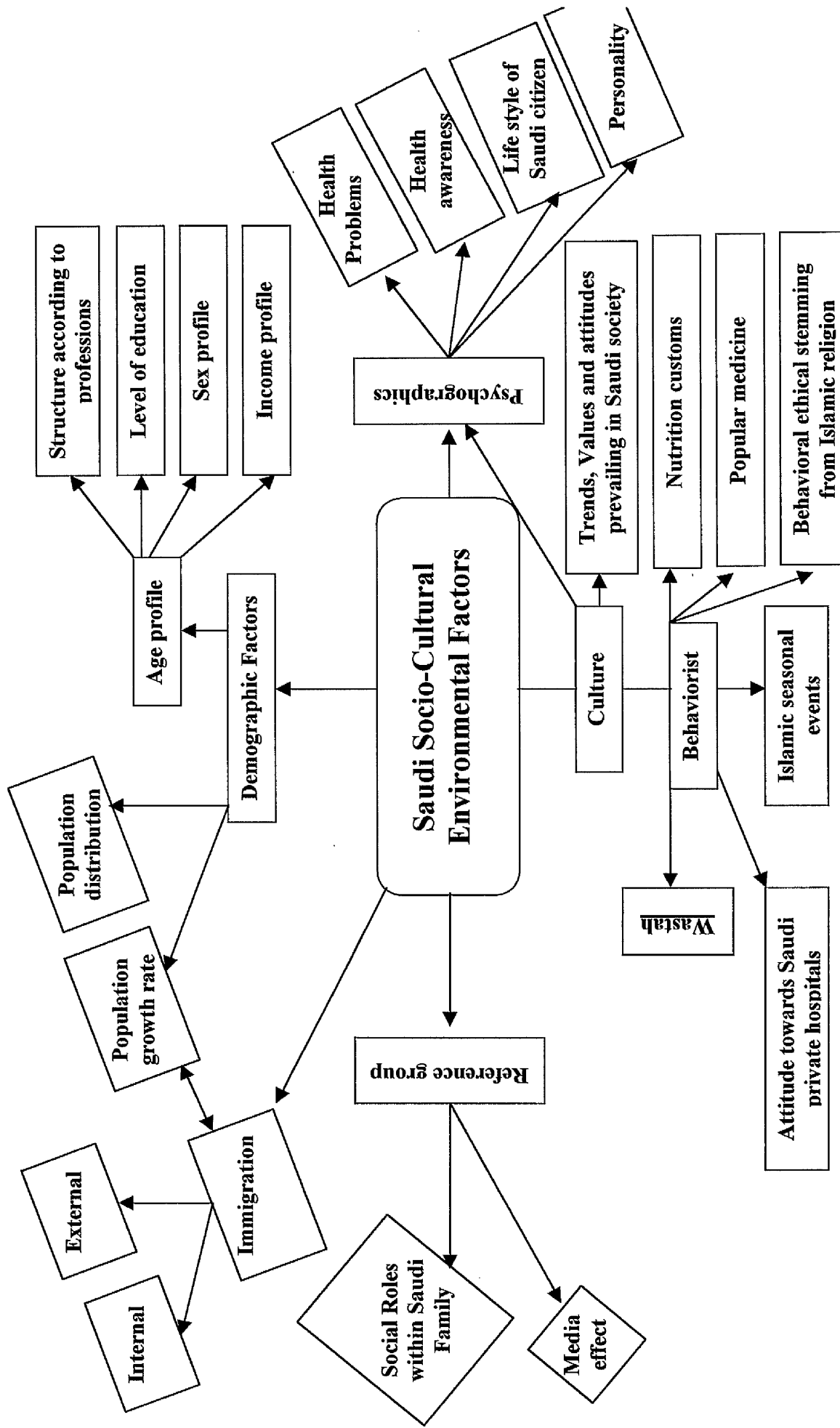


Fig. No. (16) Socio-cultural Environmental Factors in Saudi Health Sector

4.6 The Technological Environmental Factors in the Saudi Private Hospital Sector

As marketing theory states, technological factors outside the Saudi private hospital are among the most important factors, which should be taken into consideration in designing marketing strategy for the hospital. One important factor is the exposure of medicine to accelerating technological changes. The technological improvements provide market opportunities for the hospitals but at the same time create threats to this hospital management, which can be faced with new technological creations without obtaining enough revenue from their investments in the technological area used.

The magnitude of the technological factors affects the hospital's different strategy decisions chain such as its needs for investment and revenue, the degree of risk it faces the number and qualifications of the employees needed in different specializations.

For marketing purposes a technology in Saudi private hospital should be thought of as a specific technique for producing user benefits. It includes 'hard' technology (machines, etc.) and 'soft' technologies (protocols, etc.). Technological change in Saudi private hospital is significant only when it produces a change in benefit i.e. new services, or existing services at lower cost or better quality. So technology is an important factor, which has to be considered while producing or improving new services in those hospitals to use the right technology at the right time and at the right price, which suits both the hospitals according to its cost, and the new prices of the services that present and potential clients are ready to pay.

According to marketing theory, the technological advancement

has an effect on the effectiveness of Saudi private hospitals, for the medical technology and information technology are considered a major source of competitive advantage for these hospitals. Add to that the increase of awareness in the Saudi society, with hospitals being requested to introduce scientific techniques which Saudi have started to learn about as a result of the development of the information technology.

As Saudi private hospitals are importers of technology, the following part lists some of these high technology health services found in some Saudi hospitals, followed by their characteristics which determine the factors influencing choice of appropriate technology and of which Saudi private hospital managers should be aware of upon making their strategic marketing decisions.

High technology health services found in Saudi private hospitals such as ICU/Intensive Care Unit; radiology, cobalt therapy, neuron surgery laser units, pathology/bacteriology laboratories, blood Banks, burns and plastic units, open heart surgery, renal dialysis, ultra sound services, the electroencephalography (EEG) for measuring the electrical activity of the brain, transmit X-rays, CT and MRT scans.

Saudi public hospitals exert effort to disseminate medical technology contributing towards the solution of disease problems to raise the health level in the area served, without aiming at realization of profit through acquisition of technology. For example, they are promoting the development of telemedicine. Economic motives, however, are found in hospitals seeking profit (private sector hospitals). There is quick obsolescence of medical technology as a result of emergence at a quick rate and short intervals of new advanced equipment having multiple advantages. The variety and difficulty of standardization of hospital equipment also causes difficulty in handling and use by the staff that are

not highly trained in its operation, and in Saudi Arabia especially unavailability of maintenance, spare parts and consumables except from limited sources.

In Saudi Arabia as in other developed middle eastern countries, two more factors are important in choosing the technology and should be taken in consideration (as they are imported not exported to these technology). These factors are: the availability of the spare parts of each; and maintenance of the technology.

The nature of diseases common in Saudi society (mostly cardiovascular diseases and diabetes mellitus as mentioned previously) as well as road traffic accidents, which are common in Saudi society, should also bear on the choice of technology in Saudi private hospitals.

The previous analysis is used as a prelude to the Saudi technological environment in health sector to lay down the following list of technological environmental factors that Saudi private hospital managers must be conscious of and take account of in their marketing decisions.

- The quality of available advanced medical equipment.
- The latest methods of diagnosing diseases.
- The latest methods of treating diseases.
- The quality of available advanced non-medical equipment.
- Rate of change in the means, methods and knowledge the hospitals utilize in the production chain.
- Maintenance of medical equipments.
- Maintenance of other (non-medical) equipments.
- Telecommunication inputs on hospital:
- The prices of advanced medical and non-medical equipments and competitors, technical development. These two latest factors

appear among economic factors because of their relating to costs and competition.

The following figure (17) summarizes the technological environmental factors in Saudi health sector, which was used as the checklist in the analysis for its importance.

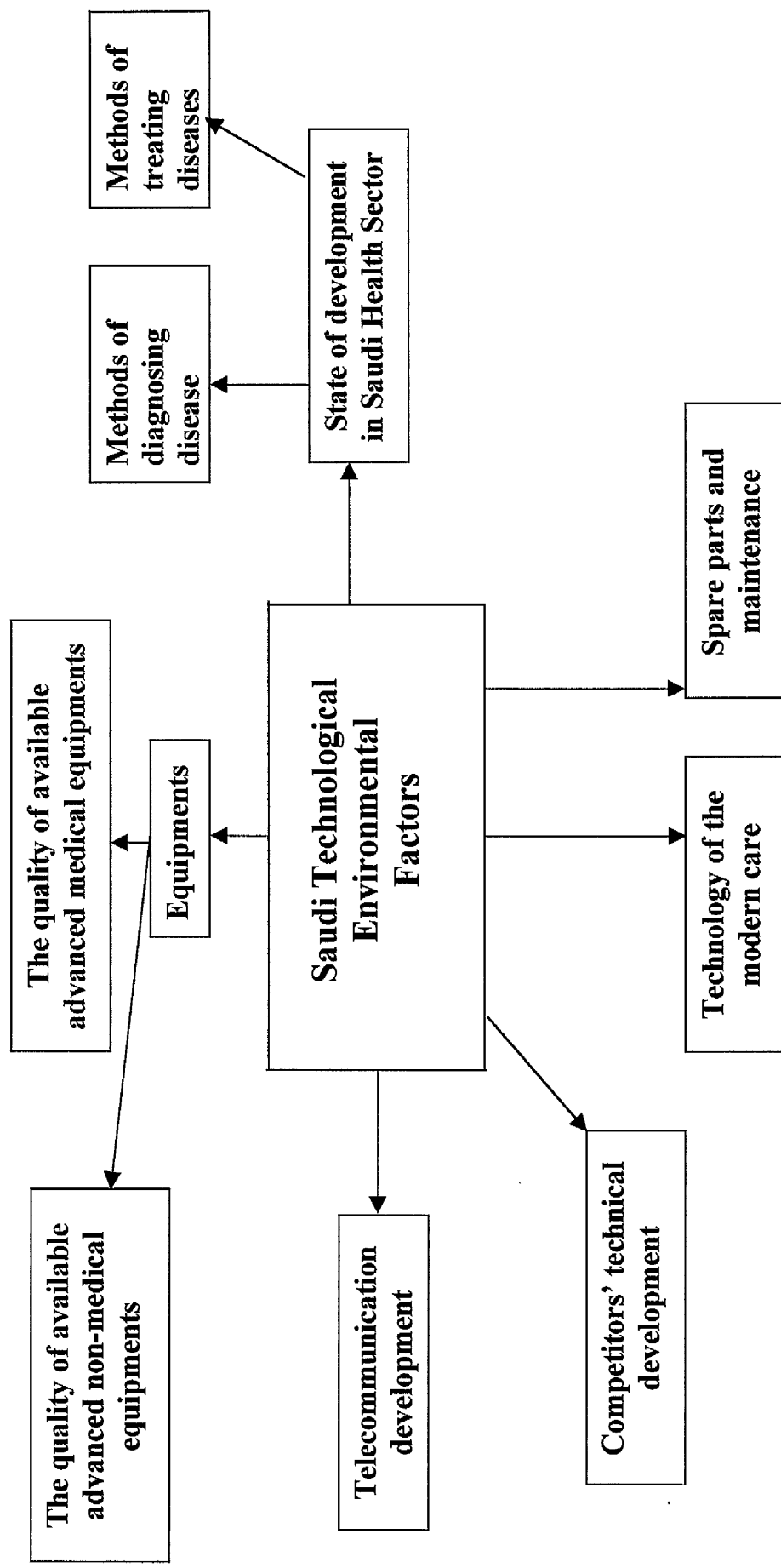


Fig. No. (17) Technological Environmental Factors in Saudi Health Sector

4.7 Summary

To test the research theoretical model stated in chapter 3, we have to interpret what environmental analysis it suggests is necessary to Saudi private hospitals marketing strategies. As no such analysis has previously been made in a publishable form, this chapter analyzes environmental factors that applied for Saudi private health sector in the period 1995-2001 under the four main headings suggested by the marketing theory – political – legal, economic, socio-cultural and technological (PEST factors). Based on the above discussion of PEST factors that it is necessary to base strategic marketing decisions in Saudi private hospitals on, it can be concluded that like all other environments, the Saudi environment is characterized by some special features that should be considered by the strategic marketing decision makers in Saudi private hospitals, so that their decisions will be relevant to the environment their hospitals operate in and will be needing for their inputs and which later needs their outputs. Such strategy needs to be based on PEST factors analyzed previously in this chapter to explicate which of those factors – according to marketing theory – Saudi private hospital managers should be responding to when making decisions to achieve satisfaction of clients and staff in those hospitals, safety in the hospital product and process, social acceptability of the hospitals and sustainability of their activities. These marketing strategies suggested by a Saudi PEST analysis will be discussed in the following chapter.

Chapter 5

Marketing Strategies

which follow from the PEST Analysis of the Saudi Private Health System in 1995-2001

5.1 Introduction

The previous chapter stated that the Saudi environment is characterized by some special features that should be considered by the strategic marketing decision makers in Saudi private hospitals in order to market effectively. The aim of this chapter is to use a PEST analysis of the Saudi private health system previously made in chapter 4 to predict and explicate which of those factors – according to marketing theory –Saudi private hospital managers should be responding to when making strategic marketing decisions to achieve satisfaction of clients and staff in those hospitals; safety in the hospital product and process, social acceptability of the hospitals and sustainability of their activities.

5.2 Marketing Objectives

According to marketing theory, if a Saudi private hospital has a strategic marketing orientation, PEST analysis should form the first stage in its marketing plan. The PEST analysis should reveal some special environmental features that should be considered by the strategic marketing decision makers in Saudi private hospitals, so that their decisions will be relevant to the environment their hospitals operate in. Such strategy needs to be based on PEST factors as described previously. These are the factors -

according to marketing theory - which Saudi private hospital managers should be responding to when deciding those decisions to achieve satisfaction of clients and staff in those hospitals, safety to hospital product and process, social acceptability of the hospitals and sustainability of their activities.

If a Saudi private hospital approach has a strategic marketing orientation, a PEST analysis should form the first stage in its marketing plan and its aims should be:

- Understanding and anticipating clients' needs in the Saudi health sector (Saudis and non-Saudis) to offer the service according to these needs.
- Providing benefits and satisfaction to meet those needs.
- Ensuring the consistent quality and satisfaction needed in Saudi health sector.
- Retaining existing clients and attracting new ones.
- Achieving hospital objectives, (e.g. gaining profit, survive, growth in the long run, reducing costs).
- Achieving stability in manpower working in the hospital over three or five years (according to its market planning).

Each of these aims can clearly be applied to those hospitals through developing the suitable marketing strategy a, means that achieve the goals of the hospital. Normally they are related to five major factors of the marketing theory categorized mainly in the famous 4Ps plus the people (participants) factor, which is the key factor in the medical service enterprise (See chapter 3).

In this chapter, the researcher therefore considers how a marketing manager would use the PEST analysis in chapter 4 in deciding his marketing strategy. Taking each of the 5Ps in terms the researcher considers which elements in the PEST analysis a Saudi private hospital manager would need to use in deciding what strategy to follow in respect of product, price, place, promotions or participants (as the case may be). In doing so, the researcher assumes that the marketing manager is following the marketing management model outlined in chapter 3.

In this way, we can predict which elements of the PEST analysis a manager would use in the Saudi private hospital sector, and for what purposes, according to the model outlined in chapter 3. These predictions can then be tested empirically in the following chapter (chapter 6).

5.3 Product Decisions

What PEST factors in the Saudi PEST analysis is it necessary to base product decisions on in Saudi private hospitals? Firstly, obligatory medical insurance of foreigners recently was implemented and will be shortly applied to Saudis. It will generate effective demand on those hospitals services as the main providers for health services within the framework of the state policies aiming to transfer medical service from the public sector to the private sector, and in its last development plan (the seventh) encouraging the private sector to provide it. That is in addition to the population increase amounting to 3.9% yearly, which is a considered one of the highest proportions worldwide. That has accompanied wider knowledge of and the increased demand on medical services, which is considered a chance to

increase demand on the services of these hospitals. This policy of obligatory insurance is considered the most influential factor on marketing decisions in a Saudi private hospital, as it will achieve for the private sector an increase in the number of clientele. Categories of beneficiaries will be added, which formerly were not receiving any services, whether they were receiving it through government sector or not receiving at all for being unable to afford the costs. The most important change anticipated in the marketing strategy of the hospital to cope with this factor is the move from exchanging with the patient as a client to dealing with several clients including the beneficiary, the owner and the insurance company.

These hospitals should consider this in its service strategies whether to provide a new service like the occupational health services and others that suit the demand of the insurance companies, which require the availability of the following services in the hospital, according to Article No. (7) in the health insurance system:

- Basic main medical services in treatment and diagnosing services.
- Prophylactic services
- Deliveries and needed operations.
- Maternal and child care
- Accidents on road
- Main dental disease.

Implementation of policies requiring OH services for workers and providing social insurance based health care to large firms in the Kingdom like the Saudi Airlines and the monetary institution and other institutions in the Kingdom will enable hospitals to increase their line of service to meet these new demands.

In such case it is preferable to use a segmentation strategy, when offering or developing the new service, to meet the new fundamental demand. This implies using a market enlargement strategy, which aims to increase the benefit through providing the maximum possible of extra services — within the capabilities of the hospital - for the new market segments. The strategy will take the form of enlarging the service market so that the hospital will provide different types of services required. A diversification strategy would aim to increase the benefits of the hospital by providing different categories of services to new markets (the medical insurance market) and which is convenient to this important specific segment in Saudi health sector.

As the Saudization policy is not limited only to the medical sector but includes the different sectors working in the Saudi market, it means the deportation of some of the foreign workers, some segments of whom previously used the services of the private hospitals. Foreigners were not allowed to use the services of the public hospitals except in special cases. Their deportation will mean a reduction of demand for these private hospitals. So, compulsory health insurance tends to increase demand for private health services, but Saudization tends to reduce it, but not too much due to the decrease in offering health services by public sector. But as Saudis may need some health services which are not needed by foreigners (i.e. plastic surgeries, general check-up before marriage), here is where this policy should affect the strategic product decisions pertaining to the potential clients. Saudi health regulation and legislation (by the MOH and its directorates and other related government agencies i.e. the Ministries of Commerce and Hajj) determine methods of performance, control systems, hospital activities, quality levels and objectives which they can adopt and

exercise, and those that are forbidden (e.g. abortion, which is prohibited in Islam and not allowed to be held in any of those hospitals or any other health sector). Managers can get these data through the annual reports of MOH, and other related government agencies but it will be generalized. They can still contact the responsible bodies to get more detailed data if needed.

As the Saudi private hospital works in a competitive environment, the hospital must know its competitors and compare its marketing mix items with the marketing mix of its competitors in order to identify the points of strength and weakness in the competitive situation of the hospital. This information is needed for planning the hospital's distinguishing marketing strategy in the Saudi target health market. The Saudi hospital needs to perform a survey covering the present recipients of services to ensure their satisfaction with the quality of services. Also, it needs to review its style and action. It can use a strategy that concentrates on its specialty of service, or put comfortable and attractive furniture in the waiting rooms, or concentrate on having an efficient information desk that provides information quickly and professionally, which is needed in those hospitals. As there are plenty of beneficiaries in Saudi health sector who vary in their needs for health services (Saudis, foreigners, male and female, children and adults, higher income and average or low income) the hospital can offer specially differentiated services such as gynecology, pediatrics, dermatology, cardiology, surgery and neurology. Competitive strategy in those hospitals must also center on changing the image of the hospital and the service experience in the eyes of current and potential patients. Understanding patient demand is an important part of this strategy, as patients in Saudi health sector are not all the same, and that the needs of different groups can become important points of differentiation (e.g. individuals and groups and

health insurance companies). Once patients have been admitted to the hospital, the principle objective is to reduce their anxiety and insecurity. For facing internal competition, the product strategies in the hospital should be influenced by this factor, aiming to promote the safety of hospital's product and process.

Managers in those hospitals need to know the size of local competition (number of local competitors and the magnitude of this competition), which can be known through MOH reports. Managers need to know competitors' marketing strategies their experience in the Saudi health market profile of beneficiaries in the Saudi health market, and furthermore to know their unexpected additional marketing efforts. Due to the secrecy to such information managers can use social informal relationships for getting such information.

As the private medical market is categorized by a variation of services, and especially the ancillary services like hoteliers and cleanliness, the accuracy of medical records, the hospital can focus on these to overcome its competitors, as that point represents the major issue in complaints within the Saudi society. Thus, the hospital will have more free space to set prices based on variance in services, which help the recipients to feel the difference in quality. Population growth rate along with presence of expatriate workforce in Saudi Arabia represent a big group of different users for private hospitals especially after changing roles in offering health service from public to private sector, beside the compulsory health insurance policies, so it should be among the most influential factors.

Cultural values have a great impact on the Saudi environment due to their influence on individual's acts and behavior, which should in turn reflect on the product strategy of the hospital. They represent the ways,

values and common belief in the Saudi market. These have a great influence on product decisions and some of these emerge out of Islamic belief i.e. when adding some of the new health services related to embryology and plastic surgical to be acceptable and even when designing services facilities, the availability of segregated waiting rooms accommodating males and females. Also changes were noticed during the course of the nineties in the nature of the life style of the Saudi society, which reflect the huge increase of income that occurred at the end of the eighties and the increase of demand for the five star accommodation in hospital. The stability of the income and the increase of medical awareness since the middle of the nineties has driven the Saudi individuals to concentrate on the quality of medical service as priority that should not be frustrated by the accommodation type. Also they demand new services that were not previously known or available such as cosmetic surgery, family medicine and early diagnoses of malignant diseases, the routine check up, and the pre-marriage check up. These changes should influence the decisions about providing services in the hospital or expanding the assortment of services and adding new branches such as pre-marriage check up and increase the line of services. The strategy of increasing the range can be beneficial and develop the actual line of services available.

Also the strategy of penetrating the market, which is considered one the least complicated strategies is available, where the hospital is keen on increasing its activities to offer more services for the beneficiaries in its existing markets. The change of the style of life in the Kingdom has lead to more attention to disabled people whose number is increasing, whether due to permanent disability or resulting from accidents. The family (the decision maker for the disabled) tries to medicate him and rehabilitate him, which

represents an increasing demand for categories of medical services (rehabilitation service and disability treatment), which were not available previously in the private medical sector. Only one center is available that provides these services in the whole western province. The demand is increasing for such medical services, as the Kingdom has a high number of car accidents. The number of wounded is increasing which increases the demand on the rehabilitation services of which the private hospitals are considered the main provider after the shrinkage of the state's role which was previously the major provider of this category of services). In addition to other accidents like Jet Ski accidents have resulted from the new style of life, and the high standards of living in the large cities like Jeddah. These should affect service mix decisions in the hospitals.

Other categories of disease that are newly known in the Saudi society and for which there is growing demand on are the bone diseases, physical therapy, non nutrition diseases, obesity, cosmetic surgery, diabetes. Raised cholesterol and high blood pressure, are the result of the high standards of living in the Kingdom and the change of the type of food habits and the augmentation of comfort style as well as the enormous progress in the technological ways in the medical domain. New types of influenza that are considered as a disease to be treated in hospital in some cases. The gulf war and the several wars in the area have increased the demand on hospitalizing these cases. A new category that was added is drug addiction and alcohol addiction. Those have been widespread among the youth because they travel abroad and mix with some bad types. Thus the hospital can penetrate the market through providing more services to customers in its existing markets, providing the wider variety of medical services needed by the present and future recipients in the Saudi medical market.

Despite traditional medicine being widespread in the past in the Saudi society, scientific medicine is replacing it although a segment of people are still using it. There are no statistics indicating the percentage of this sector but certainly it represents a fraction that cannot be ignored. Due to the increase of demand for herbal medicine, more attention is being given to it. Thus the hospital should do so, and also could add physical therapy to its different activities if it is within its limits and financial resources. Increasing health and illness awareness in Saudi society, along with the development of diagnostic techniques in the medical sector, increases the demand for diagnostic services in those hospitals.

Among the factors the strategist has to diagnose is the income level and profile, an important social and economic factor influencing demand. The variance in income between Saudis would be reflected on the quality and kind of services needed. Thus the hospital should not concentrate only on the medical services but it has also to provide corresponding non-medical services to smooth its progress, such as hotel services which have attracted big demand among the Saudi society on the basis of a quality. So, a quality strategy should be one of the basic strategies even for registration services.

Another demographic factor to be considered is primarily needed for the strategic product decisions besides the statistical information available about the standard of income is the population age profile. Saudi society will have an increased number of kids and youths during the next coming years, which means an increase on the demand of the services needed for such segments.

Another important cultural factor is the Islamic seasonality as the Kingdom generally and the holy Makkah especially face an increase of number of population due to pilgrimages during the months of Haj and

Umra i.e. Ramadan, Rajab, Rabi Al-Awal. The number of pilgrimages could be obtained through the information and statistics of the Ministry of Haj, which decide the number for pilgrimages, every year, and the places of their arrival. The demand for preventive medicine methods will be high during such periods.

As a result, the state has permitted the participation of the private medical sector in providing medical services to pilgrimages during the Hijri year 1420 (2000), having previously limited it to the state hospitals. This means the beginning of high demand for the medical services of the private hospitals, which in turn necessitates more attention to market planning their marketing activities as a whole. The private hospital sector has benefited from a market segmentation strategy using the periodicity of the pilgrim season as a factor to be considered adopting the flexibility needed for such a strategy. The hospital can apply a market penetration strategy (if that matches its resources) to increase its activities to produce more services for future new customers from pilgrims. Religious tourism is the most important kind and large number of the visitors to the Saudi Kingdom come from gulf countries and Arabia countries, and have high-income levels.

Technological factors are among the most important factors, which should be taken into consideration in designing product strategy for the hospital because technological development can be used as a source of new medical and non medical services and in improvement in those services' performance for customer convenience. One important factor is the exposure of medicine to accelerating technological changes. Trends in the modern hospital are characterized by shifting from concentrating on the In-patient to the Out-patient clinic, and one day operation and the use of lasers is becoming more common, all implying product decisions according to these

latest methods of treatment. The latest methods of treating and diagnosing diseases and new models of care which occur as a result of the technology, also affect services decisions either by adding new services (e.g. for treating cancers or AIDS services) or modifying an existing service after adding the new technology in medical services or non-medical services uses in hospitals (e.g. registration methods, filing systems of patient cases). They also may affect the equipment needed. Maintenance availability is also among the importance factors in technological environment.

Increasing average income, along with increasing health awareness in Saudi society and the rapid medical technology all over the world, represent a major opportunity. People – with high and average incomes – ask for additional medical services, and are ready to pay the expenses. A differentiation strategy is one of the appropriate strategies to the Saudi environment, recognizing differences in individuals' incomes. Segmentation in the Saudi health market should be applied with individual income average or possession of health insurance as a basic segmentation criterion.

The previous PEST factors have immediate relevance to product decisions. The following factors affect those decisions indirectly either by offering opportunities of increasing demand or affecting the process or by offering threats to those hospitals. The expected policy of privatization should be considered in case the hospital will be among those who will take a role in applying this policy and plan to add a new service or modify the existing ones to meet this new effective demand. As this policy does not mean the complete cancellation of the state role because the state still makes the higher level of contribution in order to protect citizens' benefits. The service will be free of charge to emergency patients and those transferred from the primary health care centers only. Therefore, this policy will lead to

give distinguished opportunities to the current hospitals which can take part in it. When applying privatization, the government will choose some hospitals to represent the whole private sector. The policy will have least effects on the strategic marketing decisions for private hospitals, which will not join the program. Those hospitals who are expected to be chosen to replace the public sector hospitals may expand some of their services according to what are needed in the public sector to meet the new demand.

In addition to the policies already discussed, several other Saudi policies applied recently are causing change in the service sector. The most relevant to private health sector include the expectation that Saudi Arabia will join the W.T.O; the policy of allowing foreign investment in Saudi Arabia (2000), and the policy of encouraging tourism in Saudi Arabia. These policies provide marketing chances for the hospitals. This immigration of temporary labor and tourists from outside the Kingdom adds to the population increase. They need health services besides other services. This set of policies increases the effective demand on hospital services, but at the same time create threats to these hospitals' management, which can be faced with decreasing in market - share and more external competition. Managers in those hospitals should be aware in the following factors in making their long run product decisions.

- The stability of the policies adopted, and relative stability in economic growth in Saudi Arabia have a good affect for long term planning, besides encouraging the private hospital carry on various service activities.
- Conduct of the authorized employees in MOH and its directorates and in other governmental agencies (i.e. Saudi Arabia Standards Organization and Income and Zakat agency, and the level of centralization

practiced in the Saudi political leadership) may represent a threat to those hospitals, as these services require speed in performance and according to the bureaucratic requirements known in Saudi society. To have enough time for marketing planning, managers should notice this threat or to have good communication with those authorized employees when needed for product decisions. Political boycotts between the Saudi government and certain countries may effect product decisions when adding some new health services or physicians or medical equipment needed for hospitals from those countries.

- Cycle of economic recession and prosperity, as it decides the average incomes.
- Saudi monetary and financial policies, along with Saudi banking system may present opportunities for financing.
- Inflation, which may affect costs of equipment needed for the hospital and the alternatives.
- Level of stability of Saudi policies encourage long run planning.
- Population age – sex profile and level of education to decide what departments are needed.
- The quality of medical and non medical equipment not yet found in Saudi health market. Telemedicine services may present opportunities for some of those hospitals which can apply it, while this factor may represent a threat for others who cannot.

5.4 Pricing Decisions

In a similar way, the researcher will now consider what PEST factors it is necessary to base pricing decisions on in Saudi private hospitals.

Obligatory medical insurance is among the most important factors. There is a direct relation between the hospital fees, the quality of services it provides and the cost of the insurance to the beneficiary of the medical service. It is necessary for hospitals not to determine a higher or lower price than needed for the service, given the variance in medical service value for different segments. It is possible to use an individual rating strategy in pricing the medical insurance for individual pricing in the same market. The subscriptions could be priced according to the result of medical examinations which take place for the beneficiary, and a take into consideration the level of cover. That is, pricing would reflect group risk and the level of cover provided for each type of patient. The same policy must affect pricing decisions in those hospitals as it will differentiate the basis for price determination, according to who the expected payer is when applying this policy for Saudis. Medical insurance and its control systems through the insurance companies will provide a motive to control costs in hospitals. The most important change anticipated in the marketing strategy of the hospital to cope with this factor is the move from exchanging with the patient as a client to dealing with several clients including beneficiary, the owner and the insurance company.

The move from providing medical services to patients to giving primary care services and integrated prevention services demands a change in the structure of the medical system and its ways of offering the services. Prices will move from the present lists tied to the state's pricing to what is known as proportional pricing based on actual costs (cost-plus pricing).

Relationship marketing is important for building a good relationship with insurance companies to generate effective demand in the long run. This factor can be used as a segment factors as it meet the four criteria, segmenta-

tion theory emphasizes for viable market segments (Beane and Ennis, 1987). The hospital needs to obtain information on the system and the expected demand. This can be done through the MOH and the insurance companies in the region to estimate the effective demand from which the hospital can benefit.

Saudi health regulation and legislation issued by MOH and/or its directorates or the related government agencies, determine the proper maximum price for each type of service provided by the private sector and prices of medicine as per approved regulations, and protect consumers from unfair pricing. In spite of the Minister's approval in 1407 H. (1987) giving the private sector responsibility for publishing price lists without interference by ministers, a new policy on prices made by the government may be applied in all private hospitals and centers as a result of the continuous pressure and complaint of current high prices. The hospitals have to consider this matter, trying to apply to their pricing strategies based on cost or client.

As understanding costs and cost structure is important in setting prices in general, and for cost-plus pricing in particular, it is also critical to the hospital's competitiveness. So the following factors should influence this decision:

- Cost of the latest methods and diagnosing diseases needed in the hospital.
- Cost of the medical and non-medical equipment needed in the hospital, and costs of its maintenance. As regulations in Saudi Arabia allow hospitals to import their equipment and no taxes are required, hospitals can utilize from advanced medical and non-medical equipment not yet available in Saudi market, if they can obtain it.

- Cost of new models of care needed and used in the hospital.
- Zakat to be paid.
- Cost of electricity and telephone bills, which increased lately.
- Cost of maintenance for medical and non-medical equipments used in the hospital.

Inflation, especially external inflation is one of the most important and influential factors for marketing strategies especially pricing strategies, because the hospitals depend greatly on external resources. So they must monitor international inflation and its reflection on international exchange prices and some exchange currencies (especially the Dollar, Euro, Pound and Peso, Yen, and other far eastern currencies) in order to choose the best alternative as a source of inputs (technical equipments and manpower). This factor will influence pricing strategy, especially if the hospital uses cost-based pricing as the main method of determining prices. It represents a threat to those hospitals with highest costs. They should try other costing and pricing strategies, if possible trading with countries that have low inflation. The exchange rate affects the price of medicines needed for the hospital. For instance, according to the Ministry of health report, a medicine called "Rwld" increased its price in 1998 because of the change in the French currency. The hospital can choose an alternative for this medicine if another country exports it (or similar) at a lower price. Internal inflation within the Kingdom could also cause continuous increase of internal prices for building material, furniture and fixtures of the new established hospital and equipment found in Saudi market and needed for hospitals or salaries in Saudi Riyals. One of the most important indications in these factors and representing a major influential factor on pricing decisions in those hospitals is the income average in Saudi Arabia, because it is the actual ability of the

user to afford the service. It should be noted that the high increase in individuals' income is not as before as a result of the economic breakthrough that happened in Saudi Arabia and in the other Gulf countries since the mid nineties. Differences in incomes permit applying differentiated pricing which means offering medical services at more than one price. This policy depends on pricing according to place, (i.e. different prices for services delivered at the patient's home and services delivered at hospital) for instance offering chiropractic in homes for elderly people because there is a category in the Saudi society (not yet specifically qualified) asking for these home services and ready to pay higher prices to have it. A hospital with more than one branch can offer higher prices for services in rider areas, lower prices for the same services in poorer areas. Hence hospitals can differentiate pricing according to level of service, and users' (or prayers') incomes.

Internal inflation within the Kingdom could also cause continuous increase of internal prices for building materials and equipment needed for the hospital from Saudi market and even in employees' salaries in Saudi Riyals.

Competition is a very important factor to base pricing decisions on especially in hospitals using competition - based pricing methods. It is important to determine the extent of availability of alternatives and their price levels, which are among the factors, affecting the price elasticity of demand for the hospital services, and the hospital can decide the policy for new service she offers to choose between either a skimming or a penetration price. Quality competition is important to determine the objective of market share and survival.

The cycle of economic recession and prosperity can also be expected

to influence pricing decisions. The boom in the eighties finished and the present stability in average incomes in Saudi Arabia should be noticed in pricing hospital services. Income elasticity of demand is one of the factors that could affect the price elasticity of demand for the Saudi private hospital services.

Thus, the hospital will have more free space to set prices based on variance in services, which help the recipients to feel the difference in quality. Also based on the quality of demand, it could benefit from a pricing strategy, where the variations in prices represent the major example to realize the difference between it and its competitors.

Life styles of Saudi citizens and trends, values and beliefs prevailing in Saudi society, help in deciding the client's perception of the appropriate price. The importance of the physician to patients (i.e. access to a named "celebrity physician") is one of the most important factor that could affect the price elasticity of demand in Saudi private hospitals. The cycle of Saudi economic recession and prosperity and the boom period followed the gulf war made Saudi citizen ask for high quality health services with low prices, which is a difficult equation for hospitals.

The expatriate workforce represent a big group of users. Pricing segments can be based on achieving efficiency pricing for this group.

The differences in the standard of living among the Saudi people, in addition to the presence of expatriate workforce and the medical insurance market, are necessitating differential pricing strategy and competitive pricing strategy which could only be implemented if the hospital can have complete information even informal information which for in Saudi society is famous, about competitor's prices. An important factor to consider when planning pricing strategies is the patients' attitude towards the hospital pricing

decisions, which currently accuses hospitals of over pricing and exposing the patients to unneeded tests, over and above, hiring unqualified physicians and nurses (due to their low salaries). This should be considered in pricing decisions in those hospitals, as price, as stated in the theory, represents the value to consumer, encourages his retention and facilitates the consumers' relationship with the hospital. The high price sensitivity in Saudi health market needs to be considered by the hospital.

Wastah affects the pricing decisions through nepotism and represents a major threat in Saudi society (although it is more of a threat in public sector). Sometimes hospitals are forced to offer special rate to those groups. Discounting strategy can be extended to those special groups, but this strategy should be approached cautiously because it dilutes the average price received and reduces the contribution from each scale. Relationship pricing can be a suitable response in this case.

Islamic seasonal events, besides all other environmental factors the marketing theory emphasized that they could affect the price elasticity of demand for the Saudi private hospital services are found in Saudi case, this factor should be the most influential factor due to the increasing in pilgrims during Haji and Umra seasons, especially after the latest policy applied in 2000 to open Umra seasons all over the year, which means more pilgrims coming to Saudi Arabia. Those pilgrims need health services besides all other services and they can have health services only from private health sector.

One important problem in health care services during seasons and even in other circumstances is that the service user and the payer are often different people; so one has to be careful in using the word 'customer' in formulating hospital objectives. Some times in Saudi case the patient is one

thing, but the payer might be either the patient himself, or an insurer, or an employer, or the government or the family or relatives. Different pricing strategies are required for each.

Technological factors must be monitored for their effects on pricing strategies as they allow new medical and non-medical services to be offered to consumers, and can allow existing health services to be produced more cheaply and/or more accurate as advances in medicine allow often and more accurate diagnosis of many diseases, and more effective treatment of others. Medical technology is constantly changing and being used in new ways, and even the most advanced technology will become obsolete over time So Saudi private hospitals should consider its adoption, particularly if it will make the work of physicians and nurses and all other staff in the hospital less tedious or more accurate. Some of this technology (i.e. in registration methods) allows customers to complete transactions more easily, in less time, for lower transaction costs, with a higher degree of reliability and/or at more convenient locations and times.

Adopting new technology is very high risk, unless the adoption is conjunction with specific goals for how it will be used within the hospital, and with a thorough cost-benefit analysis that supports the adoption. This does not mean that immediate payback is needed, only that the adopting hospital should recover its investment within a reasonable period of time. The other factors important in Saudi case are to have trained people to use it and the availability of the maintenance if needed so it must affect participants decisions as well as affecting product decisions in those hospitals, as they affect the quality of service provided by developing their availability and allow new services needed to be offered.

Although rapidly changing medical technology for diagnosing and treating diseases may represent a threat to some hospitals due to the high costs needed to get it, hospitals nevertheless need to invest these technologies to compete in Saudi health market, especially because of the increasing of Saudi awareness about illness and health, and consumers continuous comparisons between hospitals inside and outside Saudi Arabia.

The latest methods of treating and diagnosing disease, and new models of care which occurred as a result of this technology, affect services decisions either by adding new services (e.g. treating cancer disease or AIDS) or modifying an existing service after adding the new technology in medical services or non medical services uses in hospitals (e.g. registration methods, filing systems of patient cases). These factors will influence the pricing decisions in hospital according to whether new technology increases or decreases costs.

The previous PEST factors have immediate relevance to pricing decisions; the following factors affect those decisions indirectly, so managers should notice them in their pricing strategies.

- Privatization policy in health sector may affect pricing strategies in those hospitals. Hospitals who are expected to choose to replace the public sector hospitals should adjust their pricing policies to suit those who were not paying for the same services before. In addition, the expectation that Saudi Arabia will join the W.T.O, the policy of allowing foreign investment in Saudi Arabia should affect strategic pricing decisions to face the new competition, and to meet the new effective demand which will be generated due to the policy of encouraging tourism in Saudi Arabia. Saudization policy may affect pricing policies due to the changes may occur in the structure of customers after applying

this policy, besides the differences in salaries between Saudis and non-Saudis which affect the cost in hospitals.

- The new relations between Saudi government and certain countries after the political boycott with them before (e.g. South Africa) may affect the cost of getting some needed equipment for hospitals.
- Pressure groups can affect strategic pricing decisions. Private hospitals can try to influence the Shura members and the media men about their pricing strategies to persuade the society about the increasing in pricing of those hospital services due to the increasing in expenses which are getting bigger and not only because of profits.
- As expenses in private hospitals are getting larger, and those hospitals are facing new external competition in the near future, banks offering financial resources are needed.
- The conduct of authorized employees and the level of centralization practiced in Saudi leadership may delay the changing of prices or offering of special discounts, so managers should allow enough time for this.
- Population level of education and regional distribution structure according to the differences between them in perceiving value of hospital services.
- Level of stability in the policies and in economic growth which reduce uncertainty and encourage long term planning.
- Health problems and diseases in Saudi society, according to their difference in variable costs of treatment.

5.5 Place Decisions (Distribution Decisions)

The PEST analysis and the model in chapter 3 suggests the following PEST factors are necessary to base place decisions on in Saudi private hospitals.

Saudi health regulations and legislation are issued by MOH and its directorates and they issue licenses and needed permits for the location and channels used by each hospital.

The policy of health insurance, necessitates decisions on scheduling of hospitals service delivery to meet the need of this insured group. It also needs a 'push' strategy to inform and promote the services of hospital to the customers which are the insurance companies. Presence of expatriate workforce should affect place decisions to meet the need of this group.

The life style of the Saudi recipient of services and his personality and income average will affect the decision about medical services distribution, for example the treatment of senility, or other diseases like diabetes and physical therapy that needed presently to be provided at home for some fragment of the society. (Its percentage is not yet determined and there is no research covering it). Thus, a particular hospital can provide these services and provide it to recipients at home for special high prices or low. In many countries domiciliary and community care are used to reduce costs (costs of 'hotel' services are eliminated - or rather, shifted from hospital to patient). This gives scope to reduce prices as well as to change more (if the market will bear that). The latest methods of treating diseases which may need to used middle people such as doctors in their own clinics, must affect place decisions. The style of life also affects the times at which services should be provided. Saudis prefer to obtain their required medical services later rather than earlier in the morning, in addition to visiting their patients all day long

and till late in the evening (up to 10 pm). If this is applied in the hospital, managers should take care to locate those patients prefer late visits together and far from rooms of those with critical cases.

Competition affects place strategy such as delivering the medical services in places that were not covered before, like house visits, or on public roads. Also competition influences times of access of the hospital. Although limited times of access have to be built into the hospital for the convenience of the hospital and staff, the hospital can distinguish itself by maintaining late evening services to suit Saudi society, also by reducing the length of time between calling for and having an appointment and even the length of each appointment, as this is the main factor differentiating private sector from public sector, and expanding visiting hours in the hospital as this satisfies Saudi patients and their relations.

Regional population distribution helps in determining location selection and the facilities design needed for each group (urban - non urban).

Health problems newly known in Saudi society arise from the change in life style, Jet Ski and road accidents. They require a specific place strategy. These should affect the distribution of services and the introduction of the moving hospital (an ambulance fully equipped that moves around the city, especially the areas notorious for accidents), to transfer the wounded to the hospital.

Islamic seasonal events imply specific place strategy where hospitals can offer the needed health care in place beside or inside the pilgrims' terminal where those pilgrims are found arriving and departing by air or sea. A push strategy that relies on pilgrims' offices to inform them about the services of the hospital can be useful.

Managers in Saudi private hospitals also need to base their place destination on technological factors. Whether technology available in the Saudi health market or brought from abroad. This technology increases the speed and capacity of distribution. It also help in monitoring control of this distribution through this technology the hospital can offer home care or prepared ambulances for treating injured people on roads and bringing them to the hospital. Facilities are also influenced by technology.

New models of care imply a specific place strategy for time or informational access, or expand the number of places from which the hospital will offer its services. New technology also requires availability of maintenance, either inside or outside the hospital.

The previous PEST factors have immediate relevance to place decisions; the following factors affect those decisions indirectly. Population growth rate along with the values and beliefs in Saudi society, implies a need to expand the number of places from which the hospital will offer its services, "according to its resources". Saudi monetary policies encourage private hospitals in this through tax exemption and free license and registration for the expanding services. Cycles of economic recession and prosperity may effect physical access so it should influence place decisions and so does the external competition.

Saudization policy may affect place decisions due to the changes occur in customers nationality. Level of centralization practiced in Saudi agencies and conduct of authorized employees in MOH or other related agencies may prevent some of the necessary decisions being taken in the hospital.

5.6 Promotion Decisions

The PEST analysis and the model in chapter 3 suggest the factors that necessary to base promotion decisions on in Saudi private hospitals are obligatory medical insurance of foreigners and Saudis. As there is no gatekeeper system in Saudi Arabia, it is important to promote the services of the hospitals and their prices to payers who are the insurance companies and large firms in the region. This policy should affect the communication decisions of the hospital with the Saudi insurance companies and the large firms in the area, finding out their needs and providing the services at the convenient price (that balance between hospital's and these payers' objectives) to win their demand. Health regulation and legislation as the responsibility of private hospitals before MOH and its related government agencies (i.e. Ministry of Commerce) is to abide by the promotion instructions and rules of issuing advertisements. The hospitals should have good communication with MOH and/or its directorates and responsibilities, so they can get the main information needed for their strategic promotion decisions.

Competition should affect communication strategy with the customers, to attain a special position against the hospital's competitors. It helps the hospital to use new tools not yet used and needed in Saudi health market, according to the hospital resources i.e. using sales promotion in Pediatrics, obstetrics & gynecology and new cosmetic departments. Islamic Law constraints should be noticed in the promotion tools as Saudi system is based on the principles of values of Islam. Thus, if the hospital wants to promote a new method for managing pregnancy it should assume its religious acceptance. Publicity can be useful in this aspect. The life style of Saudi citizens, the trends, value and beliefs prevailing in Saudi society imply

the proper tools and the methods for effective messages, and even for media selection (which is mostly local newspapers) to have the desired impact in the society. Direct communication with media people through a public relations strategy is important to try to alter press reporting and give good impression about the hospital to those media people who transfer it to the whole society.

Hospitals can contact the members in the Saudi Consultancy Council – as the main pressure group in Saudi Arabia in 2001 – to express their needs such as the strategic decision makers' need for information centers and the Saudi market need for it, and transfer their views of localization, privatization to the country. Hospitals could organize communication programs to those people, in order to gain the basic and correct information needed for the proposed policies which may affect the private hospital positively or negatively besides trying to improve the private hospital's image and give a good impression of it to those people to transfer it to the whole society and to the government. The hospital can try to influence the Shura members through public relations, and relationship marketing will be a useful strategy. Health problems and treatments especially those newly known in Saudi Arabia (i.e. cosmetic beauty surgery, back pain treatment) imply that hospitals need to promote the new departments that started in the hospital to treat these conditions. Informing the clients about the latest methods of treating and diagnosing diseases is also important for internal and external competition, and it is getting important with the increasing of the Awareness of health and education level in Saudi society.

Promotion programs must be available to supply the beneficiaries with information about the benefits of the service and convincing them of its capability to satisfy their needs. A hospital can use advertising (according to

its resources) to promote the new technology method and new model of care when used and its importance. A hospital can also promote the quality of medical and non-medical equipment not yet found in Saudi health market, if it is used in the hospital. Islamic seasonal events in Saudi Arabia determine which promotion tool will be used and its place and time, according to which pilgrims the hospital wants to serve and their agencies. Relationship marketing is a good strategy in this case to build relationships with the people who are in charge of those pilgrims, either through agencies or health insurance companies to offer the needed health services and attract them to use the hospital's services. Because of the increasing role of women in taking decisions in choosing the hospital and the physician for all the family, parts of promotion should be towards this group.

Technical development in communication which refer to marketing rather than clinical development can also improve the hospital communication capabilities offering home care or ambulances for treating injured people on roads and bringing them to the hospital, promotion can give information on customer preference.

The previous PEST factors have immediate relevance to promotion decisions, the following factors affect those decisions indirectly. Saudization policy makes it important to promote the hospital to the Saudi workforce needed for the hospital (and not only to beneficiaries). Privatization policy, especially if the hospital expects to take a role in this policy, makes it necessary for the hospital to promote for its services as needed to apply this policy and to start communication programs with the MOH for the same reason.

The stability of the policies adapted and degree of stability of economic growth in the Kingdom encourages long-term promotion plans. The conduct of authorized employees in MOH and in other related government agencies, and the level of centralization practiced by Saudi leadership may represent threats to communication by causing delay in getting permission for some promotional tools needed by the hospital. Hence, the state must limit the absolute disadvantages of bureaucracy or governmental control. Public relations is important to try to influence the Ministry, also network marketing to minister ('political marketing', Mostafa, 1996).

As expenses in those hospitals are getting larger and they are facing new competition in the future, banks offering financial resources are needed. Hospitals who need this should start communication programs with Saudi banks and may offer them discounts or some free health services e.g. sending physicians periodically to those banks or offering vaccination services to their employees.

Behavioral ethical rules stemming from the Islamic religion imply publicizing the availability of female physicians in their antenatal and gynecology departments. Regional population distribution and diverse population levels of education make it necessary to use the relevant forms of communication to each category.

Tele-medicine is known in public health sector, although it is not expected to be among the influential factors on private hospitals' marketing decisions, due to the difficulty in using it and its high cost. But it can be made available by arranging with the public sector for it be used if needed, and can be useful in private health sector to face both internal and external

competition. Relationship marketing is important to build good relations with different suppliers who supply those hospitals with needed resources and equipment, especially those suppliers inside the Kingdom. Telemedicine and Internet services can supply hospitals with needed newly medical information. It can also supply doctors with information about newly medical treatment and researches and even medicines and their prices.

5.7 Participants (People) Decisions

The PEST analysis and the model in chapter 3 suggest the factors that are necessary to base participants decisions on in Saudi private hospitals are firstly, Saudi health regulations and legislation as the major legislator for staff in those hospitals, they determine the qualifications and experiences required for joining the health sector. A consequence of the Saudization policy is replacing the hospital workforce, to recruit Saudis employees instead of non-Saudis who still represent the majority of the workforce in those hospitals.

The inflation factor, both the internal and external should be among the most influential factors on participants decisions because although Saudization policy started but those hospitals still depends heavily on foreign workforce.

Such policy should influence participant decisions about the hospital's workers in all categories about how to train them on various tasks and about how to motivate them to perform them. Intensive training courses for technicians should be in the plans of those hospitals, especially those operating medical equipment, to benefit from the experience of foreigners to improve their capabilities and competence. Wastah may affect service profits by selecting unqualified employees or providing services to undeserving

persons. Incentive programs should be included for best workers in the hospital including those who work through Wastah. Further, Saudi universities and medical institutes should be encouraged to contact their graduates needed to work in the hospital even those who study abroad and their specialization, to attract them - if they are needed - to work in the hospital in the future, as the hospitals face the implementation of the Saudization decree. Competition between hospitals for trained employees, especially for world-famous physicians who represent the major factor in affecting the price elasticity of demand for Saudi private hospital, means that for facing external competition a staff training strategy can be useful. The cycle of economic recession and prosperity and level of inflation in Saudi Arabia affects salaries, which represent the major costs in those hospitals, because health services are labor intense. Managers can get these data through SAMA yearly book and MOH annual reports, but it will be generalized. They can still contact the responsible officials to get more detailed data if needed. Relationship strategy is useful in Saudi Arabia.

Behavioral ethical rules stemming from Islam require the hospital to have male nurses for mens' departments, as most people prefer that, or have a female physicians in the antenatal and Gynecology departments. People prefer to have Muslim nurses beside their patients, especially in the I.C.U. or C.C.U. So participants' decisions must be influenced by this factor. Further participants' decisions must be influenced with the changing in Saudi women lifestyle, as most of them especially (those of ages between 20-40) want to work and the majority prefer to work for education or health sector. Islamic seasonal events in Saudi Arabia affect the demand during certain seasons and need more flexibility in the staff during these seasons, or paying

an over-time to the same staff in the hospital during the seasons.

The previous aspects of the PEST factors have immediate relevance to participants' decisions whereas the following factors affect those decisions indirectly. The policy of privatization may cause some staff to move from public to private sector. Political boycotts between the Saudi government and certain countries will require the building new relations to get cheaper or qualified or Muslim workforces from such countries as South Africa (as mentioned by the MOH consultant in the pilot study). Stability of the Saudi policies and in economic growth encourages long-term workforce plans. The conducts of authorized employees in MOH and other related government agencies, and level of centralization practiced by Saudi political leadership may represent threats during the communication with them or causing delay in getting permission needed for those decisions. The trends, values and beliefs prevailing in Saudi society along with demographic factors are needed to determine the methods of motivating staff. Population levels of education help in determining the need program for training. There is an increase of women's roles in the society, especially in working for health care. New model of cares substitute non-medical for medical personnel where possible, or paramedical for medical (e.g. nurse triage in accident departments).

5.8 Summary

Chapters 4 and 5 have operationalised the theoretical model stated in chapter 3 for the Saudi context. Based on the 5Ps marketing strategy mentioned previously the following, table (1-5) shows what relationship the model predicts would exist between the PEST factors analyzed in chapter 4 and marketing strategies in Saudi private hospitals analyzed in

this chapter. The model also illustrates how these factors create opportunities to those hospitals by increasing effective demand or reducing the uncertainty which is important for market planning. It also shows factors include threats to those hospitals. These predictions formed the content of the questionnaire and the interviews described in chapter 2.

5Ps Decisions Saudi PEST factors	Product P1	Pricing P2	Place P3	Promotion P4	Participant P5	Opportunity + threat -
The obligatory medical insurance for foreigners	*1	*1	*1	*1	*2	+
The obligatory medical insurance for Saudis	*1	*1	*1	*1	*2	+
Saudi Health regulation and Legislation	*1	*1	*1	*1	*1	+, -
Competition in Saudi health sector (internal)	*1	*1	*1	*1	*1	-
Income average of Saudi society	*1	*1	*1	*1	*2	+
Cycle of economic recession and prosperity	*2	*1	*2	*2	*1	
Inflation level	*2	*1			*1	-
Lifestyle of Saudi citizens	*1	*1	*1	*1	*1	
Trends, values and beliefs in Saudi society	*1	*1	*2	*1	*2	+, -
Health problems and diseases in Saudi society	*1	*2	*1	*1	*2	
Islamic seasonal events in Saudi Arabia	*1	*1	*1	*1	*1	+
Effect of Social roles within Saudi family	*1			*1	*1	+, -
Presence of expatriate workforce	*1	*1	*1		*1	+
Population growth rate	*1		*2	*2		+
Behavioral ethical rules stemming from Islamic religion	*1		*1	*2	*1	+
Saudization policy	*1	*2	*2	*2	*1	+, -
The latest methods of treating& diagnosing diseases	*1	*1	*1	*1	*1	+, -
Availability of medical and non-medical equipment in Saudi market	*1	*1		*2		+, -
New model of care	*1	*1	*1	*1	*2	+, -
Privatization policy in health sector	*2	*2		*2	*2	+
The new applied policies in Saudi Arabia	*2	*2		*2		+, -
Conducts of authorized employees	*2	*2	*2	*2	*2	-
Level of centralization practiced in Saudi agencies	*2	*2	*2	*2	*2	-
Political boycott between Saudi government and certain countries	*2	*2			*2	-
Pressure groups		*2		*1	*2	
Level of stability of Saudi policies	*2	*2		*2		+
Effect of laws stemming from Islam	*1	*2		*1		+, -
Degree of stability of levels of economical growth	*2	*2		*2		+
External competition	*2	*2	*2	*2		-

Role of banking system	*2	*2		*2		+
Saudi monetary and financial policies	*2	*1	*2			+, -
Demographic factors	*2	*2	*1	*2	*2	
Wastah		*1			*1	-
The quality of medical and non-medical equipment not yet found in Saudi health market	*2	*2		*1		-
Maintenance	*1	*1	*1		*1	-
Telemedicine	*2	*2		*2		+

(*1) very important factor according to the theoretical model.

(*2) Important factor according to the theoretical model

A blank cell means that this factor has the least or no influence on the marketing decision according to the theoretical model.

Table No. (1-5) the important PEST factors, managers need to base their strategic marketing decisions on and the ETOP of Saudi private hospitals.

The table shows which PEST factors Saudi private hospital managers would pay most attention to (marked *1) if they behaved according to the model in chapter 3; which factors they would pay less attention to (marked *2) and which they would ignore (blank). These are the predictions of the model in chapter 3, applied to Saudi conditions. They can now be tested against Saudi data. This is what will be discussed in the following chapter.

Chapter 6

Testing the Model: Presentation of Data and Statistical Analysis

6.1 Introduction

Chapter 3 stated the theoretical framework base of the research. Chapters 4 and 5 operationalised the theoretical framework for the Saudi context. This chapter presents results of the questionnaire survey, results of statistical analysis, and the results of the qualitative (verbal) data from the interviews. It shows the relationships between Saudi private health environment and strategic marketing decisions in Saudi private hospitals, to test the theoretical model and its derived hypotheses. So this chapter firstly presents the responses of Saudi private hospital managers to the questionnaire administered in September/October 1999 in the Western Region of Saudi Arabia (in cities of Jeddah, Makkah and Taif). Chapter 5 showed the relationships the theoretical model predicts would exist between Saudi health PEST factors and marketing strategies in Saudi private hospitals. It was predicted that a hospital which followed such a process would market effectively. Chapters 4 and 5 predicted the content for the questionnaire and (at stages 2 and 3) the interview schedules.

The questionnaire* encompasses three main parts - as mentioned previously.

- Segmentation questions (characteristics of respondents), (see chapter 3) in order to test whether the model is used to different extents by different hospitals and decision makers in those hospitals.
- Strategic marketing decisions in Saudi private hospital.

* See Appendix 2

- The effect of Saudi environment factors on strategic marketing decisions in Saudi private hospitals.

The questionnaire is supported with separate interviews with some hospital managers, and some Saudi health experts who offered to comment on and elaborate the replies. The interview data also includes the view of hospital managers towards marketing approach in their hospitals, their market share and profit, the environmental changes surrounding their hospitals occurred, and the main problems they are facing while dealing with external environment. No specific questions were asked in the questionnaire about these aspects. Documentary evidence was also used.

The results are presented in the following order:

- Characteristics of research respondents.
- Strategic marketing decisions in Saudi private hospital.
- Influence of the External Environmental factors on Strategic Marketing Decisions in Saudi private hospitals, using PEST factors divisions and 5Ps framework.
- Summary of the influence of each environmental factor on each strategic marketing decisions in Saudi private hospitals.
- Presentation the qualitative (verbal) data from the interviews and the document.
- Testing the research hypotheses.

These results are used in testing the research derived hypotheses which will be the last part of this chapter. Full data tables are in Appendix 4.

6.2 Data collection and analysis

The main data of this research was collected through the questionnaire administered to respondents during September/October

1999 because it was most possible to find the respondents available during these months. Questionnaires were handled to the general managers of all Jeddah's hospitals by the researcher to explain and to be sure that it was understood. The Questionnaires of Makkah and Taif were sent through the Ministry of Health and its Directorate in Western Region and the researcher phoned the general managers in those hospitals explaining it. All respondents responded to the questionnaire except one of the important hospitals in Jeddah - which represents big share in Saudi health market, according to the expert's view (as there is no specific measure of the Saudi private health sector's market share yet). But they accepted after the researcher persuaded the owner of this hospital that all the information would be confidential and needed only for the research. To test the theoretical model, it was necessary to test the derived hypotheses. They were tested from the data gathered as follows:

H₁ was tested by the frequency data.

H₂ to H₇ were tested by the statistical (correlational) data.

H₁ to H₇ cover the empirical part of the model.

H₈ that relates to the normative element of the model was tested by documentary evidence which uses Joint Commission International Accreditation Standards of hospitals (Joint Commission International Accreditation - Standards for hospitals, 2000), closely parallel to those found in the International Society for Quality in Health Care (ISQua).

For summarizing the general data frequencies tables were made, showing confidence intervals where relevant.

Arithmetic mean scores were used in analyzing the answers of the respondents in the questionnaire, and to measure the attitude and viewpoint of the respondents to the questions and sentences in the

questionnaire. Weighted arithmetic mean was used because the variable took different values according to its importance; this value was taken into account by giving each item the suitable weight according to its importance. Likert scales which were used in all questions provided the weighting automatically. The arithmetic mean for the items is coded the same way as in much other marketing research i.e. as follows:

- Mean scores in the range 1-1.7 were interpreted as 'not important', or 'not participant' depending on the case.
- Mean scores in the range 1.8-2.5 were interpreted as 'less important', or 'low participant', or low influence depending on the case.
- Mean scores in the range 2.6-3.4 were interpreted as 'medium'.
- Mean scores in the range 3.5-4.2 were interpreted as 'important', or 'participant', or 'strong influence', depending on the case.
- Mean scores in the range 4.3-5 were interpreted as 'very important', or 'full participant', or 'very strong influence' depending on the case.

More explanations of these ranges appear later in this chapter where they are used. The weighted Arithmetic Mean for each item (variable) can be calculated through the following equation:

$$\bar{X}_w = \frac{\sum_{n \Sigma_1}^n \times Wr}{n}$$

X: The total of the respondents' answers on each item (sentence) of the measurement items.

W: The weight given to each sentence.

N: Number of respondents.

Means were calculated using the SPSS computer program.

As a test of association between these variables, chi square analysis was used since it is the relevant non- parametric statistic for relationships between groups of such variables. It was used to test the differences of the respondents' viewpoint towards environmental factors influencing strategic marketing decisions in their hospitals. X^2 test was used in this research in the first part of Q. 3 to cross-tabulate the influence scores against organizational and personal variables in the research, which are:

- The hospitals' size (large, medium, small), specialization level (one specialty, general hospital) and location (Jeddah, Makkah, Al-Taif).
- The respondent's (Position "general manager, medical manager, administrators manager, relationship/communication manager, out-clinic manager" and marketing manager, group "academic experience i.e. medical, administrator" and nationality "Saudi-non-Saudi").

This organizational and personal information was tested for association with the environmental factors on the PEST framework to determine if there are any significant differences in the influences of these factors on those strategic marketing decisions. This method was used to test the null hypothesis H_{02} to H_{07} ; H_0 means there is no relationship between the two rows whereas the alternative H_1 means that there is relationship between the two rows. The test was made through calculating of X^2 as:

$$X^2 = \sum \frac{(O_i - E_i)^2}{E_i}$$

where

O_i = The actual frequency

E_i = The expected frequency. If X (the calculated) $> X^2$ in the tables that means H_0 is accepted and H_1 is rejected and there are no significant differences between different types of hospitals and respondents. If H_0 is

rejected and H_1 is accepted that means there is relationship between the two rows and vice versa. The SPSSWIN program was used and the result of X^2 test interpreted as follows: If the value of the test of significance ≤ 0.05 that means the X^2 value is significant, so H_0 is refused and H_1 is accepted.

Where the research deals with qualitative data, not quantitative ones, the Kruskal – Wallis test is used on the qualitative data as an alternative to the ANOVA Table Test for quantitative data. It was used to test whether there are any differences between the averages of the organizational and personnel variables to each of the PEST factors. This analysis was used to cross check the results of X^2 test. As before, P was set a $P \leq 0.05$ as the level at which the null hypothesis would be rejected.

As the X^2 test compares the raw data and K.W test compares means of data sets, where the X^2 test shows significant correlation (association) and K.W test does not show a significant correlation, this means that the correlation exists but is weak. The Z test was used to test the significance of differences between respondents' groups. The purpose of this test was to test if there is any significance difference in the marketing approach and in perceiving the external environment when taking strategic marketing decisions between administrators and doctors. The Z test is used instead of the t test as the numbers of doctors and administrators are more than (30). To apply this test the following steps were followed:

Null hypothesis H_0 : $M_1 = M_2$

Which means that the average of the answers of doctors and administrators is equal.

Alternative hypothesis is $M_1 \neq M_2$ i.e. the average of the answers is not equal:

The Z test was calculated from the following equation:

$$Z = \frac{\bar{X}_1 - \bar{X}_2}{\sqrt{\frac{S_1^2}{n_1} - \frac{S_2^2}{n_2}}}$$

\bar{X}_1 is the average of doctors' answers, \bar{X}_2 is the average of administrators' answers, S_1 is the differences in doctors' answers, S_2 is the difference in administrators' answers, n_1 is the number of doctors = 90 and n_2 is the number of administrators = 114

If the value of $(Z) \leq \pm 1.96$ H_0 is accepted and H_1 is rejected. Otherwise H_1 is accepted and H_0 is rejected. The level of significance used in most marketing research is 0.05, i.e. $Z = \pm 1.96$. Applying those statistical procedures to the data, the resulting analysis is discussed in the following sections.

6.3 Presentation of the questionnaire results

6.3.1 Characteristics of respondents

This group covers the first part of the questionnaire which deals with segmentation criteria i.e. Organizational information. These are hospital size (large, medium, small), hospital specialization (one specialty; general hospital), hospital location (Jeddah, Makkah, Taif). Personal information included the respondent's position (general manager, medical manager, administrator manager, out-clinic manager, communication manager and marketing manager); his academic background (medical or administrative); and nationality (Saudi or non-Saudi).

These general organizational and personal characteristics were used as variables for statistical analysis to evaluate variations and show differences – if found – in the influence of external environment on strategic marketing decisions. Data corresponding to the respondents' occupational backgrounds test H_2 to H_7 . Tables (1 to 6) describe the types

of Saudi private hospitals according to size, specialty level, location and the respondent according to position, group, nationality.

Table (1) shows that 87% of those hospitals are small (less than 200 beds) 13% are medium (200-500 beds), and there are no large hospitals more than 500 beds). This pattern is the same in other regions of Saudi Arabia - as is known through the interview with an MOH consultant. This data can later be used to assess the external validity of the results. Table (2) represents hospital specialization level, and shows that the majority of the private hospitals are general hospitals (more than one specialty). The percentage is 95% whereas only 5% of those hospitals are one specialty. It is about the same in other regions of Saudi Arabia according to MOH annual report, 1998. Most of these private hospitals are multi product organizations. They generally start with some services and over time add others. Table (3) represents hospital location, and shows that, 72% of those hospitals are located in Jeddah, 16% in Makkah, and 12% in Taif. Most of those hospitals are located in Jeddah which is expected as Jeddah is the biggest city, with the most population in the Western region. Similarly in other regions of Saudi Arabia, Riyadh is the biggest city in the middle region, Dammam in the Eastern region, Medina in the northern region and Aseer in the Southern region. All have the most private hospitals in their regions. Table (4) shows the responsibility for strategic marketing decisions in Saudi private hospitals. It shows that 22% of the respondents are marketing managers, 19% are public relations managers, 17% are administrator managers ^{*(1)}, 13% are general managers ^{*(2)}, 11% are out patient clinic managers and 8% are medical managers. This shows the volume in the positions of marketing and public relation managers in

* 1,2 These are the separate positions usually found in private Saudi hospitals as found in the pilot study.

those hospitals. Table (5) shows that 56% of the respondents' according to academic experience are administrators while 44% of them are doctors. This is expected because the physicians represent the backbone of the staff in hospitals and some of them, as in the hospitals elsewhere in the world, have administrative jobs in the hospitals besides their medical job. Table (6) shows that 67% of respondents are non-Saudi while only 37% are Saudis. This must be seen in light of the policy of Saudization, which applied recently.

6.3.2 Strategic Marketing Decisions:

This group covers the second part of the questionnaire i. e. Q 2.1 and Q 2.2, Q 2.3 and Q 2.4 and in the interview ⁽²⁾ * Questions 4, 5, 6 and 7 (to cross check the answers of the questionnaire). It is designed as stated in chapters 3 and 5 to investigate the framework of marketing practice in Saudi private hospitals and to contribute in testing H_1 and H_8 . As this research focuses on the relationship between the Saudi environment and strategic marketing decisions, it was important to know the approach in marketing in Saudi private hospitals and who are the participants in taking those decisions. These are the people who have to consider the surrounding environment analyzed in chapter 4, to carry out effective marketing as mentioned. Hospitals need timely, adequate and accurate information about the environment they operate in. Accordingly Q 2.1, Q 2.2 in the questionnaire, and Q 4 and 5 the interview investigated the hospitals strategic marketing activities and objectives. Q 2.4 in the questionnaire and Q 6 in the interview were designed to determine who are the participants in strategic marketing decisions in Saudi private hospitals. Q 2.4 in the questionnaire and Q 7 in the interview were

* See table (4-2), distinguishing the different types of interviews.

designed to determine environmental data sources. So these results are grouped as follows:

1. Marketing activities in Saudi private hospitals.
2. Marketing objectives in Saudi private hospitals.
3. Participants in marketing decisions in Saudi private hospitals.
4. Environmental data sources for Saudi private hospitals.

The analysis for this group is discussed in the following sequence. The general level analysis, which was for the hospital as a whole, and the answers of all respondents for each were summarized using the Likert scale points to show the most and least important factors in each hospital. The attitude scores for each item ran from 1 to 5. The numerical values of the scale running from 1 to 5 means respectively (not important = 1, low = 2 medium = 3, important = 4, very important = 5 in Q 2.1, Q 2.2, Q 2.4 and not participate = 1, low = 2, medium = 3, important participant = 4, very important participant = 5 in Q 2.4. The weighted arithmetic mean of each factor illustrates the category of the response (see above). This analysis was a point estimate (score) rather than a real value.

To determine whether the answers differ according to organization or personal variable, X^2 analysis and one way ANOVA tests were used with the average of these variables to determine whether there are any significant differences in the influence of environmental factors on strategic marketing decisions according to hospital location, specialization level and size and respondents' academic background and nationality. For larger groups of the respondents (those with different academic experience in hospital management) the Z test was used as the test of significance in differences if found. All tests were used to test the analytical hypotheses of this research to test the theoretical model.

1. Marketing activities:

For the general level analysis, Table (7) shows that public relations are the most important activity in Saudi private hospitals. The percentage of the answers is 57% 'very important' and 38% 'important.' These corroborate what the researcher found through her visits to hospitals. The majority have a separate department for public relations and focus on this department as the most important activity on their marketing.

The least important activities are market research and advertisements about the non-medical services in the hospital.

The other activities are important in the hospitals with different scores for each of them. The following lists them in descending order of importance in Saudi private hospitals:

1. Training programs for medical staff in the hospital.
2. Internal communication in the hospital.
3. Advertisement about medical services.
4. Publicity for the hospital.
5. External communication for the hospital.
6. Changing in health services of the hospital.
7. Motivating programs for medical staff.
8. Training programs for non-medical staff.
9. Marketing planning.
10. Changing non-medical services.

These ranks were crosschecked with the interview ⁽²⁾ results which likewise show that public relations as the most important activity and that none of those hospitals ever advertise about non-medical services. Only one hospital had started marketing research activity (in 1998). Although they are trying to build up their internal and external communications, the programs for internal communication are more active.

Training and motivation programs are available for both medical and non-medical staff but are much more available for medical staff. Changing medical services by adding new ones or developing ones is more common than changing non-medical services (i.e. medical records, hotels accommodation, food).

To determine whether any other marketing activity is found in Saudi private hospitals and not mentioned in Q 2.1 in the questionnaire, the respondents were asked to add them at the end of Q 2.1. Only 8% did so. They added these activities:

- Programs for increasing the Saudi workforce.
- Programs for keeping old customers.
- Offering discount cards.
- Programs for occupational diseases (i.e. industrial injuries).

The researcher thinks that these are important activities especially the first one which is important with the policy of Saudization and the last one which is important with the recent policy of health insurance for non-Saudis, most of whom are workers.

Tables (11) to (16) shows how the importance of these activities differs according to the general organizational and personal variables using X^2 analysis. The significant differences found were as follows. Table (11) emphasizes that there are no significant differences in marketing activities according to the size of the hospital. Table (12) shows that these activities have a 'very important' score of (5) in the general hospitals and an important score of (4) in the one-specialty hospitals. Table (13) shows that these activities are very important in Jeddah's hospitals and important in Makkah and Taif. Table (14) shows that these activities are very important to all respondents, except for the outpatient clinic managers who think that those activities are important in their hospitals. Table (15) illustrates that

there are no differences in the importance of those activities by the respondents' group. However, table (16) shows slight differences between the answers. Non-Saudis think that those activities are very important while Saudis see them as 'important'. Table (50) shows that there are no big differences between doctors' and administrators' views on marketing activities in general (using the Z test). Progress in applied health services was scored as more important by the medical group, whereas progress in non-clinical services was scored equally by both groups. This reflects doctors focusing on medical services as the most important services in the hospitals. Publicity for the hospital was scored as more important by the administrators, while the importance of the advertisements was scored equal to both of doctors and administrators. Internal communication in hospital is more important to the administrator, and the external communication is more important to doctors.

2. Marketing objectives:

For the general level analysis, Table (8) shows that the most important objectives in Saudi private hospital in descending order of importance are:

1. Offering new health services.
2. Satisfying demand (needs) of other beneficiaries (not the patients)
e.g. companion, visitors, the third party payer.
3. Improving Saudi attitudes towards health and illness.
4. Achieving cost reduction in the hospital.
5. Offering new non-medical services.

The least important objective is offering advanced technology. The interviews showed that the reasons for this are that there are no Saudi specialists trained to use such technologies and maintain them, and the high cost of some equipment (i.e. MRI), which some hospitals' finance cannot afford.

Other objectives are important in the hospitals but with different scores for each objective. The following is the list of them in descending order of their relative importance in Saudi private hospitals.

1. Responding to government policy and decisions.
2. Gaining profit.
3. Planning the use of the available resources for the coming five years.
4. Helping Medical administration of the hospital to attain their objectives.
5. Achieving stability to manpower working in the hospital for the next five years.
6. Satisfying demand (needs) of patients.
7. Forecasting effective demand size of the hospital.

These rankings were cross checked with the interview ⁽²⁾ results which also showed that offering new health services, achieving cost-reduction and satisfying needs of other beneficiaries and offering new non-medical services are the most important objectives, while offering advanced technology is not very important to them. The rest are of intermediate importance.

To determine whether any other marketing objective is found in Saudi private hospitals and not mentioned in Q 2.2 in the questionnaire, the respondents were asked to add them. Only few respondents added the following:

- Starting recreation programs for patients in two hospitals one in Jeddah and another one in Makkah.
- Selling medical insurance on pilgrims as an important marketing objective through selling health insurance to pilgrims and providing health care for insured pilgrims.

Two hospitals one in Jeddah and one in Makkah added the objective of providing Haji services, which is a good opportunity to increase the

effective demand on the hospital services in the region especially after the declaration of Prince Naïf of the Interior Ministry about the new policy of agreement of letting private hospitals share in offering health services to pilgrims in "Rabi Al Awal" 1420 (June 1999). Interviews showed that improving non-Saudis' attitudes towards health and illness is important because such programs offered by MOH are especially for Saudi citizens while private hospitals illustrate the importance of this element to both Saudis and non-Saudis because of the increase in non-Saudis patients. Tables (17) to (21) show the significant differences in the average importance of these objectives, according to the general organizational and personal variables using X^2 analysis. Tables (17), (18) and (19) show that the scores of importance of the objectives are not significantly different between all kinds of hospital, and there is no significant difference according to the size, the specialization level or location. Tables (20), (21) and (22) illustrate that the objectives mentioned above are very important in the viewpoint of all respondents. There are no significant differences between the averages of the answers according to any of the personal variables (position, group, nationality). Table (51) shows that there are almost no significant differences between doctors and administrators' views of the marketing objectives applied in Saudi private hospitals (using the Z test). The only significant difference is in the objective of offering non-medical services in the hospital is, as expected, more important to the administrators.

3. Participants in Strategic Marketing Decision:

For the general level analysis, the respondents were asked about external participation in strategic marketing decision making in their hospitals from inside or/and outside the hospital. This was asked to determine to what extent there is participation from outside the hospital

from people whom may know about the external environment and who have experience of it (e.g. representatives of businessmen, external marketing consultants) to determine to what extent marketing considerations influence the hospital decisions. As shown in table (9) the most active participants in strategic marketing decision-making in Saudi private hospitals are the physician and administrative Joint Committees inside the hospitals. All hospitals in the region have this joint committee to participate in those decisions. The least active participant is the Board of Trustees from inside the hospital. The reason was known from the interviews, because the Boards in the hospitals contain members from inside and outside the hospital.

The other departments' or/and individual's participation show different scores for each. The following lists them in descending order of their relative importance:

1. Internal consultants from inside the hospital.
2. External consultants from outside the hospital.
3. Physician joint committee in the hospital.
4. External board of trustee including representative from inside and outside the hospital.

Few hospitals have internal consultants and only four hospitals have both internal and external.

These results were cross checked with the interview results which show that the most active participants in those decisions are the joint Committee of physician and administrator and not the internal Board of trustees. The majority of those boards in Saudi private hospitals are from inside and outside the hospital. To determine whether there are any other participants in strategic marketing decisions making in Saudi private hospitals, not mentioned in Q 2.3 in the questionnaire, the respondents were asked to add them. Two hospitals in Jeddah added the head of

nursing staff, which is important to note because of the importance of this group of staff in the hospital.

Using X^2 analysis, tables (23) to (28) show significant differences in the degree of participation in strategic marketing decisions in those hospitals according to the general organizational and personal variables. Tables (23), (24) and (25) show that the degree of participation in strategic marketing decisions in those hospitals are important in all kind of hospitals but there is no significant difference according to the size, the specialization, level or location.

For the personal variables tables (26), (27) and (28) show that participation are important in the view point of all respondents and there are no significant differences between the average of the answers according to all personal variables (position, group or nationality). Table (52) shows that there is no big difference between doctors' and administrators' view of their degree of participation in strategic marketing decisions in Saudi private hospital in general. The only significant difference is in the participation of the external consultants. This factor is more important according to doctors in those hospitals (using the Z test). From the interviews it was known that administrators rely more on the internal consultants.

4. Environmental data sources:

The respondents were asked about the sources of the information needed about the external environment for making strategic marketing decision in their hospitals. Table (10) shows that the most important sources are the reports and statistics from MOH (Saudi Ministry of Health) including the Directorates of Saudi Western region, and managers in other Saudi hospital i.e. informal sources. The least important sources are the hospitals' own marketing research and the hospitals' information

system. General financial and health publications and on line computer data services are still limited as environmental data sources in Saudi private hospitals. Other sources are important in the hospital with different scores for each. They are in descending order:

1. The data gathered by hospitals own activities, through their own staff and managers.
2. Medical publications.
3. Patients and beneficiaries' in the hospital through suggestion boxes inside the hospital.

These results were cross checked with the interview results which show that all hospitals considered the reports and statistics which can be got from MOH and its region Directorates to be the most important environmental data resources. The managers complained that there is no health information system in Saudi Arabia, although it is needed for effective decisions, and they do not rely on market research as a resource. This crosschecked with statement No. (10) in Q 2.1 in the questionnaire. All hospitals showed that there is no marketing research activity in their hospitals, except for one hospital in Jeddah which started this activity lately in 1998 and has started to rely on that information. In general, marketing research in the Saudi manufacturing sector is still limited, with almost none found in the health service sector. Most managers illustrated during the interviews that they are trying to gather data through the hospitals' own activity through staff and managers (informally) and through their own reading of medical publications in Saudi Arabia and in other countries (mostly in English and Arabic; some of them added in German). Some of them mentioned using Internet when they have time. The researcher noticed during her visit to the hospitals that all those hospitals have suggestion boxes.

To determine whether any other sources are used but not mentioned

in Q 2.4 in the questionnaire, the respondents were asked to add them. Some hospitals in Jeddah added the public relation intermediaries or representatives of insurance companies; the public relations staff or representatives of companies and/or institutes in Jeddah, which need health services for their employees; and the information center of the Industrial/commercial chamber in Jeddah. One hospital in Makkah added the employment office. All those previous added sources seemed to be important as environmental data sources and can be suggested for future policy for hospitals.

Tables (29) to (34) show how the degree of the importance of those sources varies according to the organization and personal variables of the research (using the X^2 analysis). Tables (29), (30) and (31) show that the average degree of the importance of those sources is "very important" in all kinds of hospitals but there are no significant differences according to the size, specialization, level or location of the hospitals. Tables (32), (33) and (34) show there is no significant difference between the average of these answers according to all personal variables (position, group or nationality). Table (53) shows that there is no big difference in the importance of the environmental data sources in general between the doctors and administrators' viewpoint (using the Z test). The only significant difference is the importance of the hospital's routine information system. The doctors seem to see this source as important to the hospital while administrators - as known from the interview - think that this source is still limited, and needs to be more advanced to be relied on.

6.3.3 Influence of the external Environmental factors on strategic marketing decisions:

This group includes Q 3. in the questionnaire and Q 9a in the

interview ^{(2)*}, designed according to chapters 4 and 5 which have operationalised the theory in chapter 3 for the Saudi Arabia context to determine the influence of the environmental factors in Saudi health sector on strategic marketing decisions in Saudi private hospital and to find out how much hospital managers in those hospitals perceive the external environment when making their strategic marketing decisions; and to determine the profile for the environmental factors that affect strategic marketing decisions in those hospitals to test H_1 and contribute in testing other hypotheses. Following the PEST factors framework mentioned in chapter 3, this part covers the political/legal, economic, social/cultural and technological environmental factors.

For the Saudi case, the components of each category/summarized previously in chapter 4 were used. Regarding the strategic marketing mix decisions, the 5 Ps Model suggested in chapters 3 and 5 is used. After deciding the strength of influence of each factor on strategic marketing decisions of the hospital as a whole in Q 3.1 of the questionnaire, the respondents were asked in Q 3.2 in the questionnaire to indicate how of the 5 Ps separately are influenced by these PEST factors to compare the empirical study with the theoretical model.

The respondents' answers are summarized according to their view of the degree of influence of each group of main four environmental factors (P, E, S, T) in Saudi health sector, with their components, on the marketing plan (programs). The Likert scale of five points for the answers shows the relatively most and least influential factor(s). An attitude score for each item takes numerical value of the scale running from 1 to 5 means respectively, (not influence = 1, low influence = 2, medium influence = 3,

* See table (4-2)

strong influence = 4, very strong influence = 5. The arithmetic mean score, indicates how much hospital managers perceive this factor when making their strategic marketing decisions. These points were used to arrange the factors according to their degree of influence in Q 3.1. In Q 3.2 they grouped into three categories according to their degree of influence as follows:

- Means scores in the range 3.5 – 5 were interpreted as the most important factors that influence strategic marketing decisions, followed by means score in the range 1.8 – 3.4.
- Means scores in the range 1 – 1.7 were interpreted as least or non-influential factors.

H₂ to H₇ dealt with differences in hospitals' sizes, specialization, level and location and in the respondents' position (marketers or others), group (doctors or managers) and nationality (Saudi or non Saudi) in the influence of PEST factors on the strategic marketing decisions. Chi. square analysis and one way ANOVA test were used to determine whether the influence scores show any significant difference according to differences in the personal and organizational variables. To find out what differences between doctors and general managers in perceiving PEST factors in their decisions, the Z test was used as the test of significance.

To determine whether any of the environmental factors that influence strategic marketing decisions in Saudi private hospitals were not mentioned in Q 3.1 of the questionnaire, the respondents were asked to add any other factors at the end of each list of the PEST factors; but none were added.

What follows is firstly the analysis of the influence of PEST factors on strategic marketing decisions in general using PEST factors framework (Q.3.1) in the questionnaire. Secondly follows the analysis of this influ-

ence of PEST factors in general on each of strategic marketing decisions in Saudi private hospitals (Q.3.2) in the questionnaire. Q 9.a in the interview ⁽²⁾ covered this part. Tables (35 to 43) show the influences of environmental factors on the strategic marketing decisions in Saudi private hospitals and their orders. Tables (58 to 65) summarized these results.

6.3.3.1 Influence of PEST factors on strategic marketing decisions as general

1. Political / Legal Environmental Factors:

For the general level analysis, the respondents were asked about the influence of the political/legal environmental factors on their strategic marketing decisions in their hospitals to find out to what extent these factors influence marketing plan programs. Table (35) shows that the most influential factors of the political/legal environmental factors on strategic marketing decisions in Saudi private hospitals are the policy of health insurance for non-Saudis, which started lately in Saudi Arabia in 1998; conduct of authorized employees in government agencies related to health sector; effect of laws stemming from Islam (Islamic law constraints); Saudi health regulation and legislations, governmental decisions related to health sector followed in the strength of influence by policy of privatization in the Saudi health sector; level of stability of policies adapted in Saudi Arabia, political boycott between Saudi government and certain countries (i.e. Israel) and the level of centralization practiced by Saudi political leadership. The policy of Saudization was unexpectedly the least influential factor.

These results were cross-checked with the interview results, which show the same ranking.

As expected the policy of health insurance for non-Saudis is the most influential factor on strategic marketing decisions, as known from

the interviews. The majority of the hospitals in the region are trying to benefit from this opportunity increasing effective demand for their services in the competitive conditions of private health sector in the region. Unexpectedly, the policy of Saudization is not influencing their decisions, except for one hospital in Jeddah. Although the Saudi government emphasized the importance of this policy, which started gradually in the private sector, private hospitals in Saudi Arabia will be obliged to apply this policy in future. During the interviews, it was noticed that there are no special training programs for Saudis to enable them to replace non-Saudi employees, especially in some jobs (i.e. technicians). Government regulation and legislation of Saudi Ministry of trade, Saudi Ministry of Haji related to the health sector have strong influence on hospitals' strategic marketing decisions. The level of centralization practiced by Saudi political leadership has low influence.

2. Economic Environmental Factors:

For the general level analysis, the respondents were asked about the influence of the economic environmental factors on their strategic marketing decisions in their hospitals, to find out to what extent these factors influence their marketing plans. As shown in table (36) the most influential of the economic environmental factors on strategic marketing decisions is the nature and size of the local competition and - as expected - it has strong effect on those decisions. The most influential economic factors were: Saudi Monetary policies (taxes, Zakat); competitors' image according to beneficiaries in Saudi health market; competitors' marketing strategies; income average in Saudi Arabia; unexpected additional marketing efforts by local competitors; level of inflation in Saudi Arabia; price competition; size of Saudi health market; level of world inflation; Saudi financial policy and state expenditures; quality competition and the competitors' experience in the Saudi health sector.

External competition and degree of stability for levels of economic growth in Saudi Arabia come next in strength of influence. The least influential factors are the cycle of Saudi economic recession and prosperity and the role of the banking system in health trade activity.

These results were cross-checked with the interview⁽²⁾ results which similarly show that the nature (scale) of local competition between private hospitals themselves, and between those hospitals and private clinics which have increased lately, are the most influential economic factor on the strategic marketing decisions in Saudi private hospitals. From the interviews it was known that competition, especially local competition, competitors' marketing strategies, and unexpected additional marketing efforts by competitors represent the most threatening factor for managers in those hospitals. Price competition plays a greater role than quality competition for most hospitals. Saudi economic indicators represent influencing factors on those decisions, especially inflation and average income in Saudi Arabia.

Although Saudi monetary policies have influence on those marketing decisions, the interviews confirm they are not the most influential factor. The least influential factor is - unexpectedly the cycle of Saudi economic recession and prosperity. From the interviews it is known that this factor did affect the demand for health qualitatively and quantitatively. Managers noticed that the Saudi citizens average of general spending decreased especially after Gulf War. Banks do not play much role in a private health sector as known from managers, so they do not influence marketing decisions in the hospitals.

3. Socio-Cultural Environmental Factors:

For the general level analysis, the respondents were asked about the

influence of the socio-cultural environmental factors on their strategic marketing decisions in their hospitals to find out to what extent these factors influence marketing plan programs. As shown in table (37) there is no factor in this environment with a very strong degree of influence on the strategic marketing decisions in Saudi private hospitals. The most influential factors of the socio-cultural environment on strategic marketing decisions are Islamic seasonal events in Saudi Arabia (Haji, Ramadan and Umra Seasons) and the effect of social roles within the Saudi families (who influence the decision of choosing the hospital/doctor); behavioral and ethical rules stemming from Islamic religion; population levels of education; Wastah; population growth rate. The previous socio-cultural factors are followed in the strength of influence on strategic marketing decisions by health problems and diseases found in Saudi Arabia; trends, values and beliefs prevailing in Saudi society; presence of expatriate workforce; life style of Saudi citizen; and population age profile. The least influential factors are the population structure according to occupation. The reason as known through the interviews are that there is no occupational health service in those hospitals, and the regional population distribution (urban - non-urban).

These relative strengths of the factors were crosschecked with the interviews results, which show the same arrangement. Islamic seasonal events in Saudi Arabia are the most influential factor. The majority of hospitals in Makkah and Jeddah (because pilgrims prefer to pass through Jeddah for shopping) try to benefit from these events especially after the policy of allowing the private sector to share in health services for pilgrims. Umra, which is all the year round, is a good opportunity for those hospitals, and they are trying to benefit from it. The only problem they are facing - according to the managers - is the difficulty of forecasting of the effective demand during these seasons. The other factors

influencing those decisions were as appear in the questionnaire although, it is noticed that all factors in this environmental category have less influence on strategic marketing decisions than other three PEST factors.

4. Technological Environmental Factors:

The respondents were asked about the influence of the technological environmental factors on their strategic marketing decisions in their hospitals to find out to what extent these factors influence marketing plan programs. Table (38) shows that the majority of these environmental factors have a very strong or strong influence on the strategic marketing decisions in Saudi private hospitals. The most influential of these factors on those decisions are the quality of advanced medical and non-medical equipment usually used in hospitals and available in Saudi market; new models of care; the latest methods of treatment and diagnosing diseases; availability of maintenance of medical equipments; and the quality of advanced non-medical equipments, not yet available in Saudi market. The quality of advanced medical equipment not yet available in Saudi market comes next in the strength of influence.

The least influential factors are the availability of maintenance for non-medical equipment in the hospital and the effect of the telemedicine services.

The relative strength of these factors' influence was crosschecked with the interview results, which also showed that the majority of factors of covering equipment have strong influence on strategic marketing decisions. The equipment (medical or non-medical) not available in Saudi Markets has a stronger influence than that available in the Saudi market. This also shows the influence of monetary policies (in the economic environment). Taxes have to be paid on such equipment and medicines.

Hospitals are more concerned about medical equipment maintenance.

nance than non-medical equipment maintenance. It was found that maintenance is one of the main problems facing managers' because of the wrong use of some equipment due to staff being careless or not having been trained, besides the shortage in trained Saudi for maintenance staff in those hospitals. The latest methods of treatment and diagnosing diseases also influenced marketing decisions, but it seemed that the majority focused more on methods of treating diseases.

6.3.3.2 Influence of PEST factors on the 5 Ps separately:

Q 3.2 in the questionnaire and Q 9a in interview ⁽²⁾ were designed to determine the influence of each environmental factor on each type of strategic marketing mix decisions in the hospitals. The analysis follows sequence through the 5 Ps separately includes product, pricing, promotion, place and participants decisions, rated in the questionnaire according to their importance as a marketing tool in Saudi private hospitals. The promotion decisions appeared before place decisions in the empirical study in terms of their importance as a marketing tool as also found in the interviews.

As these other factors influence those decisions to different degrees, this is also asked in the interviews, product and pricing are the most important strategic marketing decisions in Saudi private hospitals and found in all the hospitals. Promotion decisions still not found in all, but they have become one of the important strategic marketing decisions in most hospitals in Jeddah (and two in Makkah but none in Taif). Although place decisions (distribution decisions) are the third major variable of the marketing mix (facilities and time), it seemed that managers in those hospitals do not give them the same importance as the previous three (although some of Jeddah's hospital and one in Makkah have started concentrating on facilities). Time access is one of the problems facing all

Saudi private hospital because of the personality of Saudi citizens, as the majority of the patients do not respect time.

It was found - that Saudi private hospitals have started to focus on internal employee training or motivation schemes (but mostly for physicians) but they think that this is a personnel management role and not a marketing activity.

The respondents were asked to indicate which of the strategic marketing mix decisions in their hospitals are influenced by the environmental factors. The analysis stated which factors most influence each of the 5Ps, and the factors follow them in the influence, and those which has the least or no influence.

1. Influence of PEST factors on product decisions:

The respondents were asked to indicate which of the strategic product decisions in their hospitals are influenced by the environmental factors. Table (39) shows that the product decisions in Saudi private hospitals are the most influenced by the political/environmental factors except the policy of Saudization, which affects participant (workforce) decisions.

Price decisions are the second most influenced decisions by those factors.

By analyzing the effect of these factors on the product decisions it was found that the political factors that most influences these decisions are the conduct of the employees of MOH, and in other related government agencies; the obligatory medical insurance; Saudi health regulation and legislation and effect of laws stemming from Islam; followed by privatization policy, centralization practiced in Saudi agencies.

It was known – through the interviews – that the program of health insurance applied recently in Saudi Arabia represents a major opportunity to increase effective demand for private hospitals, where the centralization practiced by Saudi political leadership represent a major threat to those

hospitals. Some managers during the interviews asked for more flexibility and more decentralization to be practiced to make it easier for their hospital to start new services or develop old ones.

The least influential factor is the political boycott between Saudi government and certain countries. This factor is not as important as before because Saudi Arabia has started relationships with most countries (i.e. Russia, South Africa). The policy of Saudization has a low influence on product decisions, although hospitals need to plan for replacing Saudis according to this policy and to find trained persons for their services.

Pressure groups, and the other new applied policies in Saudi Arabia – as known from the interviews – have no influence on those decisions.

Table (40) shows that the economic factors most influencing product decisions are competition in the Saudi health sector especially the size of Saudi health market; quality competition and income average of Saudi society, followed by cycle of economic recession and prosperity, inflation level; Saudi monetary and financial policies; and magnitude of external competition. The stability of levels of economic growth – as known from the interview – represents a good opportunity for long-run product planning and effects the product strategies, whereas the role of Saudi banking systems is the least influential factor on those decisions.

As shown in table (41), product (services) decisions in Saudi private hospitals are most influenced by all the socio-cultural factors except for regional population distribution (urban/non urban). The socio-cultural factors most influencing product (services) decisions are life style of Saudi citizens, and the trends, values and beliefs prevailing in Saudi society; Islamic seasonal events in Saudi Arabia; effect of social rules within Saudi families and population growth rate; behavioral ethical rules stemming from Islamic religion followed in the strength of influence by presence of expatriate workforce and demographic factors except regional population

distribution. Wastah has no effect as predicted on product decisions.

Table (42) shows that product (services) decisions in Saudi private hospitals are the decisions most influenced by technological factors. The technological factors most influencing product decisions are the latest methods of treating and diagnosing diseases, and the quality of medical equipment available in the Saudi market; new model of care followed in the strength of influence by the maintenance factor; the availability of medical and non-medical equipment not yet found in Saudi health sector; and telemedicine services. Table (43) shows that product decisions is found in Saudi private hospitals most influenced by the technological factors (figure 18).

2. Influence of PEST factors on pricing decisions:

The respondents were asked to indicate which of the strategic pricing decisions in their hospitals are influenced by the environmental factors. Table (39) shows that political and legal factors most influencing pricing decisions are the policy of health insurance; Saudi health regulations and legislation followed in the strength of influence by privatization policy; level of stability of Saudi policies and conducts of authorized employees in MOH and level of centralization practiced in Saudi agencies. The political boycott between Saudi government and certain countries has low influence on pricing decisions. Table (40) shows that pricing decisions in Saudi private hospitals are most influenced by the economic factors. However the size of Saudi health market, quality competition and magnitude of external competition are exceptions.

Income average in Saudi Arabia, the cycles of economic recession and prosperity, especially the change in the boom period which followed by gulf war, inflation level, competition and Saudi monetary and financial policies are the economic factors which most influence pricing decisions,

followed in the strength of influence by stability of economic growth and banking system. External competition is the least influential factor on pricing decisions.

Table (41) shows that socio-cultural factors most influencing pricing decisions are the presence of an expatriate workforce, a private hospitals offer health services to the majority of the non-Saudis work force. The life style of Saudi citizens is the other most influential factor on pricing decisions. The majority of private hospitals offer special accommodation in some departments with higher prices per room, with some special services as needed. These socio-cultural factors were followed in the strength of influence by trends, values and beliefs in Saudi society, health problems and diseases in Saudi society, Islamic seasonal events in Saudi Arabia and Wastah. Social roles within the Saudi family and behavioral rules stemming from Islamic religion have no effect on pricing decisions. Neither have the demographic factors.

Table (42) shows that the most influential factors of the technological environment on pricing decisions are the quality of medical and non-medical equipment available in Saudi market, new models of care; the latest methods of treatment and diagnosing diseases followed in the strength of influence by the quality of medical and non medical equipments not yet found in Saudi health market, and the maintenance of medical equipment whereas the maintenance of non-medical equipment and telemedicine services are the least influential factors on pricing decisions. Table (43) shows that pricing decisions in Saudi private hospitals are most influenced by the economic factors (figure 19).

3. Influence of PEST factors on place decisions:

The respondents were asked to indicate which of the strategic place decisions in their hospitals are influenced by the environmental factors.

Table (39) shows that the political factors that most influence place decisions are the obligatory medical insurance for foreigners; political boycott between Saudi government and certain countries; Saudi health regulation and legislation and the effect of laws regulating commercial activities which are stemming from Islam followed in the strength of influence by conducts of authorized employees in MOH and in other related government agencies. The factor least influencing those decisions is the policy of Saudization.

Table (40) shows the factors that most influence place decisions are local competition and Saudi monetary policies followed by cycle of economic recession and prosperity; degree of stability in levels of Saudi economic growth; Saudi inflation level and income average of Saudi society whereas the least influential economic factors are price and external competition and the role of the banking system in Saudi Arabia.

Table (41) shows that socio-cultural factors most influencing place decisions are population growth rate; the regional population distribution (urban/non-urban) and other demographic factor. The health problems and diseases in Saudi society; Islamic seasonal events in Saudi Arabia, and lifestyle of Saudi citizen are also among the most influential factors on place decisions. The least influential factors on place decisions are behavioral ethical rules stemming from the Islamic religion, and the effect of social roles within Saudi families.

Table (42) shows that the technological factors most influencing place decisions are new models of care, the availability of maintenance for medical equipment used in the hospital, and the latest methods of treating diseases. The least influential factors are the quality of medical and non-medical equipment not yet available in Saudi market and telemedicine services.

Table (43) shows that place decisions in Saudi private hospitals are most influenced by the economic factors (figure 20).

4. Influence of PEST factors on promotion decisions:

The respondents were asked to indicate which of the strategic promotion decisions in their hospitals are influenced by the environmental factors.

Table (39) shows that the two political factors that most influence promotional decisions are Islamic Law constraints, and the expected policy of health insurance for Saudis and foreigners followed in the strength of influence by level of stability of the Saudi policies; privatization policy; conduct of authorized employees and centralization practiced in Saudi agencies and Saudi health regulations and legislation. The least influential factor is policy of Saudization. The reason, as known through the interviews is that the promotion program of the hospitals focuses on advertising their services and on public relations with their beneficiaries, and not on the workforce of the hospital. That means internal marketing is still limited in those hospitals.

Table (40) shows that the economic factors most influencing promotional decisions are unexpected additional marketing efforts by local competitors, and competitors experience in the Saudi health market, followed in the strength of influence by income average of Saudi society and the stability of the Saudi economy. The role of banking system in health sector; cycle of economic recession and prosperity and level of inflation are the least influential factors on promotional decisions.

Table (41) shows the socio-cultural factors most influencing promotion decisions are the life style of Saudi citizens, the trends, values and beliefs prevailing in Saudi society, Islamic seasonal events in Saudi Arabia; and the effect of social rules within Saudi families, followed in the

strength of influence by behavioral and ethics stemming from the Islamic religion; the presence of the expatriate workforce; population growth rate and other demographic factors except population age profile which is the least influential factor on promotion decisions beside the health problems and diseases in Saudi society.

Table (42) shows that the technological factors most influencing product decisions are new models of care; the latest methods of treating diseases, and the quality of medical and non medical equipment not yet available in Saudi market, followed in the strength of influence by the availability of maintenance for medical equipment used in the hospital. The least influential factors on promotion decisions are telemedicine; and the availability of maintenance for non-medical equipments used in the hospital. Table (43) shows that promotion decisions in Saudi private hospitals most influenced by the economic factors (figure 22).

5. Influence of PEST factors on participant decisions:

The respondents were asked to indicate which of the strategic participants' decisions in their hospitals are influenced by the environmental factors.

Table (39) shows that the political factor that most influences participants' decisions are as predicted Saudi health regulation and legislation and Saudization. Through the interviews it appears that hospitals suffer from a shortage of trained Saudis. It is very difficult for them to employ Saudis in all jobs in the hospital (i.e. as technicians/doctors/nurses) because of the high salary demanded by Saudis and the lack of trained Saudis for technical jobs. So most Saudis are deployed to administrators' jobs i.e. registration. Social attitudes make Saudis not like to do certain jobs i.e. (cleaning, cooking and guard). The managers also complain of some Saudis' careless work, and the conduct of autho-rized

employees which follow the previous political factors in the strength of influence on participant decisions along with the level of stability of Saudi policies; and political boycott between Saudi government and certain countries. The least influential factors are privatization; the policy of health insurance; effects of laws stemming from Islam and level of centralization practiced by Saudi political leadership.

Table (40) shows that the economic factor most influencing participants decisions are the cycle of economic recession and prosperity, and level of inflation in Saudi Arabia followed by income average of Saudi society and degree of stability level of Saudi economic growth whereas the least influential factors are price competition, quality competition, unexpected additional marketing efforts by local competitors and the role of banking system in health sector.

As shown in Table (41) socio-cultural factors most influencing participant decisions are Wastah, the behavioral ethical rules stemming from Islam; the present of an expatriate workforce, followed in the strength of influence by trend, values and beliefs prevailing in Saudi society; demographic factors except population levels of education which is among the most influential factors on participants decisions. The least influential factors on participants' decisions are life style of Saudi citizen, Islamic seasonal events, and the population age profile.

Table (42) shows that the technological factors most influencing participants decisions are the latest methods of treating diseases, and the availability of maintenance for medical and non-medical equipment used in the hospital, followed by new model of care and the quality of non-medical equipments not yet found in Saudi health market. The least influential factors are telemedicine, and the quality of medical equipment not yet available in Saudi market.

Table (43) shows that participants decisions in Saudi private hospitals most influenced by political and legal factors (figure 22).

6.3.4 Summary of influence of the PEST factors on strategic marketing decisions:

Based on the above results, table (1-6) summarizes the empirical influence of the environmental factors on the strategic marketing decisions in Saudi private hospitals. It follows the format of table (1-5).

<div> <div>5Ps Decisions</div> <div>Saudi PEST factors</div> </div>	Product P1	Pricing P2	Place P3	Promotion P4	Participant P5	Opportunity + threat -
The obligatory medical insurance for foreigners	#1	#1	#1	#1		+
The obligatory medical insurance for Saudis	#1	#1	#1	#1		+
Saudi Health regulation and Legislation	#1	#1	#1	#2	#1	+, -
Competition in Saudi health sector (internal)	#1	#1	#1	#1	#2	-
Income average of Saudi society	#1	#1	#1	#2	#2	+
Cycle of economic recession and prosperity	#2	#1	#2		#1	
Inflation level		#1	#2		#1	-
Lifestyle of Saudi citizens	#1	#1	#1	#1		
Trends, values and beliefs in Saudi society	#1	#2		#1	#2	+, -
Health problems and diseases in Saudi society		#2	#1			
Islamic seasonal events in Saudi Arabia		#2	#1	#1		+
Effect of Social roles within Saudi family	#1			#1		+, -
Presence of an expatriate workforce		#1		#2	#1	+
Population growth rate	#1		#1	#2		+

Behavioral ethical rules stemming from Islamic religion	#1			#2	#1	+
Saudization policy					#1	+, -
The latest methods of treating& diagnosing diseases	#1	#1	#1	#1	#1	+, -
Availability of medical and non-medical equipment in Saudi market	#1	#1		#2		+, -
New model of care	#1	#1	#1	#1	#2	+, -
Privatization policy in health sector	#2			#2		+
The new applied policies in Saudi Arabia						+, -
Conduct of authorized employees	#1	#2	#2	#2	#2	-
Level of centralization practiced in Saudi agencies	#2	#2		#2		-
Political boycott between Saudi government and certain countries			#1		#2	-
Pressure groups						
Stability of Saudi policies	#1	#2		#1		+
Effect of laws stemming from Islam	#1			#1		+, -
Degree of stability of levels of economic growth	#2	#2	#2	#2	#2	+
External competition	#2					-
Role of banking system						+
Saudi monetary and financial policies	#2	#1	#1			+, -
Demographic factors	#2		#1	#2	#2	
Wastah		#2			#1	-
The quality of medical and non-medical equipment not yet found in Saudi health market	#2	#2		#1	#2	-
Maintenance	#2	#2	#1		#1	-
Telemedicine	#2					+

(#1) Very important factor according to the empirical study.

(#2) Important factor according to the empirical study.

A blank cell means that this factor has the least or no influence on the marketing decision according to the empirical study.

Table No. (1-6) the important PEST factors that managers base their strategic marketing decisions on and the ETOP of Saudi private hospitals , according to the empirical study.

The table shows which PEST factors Saudi private hospital managers actually pay most attention to (marked #1); which factors they pay less attention to (marked #2) and which they ignore (blank). These are the results according to the empirical study.

From table (43) emerge the following overall results:

1. Political/legal factors were the most influential factors on participants' decisions.
2. Economic' factors had the most influence on pricing decisions; promotion decisions, and place decisions.
3. Socio-cultural factors are the least influential factors on product decisions and pricing decisions.
4. Technological factors are the most influential factors on product decisions and the least influential factors on promotion decisions, place decisions and participant decisions.

This result is shown on the following Pie chart in Figures (18-22). Figure (23) shows the influence of PEST factors on strategic marketing decisions as general. The shares represent number and percentage of total points scored which have been weighted from the questionnaire results according to the total respondents' answers of PEST factors on each of the 5 Ps.

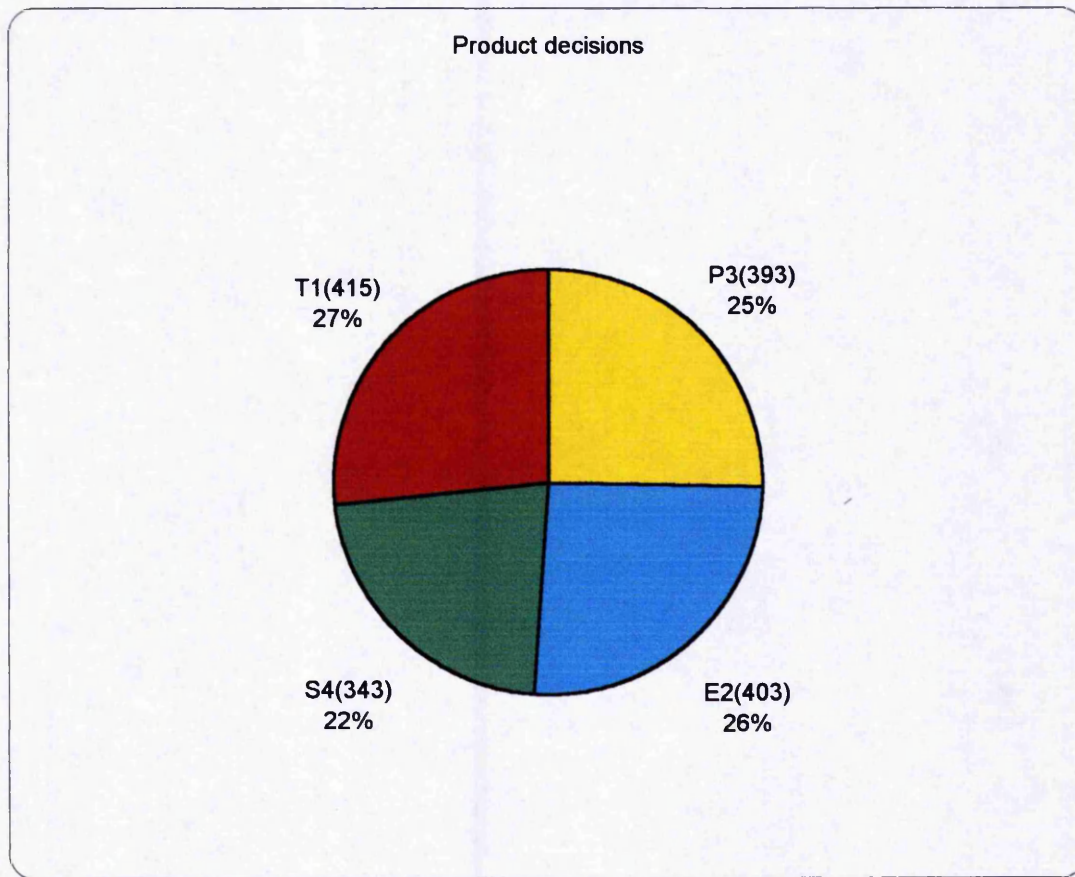


Fig No. (18) Distribution of scores for environmental factors' influence on product decisions.

1. Technological factors (T)
2. Economic factors (E)
3. Political/legal factors (P)
4. Socio-cultural factors(S)

Notice: All the percentages in figures 18 to 23 are out of the respondents' answers.

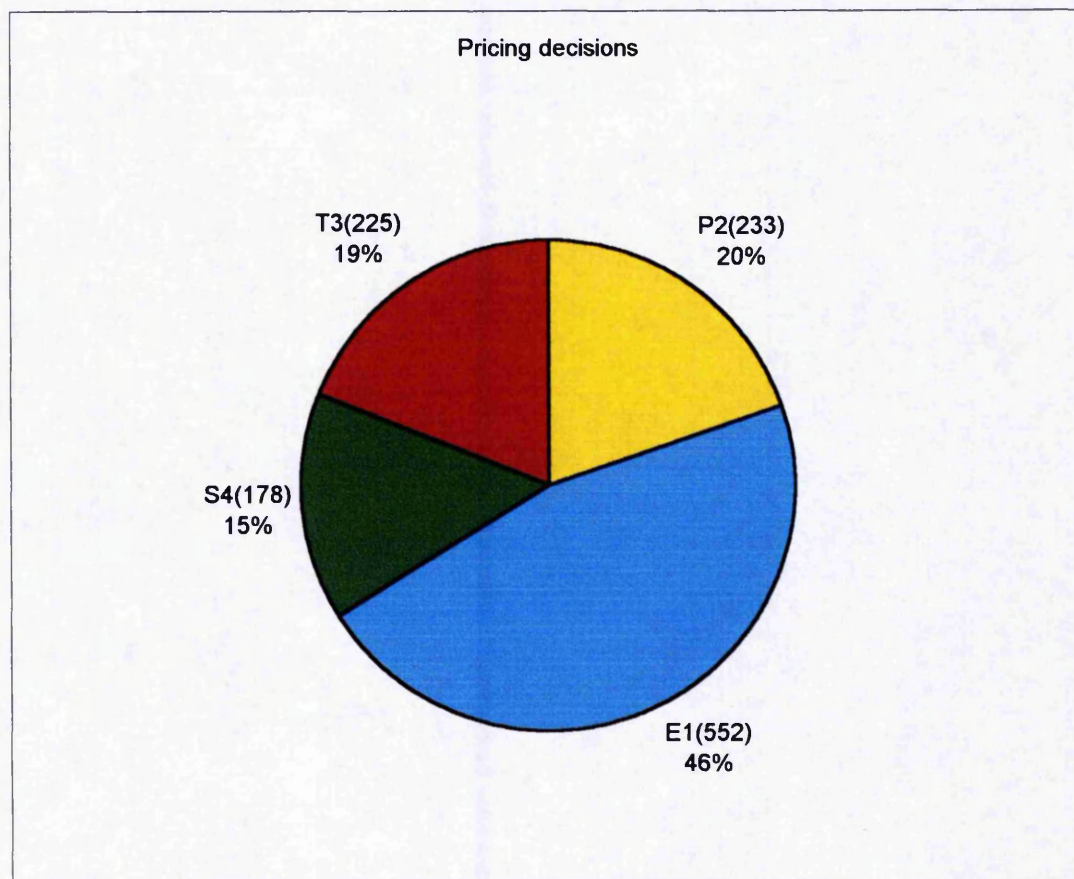


Fig No. (19) Distribution of scores for environmental factors' influence on pricing decisions.

1. Economic factors
2. Political/legal factors
3. Technological factors
4. Socio-cultural factors

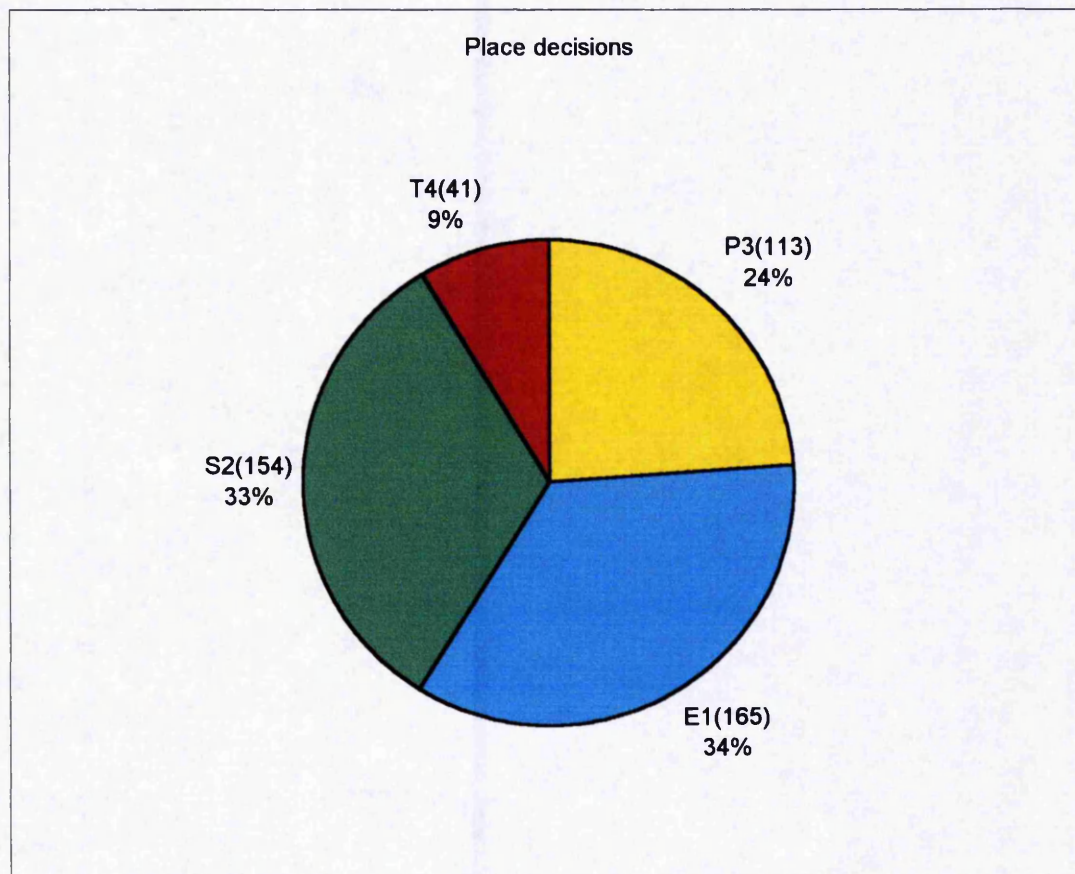


Fig No. (20) Distribution of scores for environmental factors' influence on place decisions.

1. Economic factors
2. Socio-cultural factors
3. Political/legal factors
4. Technological factors

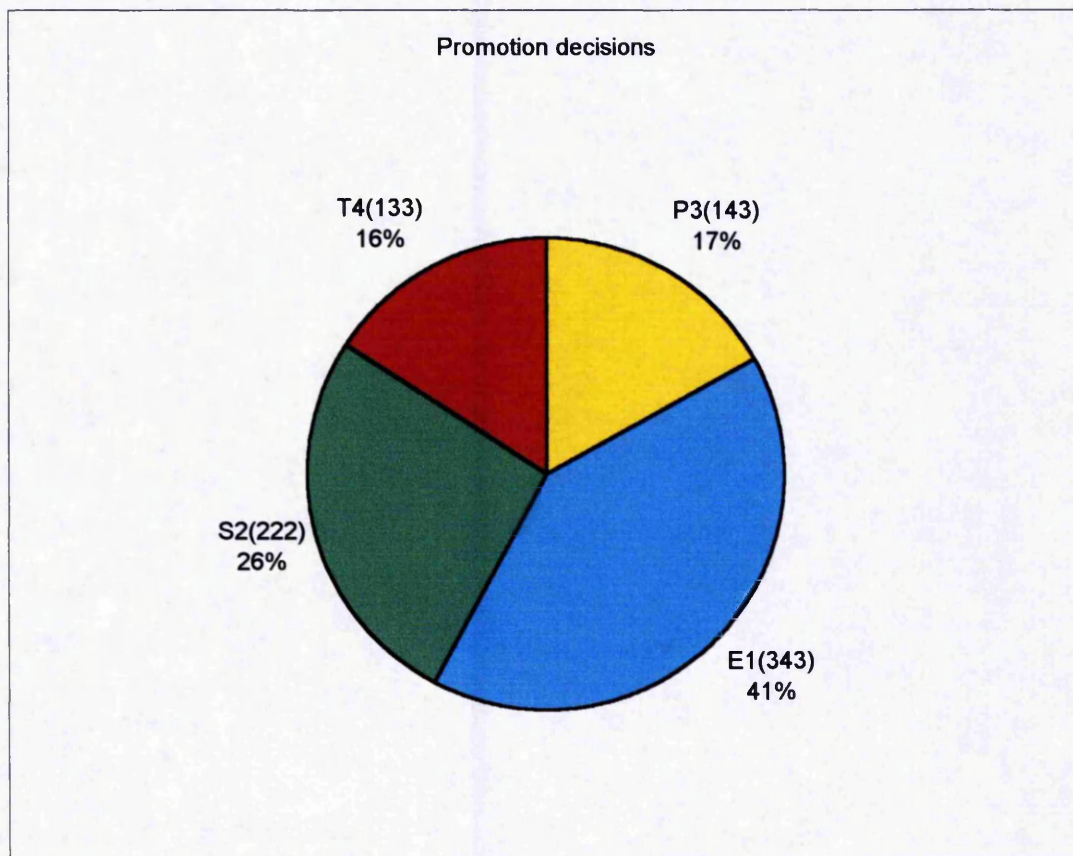


Fig No. (21) Distribution of scores for environmental factors' influence on promotion decisions.

1. Economic factors
2. Socio-cultural factors
3. Political/legal factors
4. Technological factors

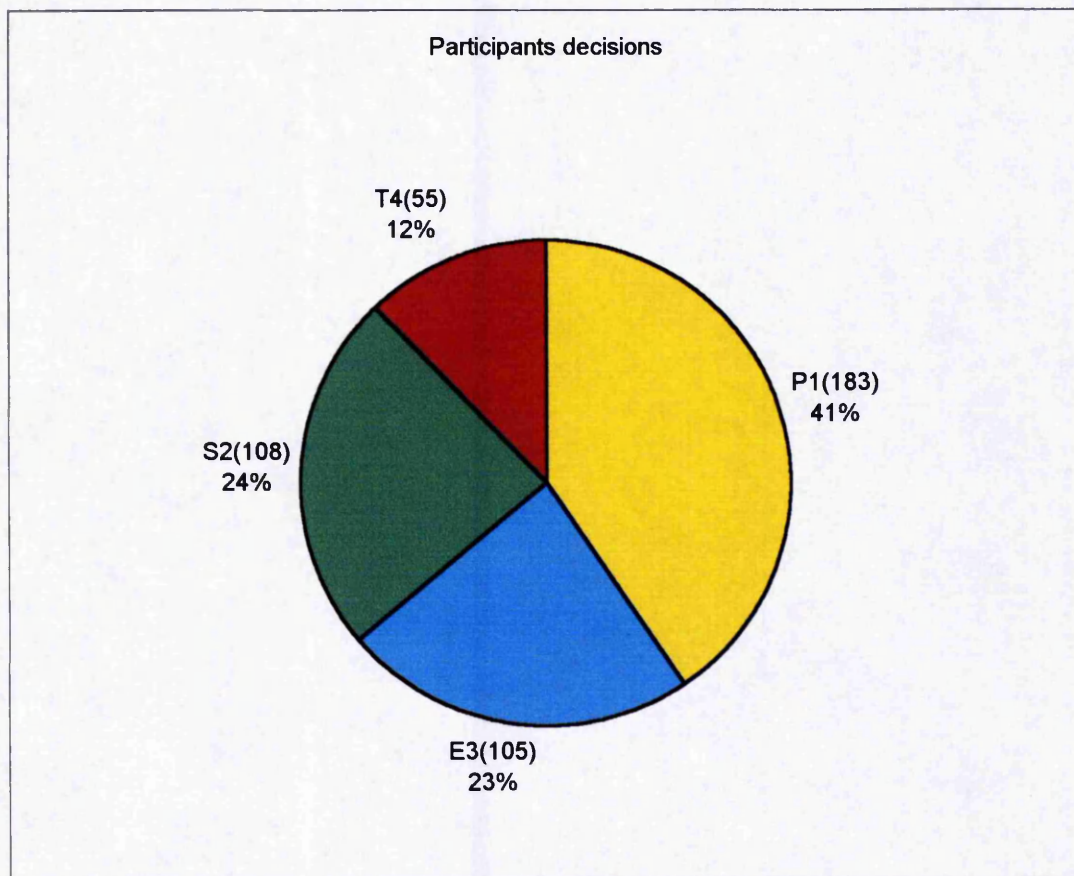


Fig No. (22) Distribution of scores for environmental factors' influence on participant decisions.

1. Political/legal factors
2. Socio-cultural factors
3. Economic factors
4. Technological factors

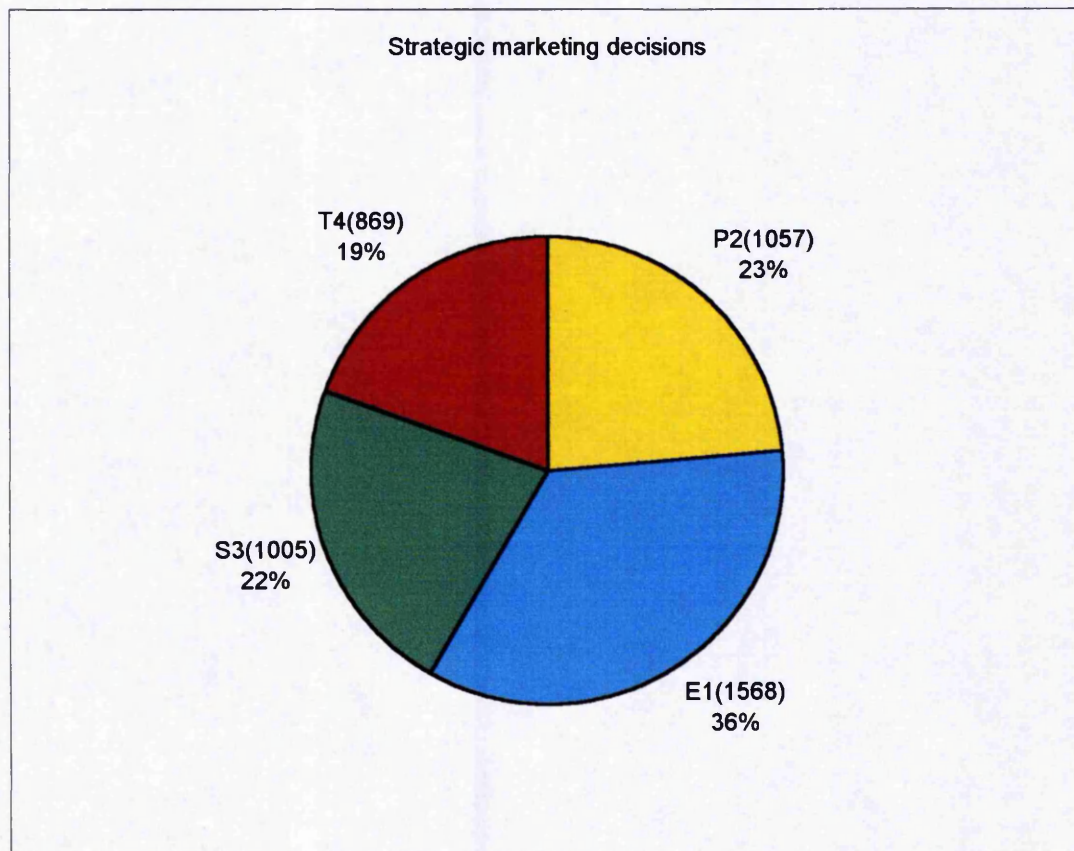


Fig No. (23) Distribution of scores for environmental factors' influence on strategic marketing decisions.

1. Economic factors
2. Political/legal factors
3. Socio-cultural factors
4. Technological factors

The following table (2-6) compares the theoretical model and the empirical study of the importance of different PEST factors in Saudi private hospitals managers' base their strategic marketing decisions. It summarizes the tests of all main aspects of the models developed in chapters 3-5. It shows where the evidence supports the model (matching scores) and where the evidence does not match the model (non-matching scores).

5Ps Decisions Saudi PEST factors	Product P1	Pricing P2	Place P3	Promotion P4	Participant P5	Opportunity + threat -
The obligatory medical insurance for foreigners	*1 #1	*1 #1	*1 #1	*1 #1	*2	* + # +
The obligatory medical insurance for Saudis	*1 #1	*1 #1	*1 #1	*1 #1	*2	* + # +
Saudi Health regulation and Legislation	*1 #1	*1 #1	*1 #1	*1 #2	*1 #1	* +,- # +,-
Competition in Saudi health sector (internal)	*1 #1	*1 #1	*1 #1	*1 #1	*1 #2	* - # -
Income average of Saudi society	*1 #1	*1 #1	*1 #1	*1 #2	*2 #2	* + # +
Cycle of economic recession and prosperity	*2 #2	*1 #1	*2 #2	*2	*1 #1	
Inflation level	*2	*1 #1	#2		*1 #1	* +,- # +,-
Lifestyle of Saudi citizens	*1 #1	*1 #1	*1 #1	*1 #1	*1	
Trends, values and beliefs in Saudi society	*1 #1	*1 #2	*2	*1 #1	*2 #2	* +,- # +,-
Health problems and diseases in Saudi society	*1	*2 #2	*1 #1	*1	*2	
Islamic seasonal events in Saudi Arabia	*1	*1 #2	*1 #1	*1 #1	*1	* + # +
Effect of Social roles within Saudi family	*1 #1			*1 #1	*1	* +,- # +,-
Presence of an expatriate workforce	*1	*1 #1	*1	#2	*1 #1	* + # +
Population growth rate	*1 #1		*2 #1	*2 #2		* + # +
Behavioral ethical rules stemming from Islamic religion	*1 #1		*1	*2 #2	*1 #1	* + # +
Saudization policy	*1	*2	*2	*2	*1 #1	* +,- # +,-

The latest methods of treating& diagnosing diseases	*1 #1	*1 #1	*1 #1	*1 #1	*1 #1	* +,- # +,-
Availability of medical and non-medical equipment in Saudi market	*1 #1	*1 #1		*2		* +,- # +,-
New model of care	*1 #1	*1 #1	*1 #1	*1 #1	*2 #2	* +,- # +,-
Privatization policy in health sector	*2 #2	*2		*2 #2	*2	* + # +
The new applied policies in Saudi Arabia	*2	*2		*2		* +,- # +,-
Conduct of authorized employees	*2 #1	*2 #2	*2 #2	*2 #2	*2 #2	* - # -
Level of centralization practiced in Saudi agencies	*2 #2	*2 #2	*2	*2 #2	*2	* - # -
Political boycott between Saudi government and certain countries	*2	*2	#1		*2 #2	* - # -
Pressure groups		*2		*2	*2	
Stability of Saudi policies	*2 #1	*2 #2		*2 #1		* + # +
Effect of laws stemming from Islam	*1 #1	*2		*1 #1		* +,- # +,-
Degree of stability of levels of economic growth	*2 #2	*2 #2	*2	*2 #2		* + # +
External competition	*2 #2	*2	*2	*2		* - # -
Role of banking system	*2	*2		*2		* + # +
Saudi monetary and financial policies	*2 #2	*1 #1	*2 #1			* +,- # +,-
Demographic factors	*2 #2	*2	*1 #1	*2 #2	*2 #2	
Wastah		*1 #2			*1 #1	* - # -
The quality of medical and non-medical equipment not yet found in Saudi health market	*2 #2	*2 #2		*1 #1	*2 #2	* - # -
Maintenance	*1 #2	*1 #2	*1 #1		*1 #1	* - # -
Telemedicine	*2 #2	*2		*2		* + # +

(*1) very important factor according to the theoretical model.

(*2) Important factor according to the theoretical model

(#1) Very important factor according to the empirical study.

(#2) Important factor according to the empirical study.

Table No. (2-6) the important PEST factors, managers base their strategic marketing decisions on and the ETOP of Saudi private hospitals (comparing the theoretical model with the empirical study).

The table compares the theoretical model with the data. When same two numbers appear in the cell that means the model confirmed by data. When the two numbers in the cell differ that means the model disproved by data. Note that in some cases the difference in the strength of response ('important' as 'very important'). In other cases, the difference between

theory and data is that the model indicates a PEST should be present, but the item is not found in the data.

The following analysis concentrates on the larger discrepancies (i.e. the second kind).

6.4 Relationship between respondent characteristics and marketing decision making

Using the X^2 and K.W. test, tables (44 to 49) correlate the average influence scores of Saudi health PEST factors on strategic marketing decisions in Saudi private hospitals against the personal and organizational variables. Tables (54 to 57) correlate the average influence scores of Saudi health PEST factors on strategic marketing decisions against respondents' group to show if there is any significant difference between doctors and managers in using PEST factors in their strategic marketing decisions. These results are used in testing H_2 to H_7 .

Table (44) shows the chi-square and K.W. (one way ANOVA) tests of the association between PEST factors influencing strategic marketing decision and the respondents' positions (marketing and generalist management positions). It shows that the values are significant in the influence of political; socio-cultural and technological factors on the strategic marketing decisions of managers with a marketing background whereas there is no significant difference in the influence of economic factors. Table (45) shows the X^2 and K.W. tests of the association between PEST factors influencing strategic marketing decisions and respondents' group (doctors and administrators). It shows that the values of X^2 test are significant only in the influence of political; legal and technological factors whereas there is no significant difference in the influence of economic and socio-cultural factors on strategic marketing decisions taken by doctors or administrators. The values of K.W. tests do not give similar results. They show

that these are no significant differences in the influence of all PEST factors on strategic marketing decisions taken by doctors or administrators in Saudi private hospitals.

Using the Z test, it appears in tables (54-57) that there are no big differences between the doctors' and administrators' perception of PEST factors except for some sub factors which do show significant differences in the answers. Table (54) shows the significant difference in government legislation related to health sector and the stability of the policies adapted in Saudi Arabia. Table (55) shows these differences in the average income in Saudi Arabia and competitors' marketing strategies. These factors have more influence – as expected – on administrators' decisions than on doctors' decisions. Table (56) shows this difference only in the diseases and health problems in the society. As expected this factor more influence doctors' decisions than administrators' who concentrate not only on diseases and health problem but also on trends, values, customs and norms prevailing in the society. Table (57) shows these differences in regard to the quality of advanced medical equipment available in Saudi market. The administrators – as found in the interviews – prefer to rely on this factor rather than consider the other equipment not yet available in Saudi market because of its influence on the prices of the hospital services, whereas doctors prefer to use advance medical equipment whether available or not in the Saudi market, even if it increases the price of the service.

Table (46) shows the X^2 and K.W. tests of the association between PEST factors influencing strategic marketing decisions and the respondents' nationality (Saudia and non-Saudia). It shows that the values coincide as significant only in the influence of socio-cultural factors on strategic marketing decisions of Saudi managers.

Table (47) shows the X^2 and K.W. tests of the association between PEST factors influencing strategic marketing decisions and hospital location. It shows that the values of X^2 test are significant in the influence of all PEST factors on strategic decisions in Jeddah's hospitals.

Table (48) shows the X^2 and K.W. tests of the association between PEST factors influencing strategic marketing decisions and hospital specialization level. It shows that the values of X^2 test are significant in the influence of economic, socio-cultural and technological factors on strategic marketing decisions in the single specialty hospitals. The values of K.W. tests show the same result with political, legal, and technological factors whereas it does not give similar results with economic and socio-cultural factors' influence.

Table (49) shows the X^2 and K.W. tests of the association between PEST factors influencing strategic marketing decisions and the hospitals' size. It shows that the values of X^2 test are significant in the influence of socio-cultural and technological factors on strategic marketing decisions in the large hospitals whereas K.W. tests do not give similar results. According to this test there is no significant difference between large and small hospitals in perceiving PEST factors in strategic marketing decisions. What these partly discrepant results show is discussed in 6.6 and 7.2. It is assumed that the results are only taken as significant, where the two tests show significant correlation (See table 3-6).

6.5 Presentation of the Qualitative (verbal) Data from the Interviews and the Document:

The questionnaire was followed up by two groups of in-depth interviews (See table 4-2, distinguishing the different types of interview). One group of interviews was with a sample of managers who had completed the questionnaire. These interviews⁽²⁾ aimed to gain a better insight

into the subject of marketing in private Saudi hospitals and the Saudi environmental factors affecting them, and to extract data needed for analysis that was difficult to obtain from the questionnaire, and to cross-check data with questionnaire. The other group of interviews⁽³⁾ was with experts in the Saudi health sector and in marketing to extract information needed to test the descriptive hypothesis of this research. Reliability was achieved by conducting the interviews in the same way and by the same interviewer (the researcher herself). The cooperation of the interviewees was gained by informing them that all the information will be in confidence and needed for this research. The Ethnographic method was used for collecting data in these interviews, and comparative method for analyzing these data as mentioned previously in chapter two.

6.5.1 Hospital Manager Interviews

The sample for the interview ⁽²⁾ was fifty of the managers who responded to the questionnaire. This number, which represents 25% of the respondents, is acceptable in this context. Using a purposive sampling approach the researcher selected interviewees based on their position (General, Medical, Administrator, Out-clinic Manager, relationship manager, marketing manager, academic experience, physician or administrator) and nationality (Saudi or Non Saudi). The researcher interviewed one or two of those according to their availability in their hospitals during the time of the interview. The hospitals were chosen on the basis of location, as this is the main factor showing significant differences in the quantitative results of the questionnaire (Table 3-2). The purpose of the purposive sampling is to include all types of hospitals and all kinds of strategic marketing decisions.

Interviews with those managers were done at their convenience. Because of the difficulty of audio taping these interviews (as the

researcher noticed in the pilot study that managers do not talk freely on marketing if there is an audio tape recording), the researcher depended on taking copious notes during the interviews, and immediately before leaving each hospital details were reconstructed and have been transcribed for use in data analysis. As marketing aspects are very sensitive, the researcher was very conscious of the rights of the hospitals. The researcher informed the interviewees that they were free to say what they liked and that nothing they said will ever be identified or described in any way that would reveal their identity. The questions of the interviews were semi-structure and were open-ended. The interviews as Patton (1990) suggested started with non-controversial questions framed in the present focusing on the managers experiences and with those of the questionnaire to cross check with it, following by the marketing strategies found in the hospital, some knowledge questions about marketing were at the end and the number of them were minimized. Accordingly the framework of marketing practice in private hospitals, the influence of external environmental factors (PEST) factors on their strategic marketing decisions, the main problems facing the strategic marketing decisions makers while dealing with these environmental factors, and reasons for the discrepancies appeared between the research theoretical model and practice in private Saudi hospitals according to the questionnaire results, were discussed. All field notes and transcripts were prepared for analysis by first photocopying all data, and then identifying units of meaning in the data according to the previous aspects, which discussed with the all informants. These units of meaning are then be separated and taped to 5" x 8" index cards for easy manipulation during data analysis. As mentioned previously for qualitative analysis the constant comparative method was used to analyze the data. The crosschecking data were mentioned previously with the questionnaire to be easy for comparing. What follows

are the other results obtained from the hospital managers' interviews that were difficult to obtain from another source.

The framework of marketing practice in private Saudi hospitals (See Appendix 5.a)

Q.1 Attempted to establish the concept of marketing and the philosophy, which guided the marketing efforts of the hospital. The concepts of marketing, which underscore the four statements used, were the product concept (which assumes that marketing is concerned with offering goods services which are reasonably priced) the selling concept (which means that the hospital is mainly involved with promotional and selling efforts) and the marketing concept (which divided into two aspects; supplying answers requirements and satisfying consumer needs). It was notable that the product concept was not believed by any hospital to be closely associated with its approach to marketing; two hospitals identified the selling concept as their approach. The rest of the hospitals are more in line with current concepts of marketing.

Q.2 Dealt with hospital's philosophy, concept and attitudes towards marketing. It constituted ten statements related to the introduction of health marketing. The responses elicited were generally positive. The majority agreed or strongly agreed that marketing identifies new business opportunities, improves the hospital's image in the eyes of the public, enables the hospital to be competitive, helps obtain new demand and focuses attention on particular consumer groups. Five hospitals strongly disagreed that marketing improves the hospital's image in the public's eyes. Four hospitals did not believe that marketing helped to obtain new demand. As marketing is new in Saudi health sector, most of those hospitals do not use any marketing audits, which consist of a detailed account of all the factors influencing the hospitals' success or failures at marketing. From the interviewees it can be said that many private Saudi

hospitals managers are approaching the marketing function with caution. Although most of those hospitals have readily accepted such business functions as finance, accounting, planning, and public relations, some have been skeptical about marketing. They are afraid that marketing can denote 'big business' - commercialism particularly to those with little actual exposure to marketing formation. The hospitals do grasp the concept of marketing. Although the level of application is varied, all managers show positive attitudes towards the application of marketing. As has been mentioned earlier, marketing as defined in this research "the effective management by the hospital of its exchange relations with the environment in which it operates and gets inputs and give back outputs". Saudi private hospitals have numerous audiences and market: Patients, physicians, regulators, alternative delivery systems such as MOH, reimbursement agencies, employers, business round tables, and other organizations relevant to a specific health services (clinics). Most managers agreed that marketing identifies new business opportunities, improves the hospital's image in the eyes of the public, enables the hospital to be competitive, helps obtain new demand and focuses attention on particular consumer groups.

Q.3 Dealt with the strategic marketing mix variables usually found in those hospitals and about profitability and the share of Saudi health marketing of each hospital. It was known through the interviews that product decisions are the most important decisions among the other 5Ps and managers try to focus on the service offer, quality and productivity of the hospital. It was found in the interviews that decisions about all the 5Ps are made in those hospitals, though the majority are focusing on product and pricing decisions followed by public relations decisions as the most important decisions in the promotion mix. Advertisements were found only in some hospitals in Jeddah and one in Makkah and none in

Taif. Although place and participant decisions are important and taken by managers in those hospitals, most of them did not realize that these are marketing decisions. Training and motivating programs are mostly for physicians in those hospitals, if found. Hospitals offer two kinds of health services, which are treatment and diagnostic services. Only one specialized hospital in Jeddah offers rehabilitation services, although the demand on these rehabilitation services increased lately.

There are numerous decisions related to the service offer in those hospitals. Those decisions include introduction of new services connected to a group of decisions related to diversification, formulation or developing of the hospital services, diversification of products including the addition of new products to the current ones offered by the hospital (e.g. an out-patient clinic services preventing the need to be hospitalized, in order to lessen the patient's waiting period, and additionally to cut down the hospital's bed occupancy, especially in busy seasons). Interviewees also mentioned the reformulation of products (e.g. addition of critical surgery to the current services), and developing the current services related to the method of dealing with diseases (e.g. develop laboratory services by using automatic analysis and tests). Managers also illustrated that they are trying to render the hospital services that suits the society's health requirement and participate in campaigns to prompt individuals not to buy products that are harmful to health such as drugs, cigarette and alcohol, and try to increase Saudi health information as their social role.

Regarding health services, few hospitals started establishing needed departments i.e. haemodialysis units for patients with renal failure (increasing in Saudi society), beauty or cosmetic departments (newly known in Saudi society). It appears from the interviews that hospitals do not yet have special strategies to expand or enlarge their services to meet the expected demand in future which will occur through compulsory health

insurance, pilgrims, accident patients, the legislation of applying compulsory check up before marriage which occur in Saudi society due to the latest changes in the society. Although managers agree that the new policies of foreign investment in Saudi Arabia and opening tourism in the country represent an opportunity for those hospitals by increasing the effective demand on their services, none of them have started any marketing plan to face this new expected demand. Managers also agree that the new policy of WTO membership will increase external competition for the Saudi health sector, and may cause pressure on health services quality in those hospitals. Managers illustrated that it is still difficult to define hospital service quality. None of them have started any marketing plan to face this new competition due to the lack of accurate information about this aspect in health sector. All informants agreed that pricing decisions are the second most important decisions after product decisions and the main marketing problem facing the managers in determining the appropriate price. The source of this difficulty goes back originally to the large number of variables affecting the determination of the best prices. This problem appears clearly and is considered one of the major problems facing private Saudi hospitals' managers due to the rise in health costs on one side, and the continuous complaints about prices received individuals (especially through daily newspapers). Private Saudi hospitals differ from each other in respect of pricing objectives.

The factors influencing prices in those hospitals are the type of hospital and its objectives, the structure of Saudi health markets, prices charged by the local competitors and regulation constraints. It was difficult to know about methods for determining prices in those hospitals, but pricing strategies in most of those hospitals depend on cost and competition. Some of those hospitals use a skimming price policy and it succeeds.

Some hospitals, especially those in Jeddah have started using differentiation strategy for pricing services according to income average, using the payer segment (whether individual or insurer). These hospitals use the policy of health insurance as their main segmentation factor for pricing. Because of the ongoing requests to the state to intervene and fix the prices in private Saudi hospitals, this proposal has started to be argued formally, but none of those hospitals have any plan for dealing with this event.

Place decisions are still limited in most hospitals. The distribution policy in most private Saudi hospitals depends directly on a close relationship between the physician and the patient, which may take place either inside or outside the hospital as long as service is rendered in the appropriate place. Those hospitals rely on referral and the use of physicians as intermediaries to generate demand. Moreover most hospitals use the importance (reputation) of the physicians to the patient as a criterion of price segmentation. Hospitals have started lately to pay attention to promotion activity, mostly through public relations departments, which are found in most hospitals. Advertisements started to appear from some of those hospitals focusing on names of their best known physicians or some visiting physicians from outside the Kingdom and about the hospital new technology for newly known diseases (like back diseases, plastic surgery). One hospital started advertising 24 hour services. Only one hospital in Jeddah advertises on television for patients and clients during religious seasons or in gulf countries that come to the region during vacations. Some managers think the cost of the promotion programs so high that hospitals cannot undertake them. Although women's role within Saudi families is increasing as a major decision maker in choosing the hospital or/and the physicians, promotion strategies-as found from the interviews - have not yet influenced by this factor. Participant decisions

are found in some hospitals but most managers think they are not related to marketing decisions, which means that internal marketing is still limited in those hospitals.

Saudi women's new role has slightly begun to influence participant decisions due to the increasing in numbers of Saudi women applying for jobs in health sector (which is the most important sector beside education for Saudi women apply for jobs). Most hospitals – as noticed by the researcher through her visits to those hospitals – have increase numbers of Saudi women working in them but only in administrative jobs in the hospitals (i.e. registration and public relation departments) in order to increase number of the Saudi workers in the hospital to meet the Saudization percentage needed. The researcher found that it is difficult to know the profitability or the share of every hospital in the Saudi health market. This was due to the confidentiality and concealment of information on part of competing private hospital, and due to the non existence of written information.

Informants were asked in Q.4 about the actual marketing activities in their hospitals (to be cross checked with Q 2.1 in the questionnaire) and it gave the same results as shown previously with the questionnaire results. Public relations was the most important activity, whereas marketing research - as in most of the service sector in Saudi Arabia - was the least important, as well as adverting about non-medical services such as hotel accommodation and food which started in some of Jeddah's hospital in response to customer demand even in Makkah and very recently in Taif. Hospitals are trying to build up their internal and external communication but the programs for internal communication to their employees are more to gain their loyalty. External communications are still limited, even with suppliers for medicine and medical equipment and other equipment needed in hospitals. None of these hospitals try to

communicate with Saudi universities and medical institutes to know the number of expected graduated physicians, nurses, and technicians in the coming years to prepare for applying the policy of Saudization. The other activities mentioned previously in the theory seemed to be acted upon in those hospitals.

The only activity, which is important uniquely in the Saudi case is the program for increasing the Saudi workforce. Although only few hospitals started to take it into consideration. The recent policy of Saudization is very important to all of them. If hospitals do not arrange such programs for training and replacing the recent foreign workforce in the coming five years, they will be in a critical position (with the compulsory leaving of those workforce, which the government may impose) in the future. Informants were asked in Q.5 about the actual marketing objectives in their hospitals. The researcher found that their answers agreed with what appeared in the questionnaire. They illustrated that the least important objective is offering advanced technology. This was crosschecked with Q 2.2 in the questionnaire. The reasons, as known from the interviews are that there are no Saudi specialists trained to use such technologies and maintain it, and the high cost of some equipment especially one of their objectives is achieving cost reduction. Two hospitals in Makkah mentioned providing health care for insured pilgrims as an important objective, adding that they are planning to start selling health insurance to pilgrims now that the legislation now allows them. In spite of the importance of this objective for increasing effective demand in the religious seasons, especially in Makkah and Jeddah, the majority of those hospitals did not think about it as a marketing objective for the future, as the health insurance is a new aspect in Saudi Arabia for Saudis, non Saudis, and pilgrims.

The other objectives mentioned in the questionnaire were also

found in those hospitals, but forecasting effective demand is difficult, as there are no specific studies of effective demand for health care in general in Saudi Arabia.

Informants were asked in Q.6 about the importance of participating in strategic marketing decisions in those hospitals. Most of them agreed that it is important to participate in those decisions from inside the hospital as well as from outside. They believe that there must be representatives from the external environment among these decision makers, (e.g. representatives from universities, medical institutes, banks, electricity company (especially after rising their prices, many managers in those hospitals complained about unexpected costs caused by the new high rates of electricity bills)). These representations – as known from the interviews – are still limited in Saudi private hospitals. The main participants in those decisions are the joint committee of physicians and administrators inside the hospital.

The other participants (mentioned in the questionnaire) are also found in some private Saudi hospitals (together or separately). A few of these hospitals have internal consultants. The minority have both internal and external consultants. Although there is no internal Board of Trustees, some hospitals have an external board of trustees including representatives from inside and outside the hospital. Some consultants complain of the interference of inexperienced owners or their relatives (mostly their sons) in those decisions and/or from medical staff. Informants were asked in Q.7 about the environmental data needed for strategic marketing decisions in private Saudi hospitals and their sources. The answers show that the following information is needed:

- What health services are needed in Saudi society?
- What departments are needed in hospitals?
- Local diseases.

- Local health problems.
- New medical technology available in Saudi Arabia.
- New non-medical technology for hospitals available in Saudi Arabia.
- Health regulations and legislation.
- Government decisions related to hospitals and health.
- Effective demand on health care in Saudi Arabia as general and in cities as particular.
- Saudi economic indicators.
- International economic indicators.
- The policy of Saudization in health sector.
- The policy of health insurance and the role of private hospitals.
- Suppliers of medicine, medical and non-medical equipment.
- Expected medical graduation students for the coming three years and their specialty in Saudi universities and colleges and outside the Kingdom.

The interviews results show that all hospitals emphasized the reports and statistics, which can be got from the MOH and its regional directorate. These are considered to be the most important environmental data resources. The managers complained that there is no accurate health information system in Saudi Arabia yet, although it is needed for effective decisions. They also do not rely on marketing research as a resource (this cross checked with Q 2.1 in the questionnaire). All hospitals except one said that there is no marketing research activity in their hospitals. Only one hospital in Jeddah started this activity lately in 1998 and has started to rely on its information. Almost all private Saudi hospitals do not have their own marketing research or information systems. As a rider, it should be mentioned that this activity is still limited even in the product – manufacturing sector in Saudi Arabia. The majority of hospitals do not yet

use on-line computer data services (even those who use it just use it personally not formally in the hospitals). The minority of physicians mentioned using the inter-net as a source of new medical technological information only if they have time. Although the information center in the Chamber of Commerce and Industry in Jeddah can supply some of this information, only a few of those hospitals benefit from it. As to the informal relationship between managers and the employment office about available employees, only one hospital in Makkah depends on it as a good source of information.

During the interviews, it was found that most managers take a casual approach (Kottler's word) to marketing intelligence about the external environment. They read newspapers and journals, and talk to various people who might pass on relevant information. While this approach will help them spot some important information, it may also result in their missing or learning too late of others.

Although the majority of those hospitals have suggestions boxes, managers said they are not used much by customers. This may be due to the fact that Saudi people do not use to these things, either because of the level of the education or just because they are not used to it.

The second part of the interview dealt with the influence of the external environmental factors on strategic marketing decision in Saudi private hospitals. Q.8 attempted to establish the changes in the environmental factors surrounding private Saudi hospitals occurred as a result of the 1990's economic, social status and technology, which had developed in Saudi Arabia. All interviewees strongly agreed about these changes, which became more rapid since the mid 1990 and started to affect the strategic marketing decisions in those hospitals. The interviews show that these changes are in:

- Methods of diagnosing diseases.

- Methods of treating diseases.
- Health problems facing the patients.
- Nature and kinds of diseases to be treated.
- Individual's attitudes towards health and illness.
- Competitive conditions for providing health services.
- Quality of available advanced medical/non-medical equipment and their prices, which increase rapidly.
- Demand of health services (quantitatively and qualitatively).
- Health regulations, legislation and policies.

Q.9 Focused on the environmental factors affecting strategic marketing decision. The informants were asked to rate the main PEST factors and their sub-divisions according to the level of importance in private Saudi hospitals. The interviews showed that economic environmental factors are the most influential PEST factors on pricing, promotion and place decisions. Political-Legal environmental factors are the most influential participant decisions. Technological environmental factors are the most influential on product decisions. The socio-cultural environment factors are the factors least influencing on strategic marketing decisions in general. These results reinforced the questionnaire results and except the socio-cultural factors were expecting from the theoretical model.

The informants were asked to indicate the influence of each PEST factor and their sub-divisions on strategic marketing decisions, and were asked to group each PEST factor in three groups according to their importance. They were also asked about the reasons for the discrepancies found between the theoretical model and practice in Saudi private hospitals, as appeared in the questionnaire results. In general the findings showed the same influence on strategic marketing decisions as mentioned previously in the questionnaire analysis. What the interviews added were that pressure groups (Shura council members and Saudi media especially local

news) do not yet play any role in those strategies, There is no communication programs with them to gain their support to change society's negative attitude towards those hospitals, or to get information about the new policies in Saudi Arabia which will affect the effective demand on those hospitals' services directly or indirectly (i.e. the policy of health insurance, the foreign investments in Saudi Arabia, Saudization policy and WTO membership). The interviewees agreed strongly that the policy of health insurance, population growth rate in Saudi Arabia, presence of expatriate workforce, Islamic seasonal events represent major opportunities for them whereas the increased internal and external competition in health sector and conduct of authorized employees in MOH and other government agencies represent major threats. Concerning the level of centralization practiced by Saudi hospitals, some managers asked during the interviews for more flexibility and more decentralization to be practiced to make it easier for hospitals for starting new services or develop old ones. Although they noticed a big change in the MOH late 1990s in practicing some decentralization, they still need more, not only through the MOH, but also from all government agencies related to health sector. Wastah represents a major threat for pricing and participant decisions. Media (mostly newspapers) represent another threat for those hospitals.

Most of those hospitals have not made any future plans for Saudization (and none of them for privatization) if they occur in health sector in the next three years. Managers showed that they do not have enough formal information about this matter or about the private sector role. Regarding the new policies in Saudi Arabia, especially Saudi participation in the WTO, managers think it will affect their decisions in future as it will increase competition, but they do not yet have any plan for these events.

Regarding technology, some managers said that this technology

provides a marketing opportunity to their hospital. Others think it poses a threat due to its high cost or/and the kind of training needed for personnel which are still not yet found in Saudi health sector. Most managers except those with marketing experiences tended to define 'technology' in technical terms not interns of patient or payer benefits. Most hospitals do not do careful study and planning in this respect. Through the interviews it was found that managers in those hospitals are still mostly relying on their own expectation when they are making strategic marketing decisions and not relying on written, accurate, analyzed information. Two reasons are found resulting the discrepancies appeared between the research theoretical model and practice in private Saudi hospitals. The first reason -managers strongly agreed about was the lack of such information in Saudi health sector, although as they added MOH is trying to build up a good information system but they have not still benefit from it, besides lacking economic and technological information. The other reason, the researcher noticed is the lack of marketing experience in most of those hospitals. The interviews showed that marketers (marketing managers) and other administrators who have marketing experience are trying to translate PEST factors into their strategies more than physicians who think that medical technology is the most important aspect to be noticed. Only marketers in those hospitals knew that patients are not customers all the time, especially after applying the health insurance policy in Saudi Arabia. The interviews also showed that managers in Jeddah – mostly have marketing experience or marketing consultants – are perceiving PEST factors in their strategic marketing decisions more than those in Makkah and Taif who suffer - as known from the interviews - under demand.

Q.10 discussed the difficulties and problems facing the strategic marketing decision makers while dealing with the environment, No specific question is asked about this aspect in the questionnaire. It appeared that

the private hospitals did experience difficulties. The greatest difficulty seemed to be attitude of customers that all private hospitals aim to gain high profit through their high prices and doing unnecessary medication or tests for patients. The hospitals could not change this attitude, which seemed to increase with the increase of prices of medical technology, and the need for more tests. Although the public in Saudi Arabia thinks that gaining profit is the most important objective in those hospitals, it was not. Managers in those hospitals argued that this rise in prices is due to the high cost in the medical sector all over the world and the rapid change in technology, and Saudi customers want high quality of doctors and services with low prices, which is very difficult to achieve. The most difficult marketing problem facing the managers is determining the appropriate price.

The other difficulty seemed to be shortage of information about the Saudi environment and the lack of a proper health information system to supply all hospitals with proper accurate information about the external environment, especially health legislation, health problems, the new policies of health insurance, privatization and WTO membership, diseases in Saudi society the effective demand for private health care, Saudi economic indicators, inflation rates, health equipment suppliers inside Saudi Arabia and even outside where they can import from and their prices, available medical technology in Saudi society, and the names, addresses, especially experience of Saudis who want to work in those hospitals. The managers said that even if part of this information was available formally, usually it is not sufficient or not well understood by hospital management.

Some hospitals found it is difficult to find qualified Saudi staff. The main problem lies in the cost of the selecting new employees and the increase in the training cost of the new female employees on those returning to work. Some hospitals indicated that one difficulty was the lack of

text books, leading to confusion. This could be due to the inadequacies in research into applied hospital marketing, particularly in the Saudi texts. Other difficulties were resistance on the part of older managers and/or interference of hospital's owners or their relatives (mostly sons) in those decisions, the rapid change in health sector technology, the difficulty in the anticipation of the level of effective demand for health in Saudi health sector, and increasing costs of equipment (medical and non-medical) needed for hospitals.

Hospitals suffer from a shortage of trained Saudis. Managers think that the policy of Saudization represents a threat for hospitals. The ability to mobilize skills and resources and seasonal variations in admission also represent difficulties. Moreover Saudi media, specifically local newspapers, increase the negative Saudi attitude through drawing (by caricature) and writing about those hospitals' high prices and the faults of untrained physicians only according to patient or his relative's views. Some customs and norms prevailing in Saudi Society (i.e. Wastah) and health awareness in Saudi Society and the popular medicine known in the society as an alternative of hospitals and physicians represent further difficulties facing strategic marketing decisions while dealing with the environment.

6.5.2 Expert Interviews (Interview 3)

The group of interviews with 12 experts in the Saudi health sector and health marketing consisted of interviews with:

- Four health marketing experts in Saudi universities.
- Five administrators in MOH (Top managers).
- Three experts in Saudi Shoura Council's social and health committee (See Appendix 9).

Interviews with those experts were done at their convenience. Because of the difficulty of audio taping the researcher depended on taking copious notes during the interviewees, and immediately before leaving experts' offices details were reconstructed and have been transcribed for use in data analysis. The questions of the interviews were semi-structured and were open-ended (See Appendix 5b and 5c).

Informants were asked to judge the theoretical model regarding strategic decisions in Saudi private hospitals (Q1 to Q6).

In Q7 Informants were asked about the importance of Saudi PEST factors which appeared in the research theoretical model for strategic marketing decisions in private Saudi hospitals. Through the interview the researcher tried to cross-check reasons given by hospital managers about discrepancies between the model and the data (i.e. lack of informations, lack of resources, role of pressure group). Then They were asked to judge the success of the hospitals were very near to the theoretical model and those who were very far from it, and were asked about documents supporting this judgment if found, as the Saudi health system still has inadequate monitoring of performance of hospitals. For the most part, there are no standard criteria to measure. Where standards do exist, they are not consistently applied. The interviewees strongly agreed about the importance of Saudi PEST factors mentioned in the research theoretical model. They also agreed that perceiving these factors in strategic marketing decisions is leading to more success for the hospital.

After the questionnaire and hospital managers interviews, the researcher divided the hospitals in the western region where the research was being held to three groups (by the name of those hospitals) according to their responding to PEST factors in the theoretical model. The first group, which was the minority, is very similar to what the model suggested. The second group was similar in some points and differs in

others. The third group was very far from the model. The second and third groups were equal in size. Although interviewees in those two groups agree about the importance of PEST factors for strategic marketing decisions, managers in most private hospitals have not yet started to translate most of them in their strategies as found during the interviews. The experts were asked to evaluate the first and third groups of hospitals (mentioning the hospitals by name). They all agreed that the hospitals in the first group represent the most successful hospitals in the region.

6.5.3 Documentary Evidence

Consultants in MOH added that there is a secret document No. 358/II dated on 28/4/1418H issued by a committee of physicians and experts of Saudi universities as an unpublished confidential report of the Saudi Health Ministry about the activity and degree of success of hospitals in the Western Region (according to JCIA criteria). The report concerned Saudi private hospitals in the western region and the period 1998/1999 i.e. the same hospitals and period as the present research. The researcher was able to gain sight of this report, which was relevant and important to the present research. Because the report is confidential it was not possible to quote it in a way that would identify informants or individual hospitals.

The report shows that those hospitals mentioned by names in (the first group of this research) had a good or a very good scores according to JCIA criteria used in this report. The hospitals in the third group had unsatisfied scores in the same report. This emphasized their answering, especially this document issued (1998) at the same time of the research.

The standards used in the reports for JCIA (Joint Commission for International Accreditation of hospitals) closely parallel those found in the International Society for Quality in Health Care (ISQua). The standards that result from the process used on the essential elements of providing

quality healthcare and are nationally recognized for the significant contribution that they make to improving the care delivered to patients in Saudi Arabia.

The standards used in this report cover:

- Systems and functions of the hospital.
- Management and administration of the hospital.
- Clinical care of patients.
- The quality definitions are increasing profitability of desired outcomes (JCAHO); meeting customer needs (Deming) and conformance to requirements.

Dimensions of quality are: appropriateness, availability, continuity, effectiveness, efficiency, efficacy and timeliness.

The measurement focused on actual performance not merely the capacity to perform (i.e. equipment, policies, procedure) improving the quality care to patients not improving physicians, nurses, technologists, therapists or other professionals but improving the process of care that most determine patient outcomes.

The standards focused on those function and aspects of patient care that are essential to quality patient care and developments. They represent a consensus on the state-of-the art expected hospital performance, and state to the extent possible, objectives or principles rather than specific mechanisms for meeting requirements. They were applicable to all hospitals and across all services in those hospitals. (Joint Commission International Accreditation – Standards for Hospitals – Hosad program in Saudi Arabia – 1998, Oakbrook Terrace, U.S.A).

6.6 Hypotheses Testing

For the purpose of statistical testing, the analytical hypotheses (H_2 to H_7) dealing with the differences between hospitals and decision

makers in perceiving external environment factors in their strategic market decisions expressed in the form of null hypothesis H_0 – as stated in chapter 2 – and listed in the following form:

H₀₂ There is no significant difference between managers with a marketing background and generalist managers in the influence of Saudi environmental factors on the strategic marketing decisions in Saudi private hospitals.

H₀₃ There is no significant difference between managers and doctors in the influence of Saudi environmental factors on the strategic marketing decisions in Saudi private hospitals.

H₀₄ There is no significant difference between Saudi nationals and expatriates in the influence of Saudi socio-cultural factors on the strategic marketing decisions in Saudi private hospitals.

H₀₅ There is no significant difference between Saudi private hospitals in different locations in the influence of Saudi environmental factors on the strategic marketing decisions.

H₀₆ There is no significant difference between Saudi private hospitals with different degree of specialization in the influence of technological factors on their strategic marketing decisions.

H₀₇ There is no significant difference between Saudi private hospitals of different sizes in the influence of Saudi environmental factors on their strategic marketing decisions.

The following table (3-6) summarizes the results from tables (44 to 49) to show the difference in the influence of PEST factors on marketing decisions in Saudi private hospitals according to personal and organizational variables. Results are accepted as significant only where

both tests in table 3-6 show the correlation to be significant. Where one test shows significance but the other does not, the possibility of a casual relationship remains, but the evidence is equivocal.

Research Variables		Personal Variables						Organizational Variables							
		Respondents' Position		Respondents' Groups		Respondents' Nationality		Hospitals' Location		Hospitals' Specialization		Hospitals' Size			
		X ² Test	K.W Test	X ² Test	K.W Test	X ² Test	K.W Test	X ² Test	K.W Test	X ² Test	K.W Test	X ² Test	K.W Test		
Saudi health PEST factors influencing 5Ps	Political/Legal Factors	C	7.332												
		P	.029 (*)	.046 (*)	.597 (-)	.056 (-)	.098 (-)	.000 (*)	.002 (*)	.110 (-)	.062 (-)	0.216 (-)	0.329 (-)		
Economic Factors		C	25.809					120.461		10.025		7.391			
		P	.363 (-)	.485 (-)	.583 (-)	.738 (-)	.435 (-)	.000 (*)	0.045 (*)	0.045 (*)	0.265 (-)	0.117 (-)	0.484 (-)		
Socio-cultural Factors		C	86.363					66.762		47.020		26.018			
		P	.000 (*)	.023 (*)	.134 (-)	.004 (*)	.025 (*)	.000 (*)	0.011 (*)	0.000 (*)	0.233 (-)	0.000 (*)	0.722 (-)		
Technological Factors		C	101.496					52.276		21.970		14.729			
		P	.000 (*)	0.044 (*)	.000 (*)	.244 (-)	.436 (-)	.000 (*)	0.013 (*)	0.000 (*)	0.022 (*)	0.005 (*)	0.088 (-)		

Where

c = the actual correlation coefficient

P = the significance level at $P \leq 0.05$

(*) Means significant at $P \leq 0.05$

(-) Means not significant

Table No. (3-6) summary of the results of the influence of PEST factors on strategic marketing decisions according to X² and K.W Tests (see Tables 44 to 49)

Given the results of the hospitals managers' survey, interviews and documentary evidence, the researcher tested the derived hypotheses from the theoretical model as follows:

The first hypothesis dealt with Saudi private hospital managers' approach in strategic marketing and if they recognize all four PEST factors when they make their strategic marketing decisions. Tables 7 to 9 along with the interview ⁽²⁾ results show that the marketing activities and objectives in most Saudi private hospitals are similar to those mentioned in the theory. It also shows that although the 5P model is found in Saudi private hospital but it is rare. All hospitals concentrate on product and pricing decisions as their main strategic marketing decisions. Some of those hospitals started considering promotion, especially public relations, but only the minority consider place and participants decisions. Tables (35 to 43) along with the interviews results show that managers recognize the PEST factors – in general – as the model predicted, when they make their strategic marketing decisions although there are some differences (see table 2-6). These differences, according to the interview are due to the lack of data about them not because they are not important. Accordingly this hypothesis can be partially accepted. Most hospitals decide only product pricing and promotion decisions as strategic marketing decisions. They recognize Saudi health PEST factors when they make these decisions.

The second hypothesis H_2 dealt with the differences between managers with a marketing background and generalist managers in how they perceive PEST factors in deciding the strategic marketing decisions. Table (44) shows that the value of X^2 and K.W tests are significant with political-legal; socio-cultural and technological factors. This means rejecting the second null hypothesis in respect of political, socio-cultural and technological factors and accepting it in respect of economic factors, and

accepting the alternative one for all PEST factors except the economic factors. Accordingly it can be said that managers with a marketing position are more likely than those with a generalist management position to base their strategic marketing decisions on political, socio-cultural and technological analysis. That is they are more likely to consider each of political, social and technological groups of factors if they hold a marketing position.

The third hypothesis dealt with the difference between managers and doctors in how they perceive PEST factors in deciding their strategic marketing decisions. Table (45) shows that the value of X^2 tests is only significant in the influence of political/legal and technological factors. The values of the K.W tests do not show the same results. This means that any correlation of the influence of technological factors on doctors' strategic marketing decisions is weak. The Z test results emphasized these results. Tables (54 to 57) show that there is no significant difference between physicians and administrators in the influence of most PEST factors on strategic marketing decisions in private hospitals, except that administrators' decisions are more influenced than physician by specific political/legal, socio-cultural and technological factors (see the results of Z tests). This means accepting the third null hypothesis and rejecting the alternative one. Accordingly it can be said that there is no difference between managers and doctors in Saudi private hospitals in basing their strategic marketing decisions on the PEST factors.

The fourth hypothesis dealt with the difference between Saudi nationals and expatriates in the influence of socio-cultural factors on their strategic marketing decision. Table (46) shows that the values of X^2 and K.W tests are significant only in the influence of socio-cultural factors on strategic marketing decisions in Saudi private hospitals. This means rejecting the fourth null hypothesis and accepting the alternative one.

The fifth hypothesis dealt with the difference between hospitals in Jeddah and those in Macca and Taif in the influence of Saudi PEST factors on the strategic marketing decisions. Table (47) shows that the values of X^2 and K.W tests are significant in the influence of all PEST factors on strategic marketing decisions in Jeddah's hospitals. This means rejecting the fifth null hypothesis, and accepting the alternative one.

The sixth hypothesis dealt with the difference between hospitals' specialization level in the influence of technological factors on strategic marketing decisions in Saudi private hospitals. Table (48) shows that the values of X^2 are significant in the influence of economic, socio-cultural and technological factors on strategic marketing decisions in the single-specialty hospital. K.W test only shows this significance in the influence of technological factors. As X^2 test shows significant correlation in the influence of economic and socio-cultural factors and K.W test does not, for those factors, meaning that any correlation that exists is weak. This means rejecting the sixth null hypothesis and accepting the alternative one.

The seventh null hypothesis dealt with the difference between hospitals' size in the influence of Saudi PEST factors on strategic marketing decisions in Saudi private hospitals. Table (49) shows that the values of X^2 are significant in the influence of socio-cultural and technological factors on strategic marketing decisions in the large hospitals. Whereas K.W tests do not give similar results as X^2 test shows significant correlation in the influence of socio-cultural and technological factors on strategic marketing decisions in large hospitals and K.W test does not show this significance, this means that the correlation exists but is weak. This means accepting the seventh null hypothesis, and rejecting the alternative one.

The eighth hypothesis dealt with the normative element of the model. The documentary evidence shows that hospitals, which are most competent at marketing, are those, which to the greatest extent derive their strategic marketing decisions from a PEST analysis. They are more likely to be successful in terms of market share and profitability according to experts' point of views and producing high quality services according to JCIA criteria used in Saudi health sector for hospital accreditation. This means accepting the eighth hypothesis. Accordingly it can be said that hospitals, which recognize more of the PEST factors in deciding their strategic marketing decisions, are more likely to achieve marketing effectiveness.

To summarize the previous result, the first hypothesis is mainly accepted and Saudi private hospital marketing decision makers recognize all four PEST factors when they make their strategic marketing decisions. A minority decides each of the 5Ps. The majority decides only product and pricing decisions. In doing so they consider Saudi private health PEST factors.

The second hypothesis is also mainly accepted after dividing the four PEST categories, as it is found that there are significant differences between managers with a marketing background and other generalist management in the influence of Political, Legal, Socio-cultural and Technological factors on the strategic marketing decisions. Regarding the economic factors this significant difference is not found.

The third hypothesis is rejected. There are no significant differences between doctors and other managers in the influence of PEST factors on the strategic marketing decisions.

The fourth hypothesis is accepted. It is found that there are significant differences between Saudi nationals and expatriates in their sensi-

vity to the influence of socio-cultural factors on strategic marketing decisions.

The fifth hypothesis is accepted. It is found that there are significant differences in the influence of PEST factors on strategic marketing decisions according to hospitals' location.

The sixth hypothesis is accepted. It is found that there are significant differences in the influence of technological factors on strategic marketing decisions according to hospitals' specialization level.

The seventh hypothesis is rejected. It is found that there are no significant differences in the influence of PEST factors on strategic marketing decisions according to hospitals' size.

The eighth hypothesis is accepted. It is found that there are significant differences in marketing effectiveness (in terms of market share, profitability and quality of services by JCIA criteria) between hospitals whose decision makers consider all 4 PEST factors when deciding their strategic decisions, and hospitals where they do not.

In Summary this completes the data from the questionnaire and its statistical analysis and data of the interviewees and document needed to test the research theoretical model and the derived hypotheses from this model. The following chapter presents the general findings of these data and the conclusions.

Chapter 7

Conclusions

7.1 Introduction

The outstanding issue raised by this study is how environmental factors interact with hospital marketing practices. There is no established Saudi theory of marketing. While something has been written about product marketing in Saudi Arabia using the published marketing theory, nothing has about health services marketing in Saudi Arabia, although marketing has started to be practiced in the Saudi health sector. Accordingly a model relating to Saudi health marketing practices - depending on marketing theory PEST framework and the 5Ps decisions model - was developed and tested through the empirical study in the previous chapters. This, the last chapter, deals with providing the discussion and conclusions which are the overall and the basic remarks found throughout the research sections, followed by a discussion of the possibility of generalization of the results to the rest of Saudi Arabia; research implications and policy recommendations; and further research suggestions. The conclusions include points that the researcher uncovered in this research and hopes will be considered by decision makers in Saudi private hospitals and in the health field in the Kingdom of Saudi Arabia.

7.2 Discussion and Conclusions

The study depends on systems theory and strategic marketing thinking approach. Systems theory emphasizes the importance of taking account the

effect of external powers on the internal movement of organizations and on their decisions to achieve effectiveness. Strategic marketing thinking approach emphasizes the importance of matching marketing strategy in the hospitals with the demand of the environment these hospitals operate in to achieve their effectiveness. Accordingly the model developed in chapter three relates PEST factors as an inputs with the 5 Ps strategy in Saudi private hospitals as an outputs to achieve effectiveness.

The theoretical model had an empirical and a normative element, combining the different sources of data from questionnaire, interviews and documentary evidence. Empirically the model assumed that managers in Saudi private hospitals would consider all Saudi private health environmental factors when making their strategic marketing decisions. It also predicted that the influence of those PEST factors on strategic marketing decisions differ according to personnel variables i.e. – position (marketing position and generalist management position), group (doctors and other managers), nationality (Saudis and expatriates) and organizational variables i.e. (location, specialization level and size of the hospitals).

The results in chapter 6 show that this model is only partly true in Saudi private hospitals.

The evidence supports the empirical model in respect of Saudi private hospital managers having a strategic marketing orientation and the importance of basing strategic marketing decisions on PEST factors. Table (2-6) shows that Saudi private hospital marketing decisions makers recognize the following PEST factors when they make their strategic marketing decisions – as the model predicted.

The compulsory health insurance policy for foreigners is the most influential factor in those decisions. This policy represents the major

opportunity for those hospitals to increase effective demand. Health regulation and legislation are also the other most influential factors on all the 5Ps.

The conduct of authorized employees in MOH and other related government agencies represent a major threat to those hospitals due to the bureaucracy of those employees. Level of centralization practiced in Saudi agencies influence product, pricing and promotion decisions. It influences strategic marketing decisions negatively. Saudization represents the most influential factor only on participant decisions. Privatization policy influence product, pricing and promotion decisions. It represents a minor opportunity to some of those hospitals.

The stability of Saudi policies represents an opportunity for those hospitals to reduce uncertainty. It is among the most influential factors affecting product and promotion decisions. Effect of laws stemming from Islam only influence product and promotion decisions.

The results showed economic factors are the most influential factors on marketing strategies especially pricing decisions followed by political and legal factors (figure 23). Competition is the most influential factor on those decisions. It represents the major threat for these hospitals. External competition only influences product decisions. The Saudi economic situation affects the marketing strategies of those hospitals through the national income which affect the income average of individuals in Saudi Arabia, as well as the extent of availability of the capital offered in those hospitals, human resources and the extent of their availability in the required quality in Saudi society. Accordingly income average in Saudi Arabia and cycle of Saudi economic recession and prosperity are the two most influential factors on strategic marketing decisions.

Inflation is a very important aspect. It is among the most influential factors on pricing and participants' decisions due to the influence of both internal and external inflation. Saudi monetary and financial policies that encourage hospitals to expand represent a major opportunity for those hospitals. Degree of stability of levels of economic growth affect all the 5Ps. Regarding socio-cultural factors, life style of Saudi citizens, trends values and beliefs in Saudi society, presence of expatriate workforce, and population growth rate represent opportunities to those hospitals in increasing effective demand, so they are the most influential factors on strategic marketing decisions beside the effect of social roles within Saudi family and behavioral ethical rules stemming from Islamic religion.

Wastah and demographic factors especially the regional population distribution and their level of education represent threats to those hospitals, sot they are among the influential factors on strategic marketing decisions especially on participants and pricing decisions. Health problems and diseases in Saudi society only influence pricing and place decisions.

Technological factors are the most influential factors in product decisions. The technological environment provides a marketing opportunity for some and poses a threat to others. The latest methods of treating and diagnosing diseases, the new model of care, and the quality of medical equipment available in the Saudi market are the most influential factors on strategic marketing decisions followed in the strength of influence by the quality of medical equipment not yet found in Saudi health market and the maintenance factor. Telemedicine only influence product decisions.

In the above respects, the evidence collected supports the model, so this part of the results confirms the model as an empirical account of Saudi marketing practice.

However, the evidence does not match the model in some parts. The data shows that in applying the marketing management model in Saudi condition, two barriers exist. The first one is that most private hospital managers do know about elements of PEST factors as important inputs, but not all the knowledge which is PEST input produces a strategy output (i.e. the process is partially incomplete). PEST information about – health insurance for Saudis; Saudization; privatization; WTO membership; the new policy of foreign investment and tourism in Saudi Arabia; external competition; political boycott between Saudi government and certain countries; inflation; health problems and diseases in Saudi society; Islamic seasonal events in Saudi Arabia; and technology – is not used. The expected obligatory medical insurance for Saudis has not yet affected those decisions in practice, although the same policy started for foreigners does. So the PEST information is not used, not because a lack of policy knowledge, but because a lack of information about how far the policy will produce effective demand, due to the lack of marketing analysis in those hospitals from one side and a lack of information about volume of demand and kinds of patients need these services. So there are still no incentives to put the PEST analysis regarding health insurance for Saudis into practice.

The policy of Saudization – unexpectedly – is the least influential factor on strategic marketing decisions. Although the government is trying to apply a Saudization policy in all sectors in the Kingdom, including health sector, it is not yet fully applied. This will be the case for the coming three to five years until Saudization is fully applied in the Kingdom. Most private hospitals are starting to replace Saudis to cover the compulsory 5% yearly increase according to Saudi law, but in mostly clerical jobs in the hospitals, not specialists e.g. physicians, nursing and technicians. So this policy

affects those decisions quantitatively not qualitatively by increasing the range of post which Saudis occupy. There is no specific marketing planning for this aspect, which represents a threat to those hospitals in the near future when this policy becomes fully compulsory and including all kinds of jobs in the hospitals. The main factors that are not working for Saudization are that those hospitals lack Saudis who are skilled and experienced in those jobs, and their salaries are high compared with non-Saudis (especially the far eastern and other Arab workers, mostly Egyptians and Sudanese), especially for physicians, nurses and technicians. Managers in those hospitals have not any accurate information about the expected graduates (date and specialty) available on medical jobs in Saudi universities and health institutes, neither about those are doing post-graduate studies outside Saudi Arabia. The hospitals are unwilling to apply Saudization, also because of the visa transfer system which makes it easy for Saudis to leave the hospital and go to the competitors any time they like, whereas the expatriates cannot. They have to leave the whole country if they decide to leave the hospital. So PEST analysis information about Saudization is not used mainly because perverse incentives exist, and the resources of trained Saudi staff in the health system is still missing, and not because lack of policy knowledge.

Privatization, which started as an important Saudi policy in the late nineties, and currently being applied in health sector represents in practice the least influential factor on those decisions. This is due to a lack in the accurate information about time and procedures for applying this policy. Policy knowledge lacking is also the main reason for not using PEST analysis of external competition which is still not use due to policy knowledge lacking on the WTO membership and on the new policy of foreign investments and tourism in Saudi Arabia which will increase this

kind of competition. Moreover hospitals have inactivity about raising service quality which external competition increased the demand for it.

Political boycott between Saudi government and certain countries do not affect those decisions as much as before, because Saudi government recently started relationships with many countries after years of boycott.

In spite of the importance of inflation, it is only affecting participant decisions due to the influence of both internal and external inflation, as these hospitals rely heavily on non-Saudi workforces besides Saudis. Nevertheless, inflation has an impact on hospital costs due to the fact that Saudi health systems depend heavily on importing most medical and non-medical requirement needed for the hospitals. Besides, most of these hospitals use cost-based pricing. PEST analysis of inflation has not yet used for price-setting or product decisions basically because lack of marketing experience in most of those hospitals and lack in an accurate information system in each of those hospitals and in the whole Saudi system.

The field study revealed that Saudi private hospitals offer only two kinds of health product treatment and diagnostic services needed in Saudi society. They do not yet offer or plan to expand the newly two other kinds of health product needed in Saudi health sector i.e. immunizations and rehabilitation services. There is a possible market for rehabilitation services for people with physical handicaps and learning difficulty, due to the change in Saudi society in accepting these patients and trying to treat them and prepare them for like outside the hospitals, beside the rehabilitation due to car accidents victims. Saudi Arabia is one of the countries with the most accidents per 1000 population, especially car accidents and sea accidents. They increase the effective demand on special departments and emergency services for injured persons, who also are mostly from the upper class in

society and ready to pay high rates for good health service. Yet this factor does not affect strategic marketing decisions in those hospitals. Although Saudis' attitude toward Saudi private hospitals represent a major threat to those hospitals, and is becoming increasingly strong, the results show that these hospitals have not yet started any plans to change this attitude. In spite of the pressure those hospitals are facing from the society in the late nineties to raise their productivity, which is accompanied with rapid medical technological changes, and to lower their prices at the same time, managers in those hospitals still do not do any thing about it. Hospitals service quality is still difficult to define and measure in Saudi hospitals (no criteria yet found, a research on quality of health care in Saudi Arabia is now under way and MOH is trying to establish criteria for Saudi health services). The beneficiary's expectations play a vital role in judging the services rendered. Saudi beneficiaries evaluate the quality of services by comparing what they obtained to what was expected or desired. Moreover what price means, and where and how it can be used as a strategic tool, in those hospitals, remains unclear because of regulated pricing structure, apparent Saudi consumer price insensitivity, characteristic lack of price awareness, third party reimbursement, and the constant threat of change in reimbursement policies. Moreover, the role of price varies according to whether one is considering reimbursed or insured or non-reimbursed services, whether the focus of discussion is an individual medical service or a health insurance and whether the larger market consists of patients, insurers, the government, or employers. Various daily local newspapers play a prominent role in consolidation of the trend to the increase of complaints about the increase in prices in those hospitals and lack of health care quality. So social pressures from the new media presents a major challenge currently facing private

hospital management, but they do not yet affect their relationship marketing strategies. May be this is due to lack of marketing experiences in those hospitals. Pressure groups (Shura Council members) still play no role in this aspect in Saudi society. Media, the other pressure groups in Saudi Arabia, plays negative role in this aspect.

Health problems and diseases in Saudi society do not, despite what the model predicted have a high influence on strategic marketing decisions. For example although the number of diabetic patients increased from 2% 1980 to 17% in 1998, most of those patients do not know about their illness in its first stage. Yet still no specific attention is seriously given to this matter. PEST analysis information about the nature of patient's health problem is not used. What emphasizes this factor is that all promotion tools are concentrating on the names or skills of physicians. There is also a lack of research on those aspects available in Saudi society. Managers depend on their personal knowledge and informal sources about health problems and diseases in making their marketing decisions.

In spite of being among the most important factors leading to an increase in the effective demand for those hospitals' services, the influence of Islamic seasonal events on strategic marketing decisions differ from what the model predicted and PEST analysis is not used for this important factor. This difference is due to lack of policy knowledge on Umra policy and lack of information about volume of demand and kinds of patients need these services and how the policy will produce effective demand. Neither government nor Umra offices, which just started in 2001, supply such information. Moreover hospitals do not have their own information system to make such analyses. So there are still no incentives to put the PEST analysis regarding Islamic seasons events in Saudi Arabia into practice.

In spite of the importance of the influence of technological factors on strategic marketing decisions (See 4.6), they are the least influential factor on strategic marketing decisions excluding product decisions (table 43, figure 23).

The technological environment provides a marketing opportunity for some Saudi private hospitals benefit from through using advanced medical technology and its technically specialized labor-skills as a means of competing, balancing the cost of using this technology against the profit out of it. On the other hand it poses a threat to some others which do not introduce such technology which is known and needed by Saudi health market due to their increasing in health and illness awareness and the external competition, or do not benefit from introducing it because of the high cost or the kind of training needed for their personnel who are not qualified for it. Others do not introduce it because they have not allowed for the balance between its costs and benefits due to the lack in careful study and planning of this aspect.

Saudi private hospitals tend to define technology in the technical terms of the hospitals' care transformation process, and not in terms of patient or payer benefits. Nevertheless Saudi private hospitals have started to gain these advantages of applying technology:

- Enhancement of quantity and quality (especially in labs technology, which reduces costs per test). It relieves patients by using developed medical technology in anesthesia, for example, or by laser operation as an alternative to surgical operation.
- Exclusion of repeated tests, which blur the understanding of information.

- Saving time for physicians and helping them in better diagnosing and treatment.

Technology is also important in the other non-medical services needed in hospital e.g. using computers in registration and appointment and medical records and in accommodation services even in ambulances. But private hospitals do not use any specific analysis for choosing an appropriate technology, which is usually characterized by the high capital density.

The results also show that Saudi private hospitals are focusing on treating diseases more than diagnosing diseases, despite the importance of both and continuous complaints in local Saudi newspapers about the failures and mistakes in diagnosing in some of those hospitals beside the increasing in health awareness in Saudi citizen life, especially in diagnostic matters. New technologies – the results show – are radically altering the distribution (i.e. the referral systems), but none of those hospitals focusing on the medical records technology, which is now needed in Saudi health sector. Although telemedicine services, which is a place strategy, is applied in public sector, it does not yet apply in private sector, because it needs a good telecommunication; infrastructure outside the hospital. It also needs a local network of care clinics not yet available to these private hospitals. For that reason, this factor is practically among the least influential factor in these hospitals' strategic marketing decisions. Hospitals do not try to compete through this factor and have no incentive to put this analysis into practice.

In spite of the importance of maintenance for both medical and non-medical equipment used in those hospitals' pricing and participants decisions about costs and the needed training programs, PEST analysis regarding maintenance does not appear in hospital strategies. It seemed that this aspect is still limited in practice in private Saudi hospitals as in other

Saudi organizations in most sectors due to the shortage of trained staff into Saudi system.

Based on the above, external environmental conditions prevent the internal planning process from operating. Lack of some PEST information prevent strategic marketing decision makers from formulation needed strategies. Lack of some resources needed by those hospitals and not available also prevent decision makers from implementing strategies. Moreover perverse incentives which sometimes exists (e.g. in applying Saudization policy) prevent decision makers from both formulating or implementing strategies. So the first barrier is that external conditions obstruct conversion of PEST factors being fed into the marketing strategy-making process. Therefore, only some PEST factors (see above) actually influence the marketing strategy.

Of those PEST factors which survive, the Saudi hospital managers convert these only into 2Ps or 3Ps and not into the 5 Ps, mainly because of a lack in marketing experience.

The study found that in practice a 2Ps or a 3Ps model appeals more to Saudi private hospitals than the 5Ps model. Only 18% of the hospitals follow the 5Ps decisions suggested in the theoretical model, whereas the majority has only product and pricing decisions as their main marketing decisions. Promotion decisions started to be included among those decisions in some of them. Segmentation is not yet a popular decision making tool for managers in most of those hospitals. Only a few have started using price segmentation and health insurance and income average as their main segmentation variables. So, the second barrier – which is internal – prevents the translation of PEST factors which pass the first barrier into all the 5Ps. The surviving PEST factors are only converted into 2Ps or 3Ps.

However, the empirical model also predicted that hospitals and decisions makers would differ in how fully they resembled the model of the decision making process (H_2 to H_7). The evidence did mostly support this prediction because the empirical study shows that managers with marketing position are more likely than those with a generalist management position to base their strategic marketing decisions on political, legal, socio-cultural and technological factors. This emphasizes that lack of marketing experience is among the reasons for the barriers appear. The economic factors seemed to have the same influence so it did not show any difference as Tichy (1983) emphasized in his TPC theory. Saudi nationals are more likely than expatriates to be sensitive to local, social and cultural patterns. The evidence also shows that hospitals more exposed to 'Western' influential found mostly in Jeddah are more likely to base the strategic marketing decisions on PEST analysis than hospitals in Macca and Taif. This emphasizes the possibility of using Western theories (i.e. marketing theory) in Saudi Arabia when it is useful. The evidence shows that single-specialty hospitals rely on their technical expertise to gain market share, they are therefore likely to be more sensitive to the technological factors in making their strategic marketing decisions than other hospitals are as the empirical element of the model predicted.

The exceptions where the evidence did not support the predictions are in the following three aspects. Firstly, there is no significant differences between the ways that managers (excluding marketers) and doctors in Saudi private hospitals consider the four PEST factors in deciding their strategic marketing decisions. There are also no significant differences between the ways that managers (including marketers) in different positions consider economic factors in deciding those decisions. Lastly, although the evidence

shows that there is slightly difference between hospitals of different sizes in the influence of PEST factors on strategic marketing decisions, but this correlation was weak.

According to the results of the hospitals managers survey table (3-6) the research accept the second, fourth, fifth, and sixth hypotheses as general which is Saudi private hospitals differ in perceiving Saudi all or part of PEST factors in their strategic marketing decisions according to managers' position, nationality and hospitals' location and specialization level. However, results show that the third and seventh hypotheses are rejected and these differs are not found in Saudi private hospitals according to managers' group (doctors and others excluding marketers) and hospitals' size.

The normative element of the model predicted that the more closely decision makers followed the process (described in the model) of considering all Saudi private health PEST factors when deciding the strategic marketing decisions, the greater their hospital marketing effectiveness would be. Marketing effectiveness was defined in terms of profitability, market share and quality. The results show that so far profitability is concerned, no data are publicly available yet, so the model's normative element is neither confirmed nor refuted, in regard to profits. The only data available about market share are expert opinions in Saudi health sector. They tend to confirm this part of the normative model, but the evidence is of a weak kind. It is anecdotal evidence. Documentary evidence confirms the normative model in respect of quality according to definition used in Saudi health sector.

Although these previously mentioned differences occur, it cannot be said that the model is defective as the evidence (especially interviews and document evidence) support that the model is a valid set of prescriptions and

a few of those successful hospitals follow most of it. But the majority still fail to implement them because of two reasons. The first is the lack in proper written information about most Saudi PEST factors, and difficulties in attaining the available information. The second is the lack of marketing specialists in those hospitals. Given the results of the hospital managers' survey, the interviews and the related documents, the researcher is inclined to accept the establish hypotheses for this research that competent hospitals will derive strategic marketing decisions from Saudi health PEST analysis. That is Saudi private hospital managers need to base their strategic marketing decisions on Saudi health PEST factors.

It was found that 18% of those hospitals who follow most of the model are the most successful hospitals in the region according to the expert's point of view, besides being the only hospitals got very good or good scores according to JCIA criteria. Cross-checking with the questionnaire results supports acceptance of the above hypothesis. Managers in those hospitals were sensitive to most of the PEST factors according to the theoretical model as shown in tables (35, 36, 37 and 38). Although some of them do not yet translate some of those factors into their marketing strategies, they hoped to improve their present marketing practices, as shown by their answers in the interviews.

The environmental influences (Q.3.1, 3.2) in the questionnaire were cross-checked with the interviews. The reply to these questions indicated that managers agree that they need to base their strategic marketing decisions on most of the Saudi PEST factors mentioned in the theoretical model. The interviews showed the discrepancies between the theoretical model and practice in Saudi private hospitals and gave two reasons for them,

which are the lack of accurate information about most PEST factors and the lack of marketing experts in those hospitals.

Q 2.4, Q 2.3 in the questionnaire, crosschecked those two reasons. Table (10) indicated that the majority of those hospitals depend on getting information through MOH about political/Legal factors and on informal information about the other three environmental factors. Most of them have not yet got formal information systems or online computer data services for the hospital. Regarding the second reason, which is the lack of marketing experts, table (9) shows that the majority of those hospitals do not depend on internal or external marketing consultant. The minority who depend on those experts are the most success ones in the region according to JCIA criteria. The second reason was clearly manifested by the managers' responses to the questionnaires and the interviewers. The researcher was impressed by their enthusiastic support for strategic Macro-Marketing approach.

To conclude, taking the three main results from testing the hypotheses derived from the model together give partial confirmation of the first part of the empirical element of the model i.e. the strategic marketing decision makers in Saudi private hospitals recognize most of the component of PEST factors when they make their strategic marketing decisions. The analysis in Saudi private hospitals is tacit. Product and pricing are the main decisions in all hospital. Some have started taking promotion decisions and only the minority take place and participants decisions. This can be used as a description of Saudi private hospital marketing practices, and partial acceptance of the research of first hypothesis. Testing the second hypothesis to the seventh hypothesis gives fuller empirical evidence about the validity of the model in Saudi private hospitals. The influence of some but not all of PEST factors on strategic marketing decisions are significantly different

according to decision makers' position, nationality, hospital location and specialization level. The third and seventh hypotheses are rejected in Saudi case because in practice it was found that there are no significant differences in perceiving those factors in strategic marketing decisions between physicians and generalist managers (excluding marketers) in those hospitals. The size of the hospitals did not show these significant differences. The eighth hypothesis accepted as the evidence shows that following the model appears tentatively to lead for marketing success and effectiveness.

The data shows that in applying the marketing management model shown in chapter three in Saudi conditions, two barriers exist. External environmental conditions prevent the internal marketing planning process from operating. Therefore, only some PEST factors actually influence the 5Ps strategy. Mainly because lack of information or/and lack of resources and because of the perverse incentives. The second barrier is internal. Of the PEST factors which survive, most hospitals convert these only into 2Ps or 3Ps not into 5Ps, mainly because lack in marketing experience.

The above results together suggest modifying the model for countries like Saudi Arabia where hospital marketing still at early stage of development. It is necessary to modify the descriptive element because the hospitals lack accurate information. Hospitals starting marketing begin with the most fundamental practical problems i.e. defining product and price, then they do promotion, and later on they start including place and people. Other hospitals that already operate start to take place and participant decisions. Hospitals need to build up an accurate information system about the Saudi PEST factors and to have marketer consultants. Moreover the Saudi government should start to build up an accurate information system about policies to make them clearer and more specific. Private hospitals need

more communication with government and all other interested parties hospitals may need as inputs. So general marketing theory from which this model derives survives test in Saudi Arabia can be used providing it is modified as above.

Insofar as the normative element of the model appears valid, on the weak evidence available, the results show that the theoretical model is a valid set of prescriptions for Saudi private hospital macro marketing. Marketing models developed according to marketing theory can be transferred to the Saudi private hospitals sector provided it is interpreted to suit the Saudi environment. Managers in Saudi private hospitals can benefit from the suggested guidelines and methods for marketing strategies cited in chapters 3 and 5.

7.3 Generalization of the results in Saudi Arabia

Although the study is conducted in the Western region of Saudi Arabia, currently known as Makkah region, due to limited time and resources, the results can be generalized to all private hospitals in Saudi Arabia for the following reasons.

The Western region – where sample was drawn has 51% of all Saudi private hospitals and 49% of number of beds in Saudi private hospitals (because of its population density). There are 81 private hospitals distributed across all the Saudi provinces as follows:

- Western province 42 hospitals (before Al Salama hospital in Jeddah changed to a public sector hospital) (4005 beds).
- Central province 12 hospitals (1122 beds).
- Eastern province 15 hospitals (2104 beds).
- Southern province 6 hospitals (275 beds).

- Northern province 6 hospitals (679 beds).

Jeddah, one of the cities where the empirical study was made, has 37% of all private hospitals in Saudi Arabia whose 3257 beds represents 39.8% of all Saudi private hospitals.

This is to be expected, as Jeddah is the biggest and the main city of the Western region, and amongst the most populous in the Kingdom. All other provinces have big cities like Riyadh in Central province; Al-Dammam in the Eastern province; Medina in the Northern province and Aseer in the Southern province. Riyadh has 10; Dammam has 5, Medina 5 and Aseer 4 private hospitals. According to the MOH annual health report, and the interview results, as in the Western region there are no large private hospitals in Saudi Arabia, and the majority of those hospitals are small. As in the Western region few of those hospitals are specialists whereas the majority are general hospitals in all regions.

Beside the similarity shown previously in Saudi private hospitals all over the Kingdom, similar PEST factors are also paramount.

The state's general policies for the Saudi health sector in the whole Kingdom are the same, and there is no specific difference according to provinces. The Ministry of Health supervises the private sector's health projects including hospitals in Saudi Arabia by issuing the same laws and legislation and control system to the whole regions through its regions directorates located in Riyadh, Makkah, Jeddah, Taif, Madinah, Qaseem, Eastern, Al-Ahsa, Hafr Al-Baten, Aseer, Bishah, Tabouk, Hail, Northern, Jizan, Najran, Al-Bahah, Al-Jouf, Qurrayyat and Qunudah. The other authorities concerned with private health sector that i.e. the Ministry of Commerce, Planning, Industry and Electricity, Finance and National Economy, supply all hospitals in all the regions with same legislation and

data if needed (according to its availability). Chambers of Commerce and Industry that act as a link between government agencies and Saudi business community including health sector are established in different parts of the Kingdom to cover the whole main regions, for playing same roles. Shura Council members and media specifically local newspapers represent the main pressure group in health sector in Saudi Arabia play the same role for all private hospitals as those members representing the whole previously mentioned regions and the local newspapers – as noticed by the researcher – criticize the wrong treating and diagnosing in those hospitals in Jeddah, Makkah, Riyadh, Tabouk, Aseer) besides complaining about their high prices and forcing patients for unneeded tests to higher up the invoice.

The general economic indicators are all the same in all Saudi Arabia, and information about them can be obtained from the same sources according to its availability. The standards of individual income in Saudi Arabia are the same in the whole regions. It is \$ 7000 per annum according to International Bank's statistics for 2000. Banking does not play any special role in health sector in Saudi Arabia. Thus, these two most important economic factors are much same for the whole Kingdom.

Regarding competition see tables (2-14 P.113, 2-20, 136 in MOH annual reports 1998), hospitals in all regions – like the ones in Western region – face both internal and external competition, direct and indirect competition. All regions have private hospitals which represent the direct competitors for each other in the region, and private dispensaries, clinics, polyclinics, physiotherapy centers, optical, and dental prosthetics providers that represent indirect competitors, besides other government hospitals (e.g. universities and military hospitals). The increasing in numbers and kinds of

private health sector in Saudi Arabia increases the competition in this sector in the whole Kingdom.

Some people in Saudi Arabia in Jeddah, Riyadh, Dammam, or any other region still prefer to have their health services outside Saudi Arabia, specifically in American, European (Britain, Germany) and in Canadian hospitals, which represent the external competitors to all Saudi hospitals.

Factors increasing the health service demand – mentioned previously in chapter 5 – apply to all the regions and not only to Western region. The population in Saudi Arabia, amounting to 17 millions, is distributed among the Kingdom in urban centers and provincial towns. The administrative region of Riyadh is the most populated of all provinces, where the latest census figures are more than 3 millions. Jeddah and the Eastern province, whose population mount to 2.7 million and 1.4 million respectively, rank second and third. Temporary immigration from abroad due to the wide movement of imported foreign work are also affects population growth in all regions and provinces especially in the main towns as Jeddah in the Western provinces, Dammam in the eastern provinces, although after applying the new policies of pilgrims and tourism and foreign investments in Saudi Arabia, all the provinces including the latest two expect to have increasing demand for all services, including health services as one of the important services.

According to MOH reports, nature of diseases and health problems are all the same in Saudi Arabia. Nutritional customs and popular medicine are also similar in the whole Kingdom. Regarding road accident, according to the latest report issued in May 2000 from the police station in Riyadh, Riyadh (the central province) represents the biggest region for accidents in Saudi Arabia with a percentage of 54% followed by Makkah (the Western

Province) which represents 34%, and 12% for the remaining provinces.

Regarding values, cultural framework, it is a well-known fact that the origin of values and culture in Saudi Arabia is the Holy Quran as revealed by God. Thus, the most important characteristic that distinguishes the Saudi society all over the country is the strict adherence to the tolerant Islamic Law (Shari'ah) as a solid basis for all dealings within Saudi Arabia.

All provinces have their own sub-cultures and way of life. But the factors influencing effective demand and the efficiency of using and operating health organizations, especially the nutritional customs and the new social values besides customs related to popular medicine treatments, health awareness, health problems and diseases, are all the same in all regions in Saudi Arabia. Wastah is also known in all regions, and even the attitudes toward Saudi private hospitals are the same, shown the same complaints about those hospitals in all regions.

The only difference is in Islamic seasonal events which distinguish the Western and the northern province (especially the three cities of Makkah, Medina and Jeddah) during Hajj and Umra seasons, as Makkah and Medina are the Holy places where Muslims go for Hajj, Umra and visiting the sites associated with Prophet Mohammed, which is also important to pilgrims. Jeddah is the main air and seaport for those pilgrims, besides it is the nearest commercial center to Makkah. Nevertheless, the hospitals nearest to Makkah have an obvious advantage. This difference is likely to diminish in future – although the geographical advantage won't disappear completely – because of the latest regulation in the year 2000 that allowed pilgrims to travel easily in the whole Kingdom. So private hospitals in the central and eastern provinces can start promoting their services to the gulf countries, while hospitals in the Southern province can promote to the Yemen (near to

them) so they can benefit from those pilgrims if they need their health services.

Technological trends of modern hospitals are all the same in Saudi private hospitals and so are factors influencing choice of appropriate technology due to the similarity in nature of diseases common in Saudi society. So are the characteristics of patients (Saudis and non-Saudis) in Saudi Arabia as general, the competitive environment as mentioned previously, traffic accidents which spread in the whole, the size and objectives of private hospitals in all regions and the similarity in medical equipment and other equipment needed for health sector in Saudi health market as general. Moreover, lack of maintenance and of Saudis trained in using new technology represent a problem in Saudi Arabia in general. In summary, it can be said that as hospitals in the other four provinces are similar to those in Western province in all important respect except one that they are further from Makkah and the Islamic seasonal events may not have the same influence, apart from this the findings of this research are applicable to all Saudi private hospitals.

Due to the differences between private and public sector in general (e.g. in objectives, way of financing, policies). Economic factors have usually more influence in the private sector, political factors have more influence in the public sector and this fact may apply in Saudi hospitals. So it is difficult to generalize the findings of the research in Saudi public hospitals, but the methodology of the research is applicable to similar studies in Saudi public sector in the future.

7.4 Research Implications and Policy Recommendations:

Private Saudi hospitals are experiencing a period of transformation. The correlation between most Saudi PEST factors and strategic marketing decisions in some of those hospitals show that managers in that minority of hospitals are sensitive to most of these factors. They are trying to perceive and translate them into their strategic marketing decisions, but still having difficulties in translating most of PEST analysis properly into marketing strategies. PEST analysis is not used for some reasons which show gaps in marketing practice in many hospitals. This underuse of PEST analysis occurs mainly because:

- 1) lack of policy knowledge (e.g. on WTO membership, Umra, and privatization policies)
- 2) lack of information about how the policy will produce effective demand (i.e. the new compulsory health insurance for Saudis and Islamic seasons events). That is, the incentive implications of the policy are not obvious
- 3) no incentives to put the PEST analysis into practice. For Saudization policy, perverse incentives exist. The trained Saudi clinical and technical staff are missing in the health system. In particular, Saudi hospitals suffer from a permanent lack of marketing specialists.

Accordingly, the marketing management model is not completely realistic as an empirical description of Saudi hospital marketing. So, the intellectual problem arises that we need a theory to describe the intermediate stages that marketing develops through in a country such as Saudi Arabia (i.e. no theory of the historical development of marketing in Saudi Arabia and similar systems). But the researcher does have evidence that the

normative part of the model is valid (although weak evidence). So, the policy problem is how to create the conditions making it possible to implement the model (provided we first accept the policy objective of promoting the private health sector).

Therefore, the researcher deems it proper to provide some policy recommendations for improving marketing process in those hospitals. The recommendations outlined in this section were based on two streams of thought: data collected and the researcher's experience in the Saudi environment. These recommendations should: 1) enrich and enlighten the decision makers in Saudi health sector in particular, and in Saudi health sector in general. 2) maximize marketing effectiveness in Saudi private hospitals. 3) minimize managerial problems facing Saudi private hospitals while dealing with external environment. So, the following points are recommended for consideration, some by health authorities in the Saudi health care system in general, and others by strategic marketing decisions in private hospitals in particular.

The Saudi health authorities must keep encouraging private sector to offer the health services needed in Saudi Arabia. In doing so, they should maximize the managerial efficiency in the Saudi health care system. Central planning and decentralized execution of health care management should be reconsidered all over the Kingdom. The role of coordinators between public and private health sector should be improved. Necessary health policy information (e.g. health insurance, WTO membership and its effects on health services demand, and all the basic changes in the regulations related to health sector) should be defined and explained to private hospitals to make policies clearer and more specific. Authorities should know how to realize public health services to meet known changes especially during the

period of privatization. Saudi government can reconsider relationship with foreign firms (including those, Saudi government established new relationships with after the boycott between them) to find cheaper inputs resources for private hospitals. Authorities should stimulate Saudi universities and health institutes to provide training programs in health technical jobs for Saudis to apply Saudization. It is important to find cheaper inputs (e.g. reconsider relationships with foreign firms, especially when the expected policy of WTO membership applies). According to managers there is no good health information system in Saudi Arabia. Although MOH is trying to build one it is still not accurate enough. The Saudi government should start to solve this problem by building good information systems that could provide strategic marketing decision marketers with needed information about environmental factors in future.

Population changes in Saudi society require long-term planning, only government and not private firms can do this.

Due to the importance of Saudization policy in Saudi Arabia, and the lack of resources which prevent implementation of this policy to exist. Moreover the perverse incentives that prevent decision makers from formulating or implementing this policy, government should start long term training policy to produce health worker including (physicians, technicians, nurses both male and female).

Services for rehabilitation for people with physical handicaps and people with learning difficulties are increasingly being demanded. The private sector can provide some of these services, but most require public or voluntary support. Because many Saudis complain about the quality of the services offer by some to those hospitals, managers can use the criteria suggested by (Parasuraman et.al., 1990) for health service quality. Place and

participants decisions should be as important in those hospitals as the other in the marketing mix.

Managers need to realize public health services needs to meet changes especially during the period of privatization, which is expected to occur recently in health sector. Also ensure 5 Ps are practiced in Kingdom of Saudi Arabia hospitals which is necessary for privatization programs.

Banking policy in regard to hospitals seems to need a review. Banks should be encouraged to provide hospital capitals, especially if hospitals become public companies.

Although Islamic seasonal events in Saudi Arabia represent a major opportunity to increase effective demand for those hospitals' services, managers do not yet translate this aspect into their strategies. Therefore, it is recommended to improve health services quantitatively during seasonal events according to each hospital resources. Islamic seasonal events also imply specific place strategy where hospitals can offer the needed health care in place beside or inside the pilgrims' terminal where those pilgrims are found. Hospitals also need to promote their services for pilgrims outside (e.g. through television satellite) or inside the Kingdom and need to contact the pilgrims' offices and offer their services.

Saudi private hospitals did experience environmental difficulties caused by the introduction of marketing with managers still expecting but not yet able to depend on formal, accurate information. Besides that, customers dislike an openly marketing approach. Accordingly hospitals need to practice marketing but without being too obvious about it. Moreover the attitude of many customers is that all private hospitals aim to gain high profit through high prices and selling unnecessary tests, whereas the customers want high medical quality services and effective diagnose which need more

tests and more qualified staff with high salaries. As this attitude increases with the increment of medical technology and the need for more such tests for diagnosing and treating diseases, training and development needs for hospital managers in health care marketing, technology selection, pricing and costing are needed. Long term planning is necessary in those hospitals, not only short term planning.

What price means, and where and how it can be used as a strategic tool, in those hospitals, remains unclear to their managers. Therefore, managers should determine pricing objectives and strategy. Internal or external experts can be consulted. Applying the scientific methods of pricing helps heighten the quality of management decision. Relationship marketing is important to building a good relationship with authorized persons in the Saudi health sector and media and members in Saudi Shura Council to lessen the negative attitude and increase complaints concerning private hospitals prices. Which methods are most suitable for this purpose, in the private health system will require further investigation. Hospitals use cost-plus prices. Inflation makes it difficult for hospitals to reduce prices about which Saudi clients' complain, so the Saudi government could set national prices (e.g. using Diagnostic Related Groups (DRG). Managers can benefit from Berry and Manjol's (1996) suggestions (see chapter 3) about how to reduce clients' complaints which still increase in the Saudi case. They also can benefit from a local marketers in the health field through communication with Saudi universities, as the theory suggested.

It was found that Saudi private hospitals suffered from lack of accurate information about most PEST factors. The analysis in Saudi private hospitals is tacit. To carry out effective marketing, hospitals need timely, adequate, and accurate information that can be consolidated to provide

maximum value. Four systems make up the hospital's marketing information system. The first, the internal records are the only ones found in Saudi private hospitals, and still – as the researcher noticed – not very accurate in most cases. The system consists of all the information the hospital gathers in the regular course of operations. It includes medical records and financial information, as well as information on other aspects of the hospital's operations. The second, the marketing intelligence system, describes the set of sources and procedures by which administrators obtain their every day information about developments in the market place. A hospital can improve the quality of its marketing intelligence by assigning the responsibility for gathering and disseminating marketing information to one individual. The third, the marketing research system consists of the systematic design, collection, analysis, and reporting of data and findings relevant to a specific situation facing the hospital. The fourth, the analytical marketing system, which is a collection of statistical procedures for analyzing the relationships within a set of data their statistical reliability that will help marketers, make better decision. Information needs of hospitals have to be investigated as a basis for future policy, and for marketing planning of PEST analysis at hospital level.

Due to the importance of Saudization it would be expected that this policy be among the most influential factors on those hospital's decisions for future. In fact problems of implementation exists and the effect of this policy presents difficulties for hospitals. This has implications for hospitals in future. It would be preferable for those hospitals to set programs for applying this policy. More training for Saudis on technical jobs in hospitals and contact with Saudi universities and medical institutes are needed, and with expected graduated medical students who are having their higher

education in Canada, USA, Britain or Germany. The results show that Saudi managers are more sensitive to local custom and other socio-cultural factors. So is a reason for Saudization of marketing manager posts. Pressure groups, who represent a channel through which individuals and groups can make their views known to government, don't play any role in Saudi case. So marketing relations between those groups and managers should start in Saudi private hospitals (especially if Saudi government decided to set pricing system in those hospitals).

Due to the differences in demand patterns for private and public Saudi health care, after applying compulsory health insurance policy and the other related expected new policies, hospitals and the health care sector generally in Saudi Arabia should start collecting basic administrative data about demand patterns for health care. Moreover the available information about the new policy of WTO membership and the new policies of foreign investments and tourism in Saudi Arabia, which one expects to increase not only quality but also external competition for Saudi private hospitals and may represent a threat to them, and implies that hospitals must plan to face this competition.

Conditions exist for non-price competition as demand is strong, there is inflation and changes in life style and customs. Firms often dislike price competition in this case. So in this set of circumstances for non-price competition, competition on the basis of quality differences occurs. Research into this aspect is important for hospitals' success.

Due to the generally – recognized volatility of public feeling towards private hospitals' pricing system, it would be preferable for those hospitals to set up a regulated pricing structure. Consumer surveys should be conducted, to gain more insight into consumer attitudes, perceptions of

hospitals and satisfaction. Private hospitals in general must have a comprehensive knowledge of customers' attitude and perception of the various services and needed medical tests they offer and their prices and the image, which customers have to them. These issues appear to be important for private hospitals because of the attitude of many customers that all private hospitals aims of gain high profit through their high prices and let patients go through unnecessary tests, which this negative attitude seemed to be one of the most difficulties faces those hospitals while dealing with the Saudi external environment.

Medical technological factors were the least influential factors on strategic marketing decisions, and besides are costly and risky and characterized by rapid change. This implies that Saudi private hospital should respond more carefully and flexibility to these environmental changes and prepare for them, although, as mentioned previously, quantifying the effect of such changes presents more difficulties for those hospitals. A useful strategy would be to list and summarize those changes are currently impacting on the marketer's role. Hospital analysts would need to break this down into the various aspects of the marketing mix to balance between cost and risk as well as prospect of return by adoption of new technology by the hospital. The development of global information networks such as the Internet allows managers in those hospitals to access vast international databases.

The study found that there are significant differences in perceiving PEST factors according to managers marketing experts. This significant difference is not found according to medical or non-medical hospital managers. So hospitals need to decide whether it is better to use a doctor or a marketer person or administrator for these jobs of making strategic

marketing decisions, and what training programs are needed. The results also show that there is no significant differences in perceiving PEST factors according to hospital size. So no need for policy intervention on hospital size.

It was found that Saudi private hospitals suffered from lack of proper internal and external communication systems. This has implications for hospitals' effective strategic marketing decisions. The hospital can use relational marketing which is important in Saudi environmental according to the importance of social life, to determine the effective communications channels between the hospital and:

- MOH and its directorates.
- Government agencies related to health sector (Ministries by political marketing.
- Chamber of Commerce and Industry.
- Insurance companies in Saudi Arabia and National Company for cooperative insurance, which is the biggest in the country.
- Banks in the Region.
- Universities and health institutes.
- King Abdul Aziz city for Science and Technology.
- The Saudi consulting house.
- Journalists (Media, local newspapers and magazines) pres-reporters.
- Members of Shura Council by (lobbying).
- Saudi Exports Directorate Center.
- Suppliers of equipments, needed for hospitals.
- Labor offices.
- Large companies and institutes in the region.
- Electricity and telephone companies.

- Pilgrims offices.
- Doctors and all other employees inside the hospital through medical celebrities especially seasonal.

Accordingly, the policy implication is that these bodies should be encouraged, on their side, to support and use these channels.

Some of those doctors and employees – according to their experience can participate in making those decisions, and advising on problems.

7.5 Future Research Suggestions:

The results also suggest various research tasks. The study found that a 2 Ps or a 3 Ps model appeal more than a 5 Ps model. It would be preferable to research the development of hospital marketing, in Kingdom of Saudi Arabia from a 2 Ps or a 3 Ps model to a 5 Ps practice. One further research task is further investigation of marketing practices in Saudi private hospitals. All levels of hospital employees should be involved in the study to gather more information on this issue. Consumers' viewpoints should be surveyed to gain more insight into consumer attitudes, perceptions of hospitals and satisfaction.

A study on present users of Saudi private hospitals should be conducted to determine if consumers need are being met or partly met, and to know the main factors affecting attitudes of consumers towards private Saudi hospitals. Moreover, there is no empirical research about social structure and beliefs in Saudi medical sociology. So Saudi medical sociologists should be encouraged to start such researches. Contact between Saudi private hospitals and Saudi universities or/and Saudi research centers or via Ministry would be necessary for opening discussions about this matter.

Due to the limitations of the present study, it was difficult to go deeply in marketing objectives and how they were formulated in those hospitals, and their segmented marketing strategy, which needed more questions to investigate. There is also need for a study on the development of marketing and segmented marketing strategy in Saudi private hospitals.

An in-depth study is required to estimate effective demand for health service as general and for private hospitals as particular. So is a study on the influence of WTO membership on health care quality, demand pattern and competition in Saudi Arabia.

A study of the broader implications in relation to the needed health information system for effective strategic marketing decisions in Saudi private health sector should describe the hospitals' systems for gathering, analyzing, storing and disseminating relevant marketing information.

Further data on profit and market share in Saudi private hospitals is still needed to test the eighth hypothesis fully, but is not yet available in Saudi health sector. A study is still required to test more fully how far Saudi private hospital achieve success and effectiveness as a result of applying marketing theory; i.e. how far these hospitals then gain market share; make profits and provide services of a good quality that are relevant to consumers' demand.

To further evaluate private hospitals' internal and external communication system, a study should be conducted (relational marketing can be used) to determine the effective communication channels between the hospital and Saudi Organizations needed for hospitals' inputs (mentioned previously).

To further evaluate the effects of the new Saudi health insurance policy on prices and all other marketing strategies, a study should be

conducted, as this represents the major opportunity for private hospitals. Similarly, a study should be conducted further evaluate of the effects of privatization in Saudi health sector on private hospitals. Although the strategic marketing oriented approach emphasized the importance of marketing to all kinds of health organizations (private and public) to achieve their effectiveness and quality, this research covers private hospitals only. More research would be needed to find whether these results also occur to public sector due to the differences between them, e.g. the financing system, the objectives of the marketing decisions makers. For private hospitals, the economic aspect of PEST contains the demand factor, which represents the biggest environment influences on those decisions. For public hospitals, national policies might be the key factor instead. Regarding technology applied to hospitals, other political factors may influence these decisions more than costs. There is also need for a study on the influence of micro environmental factors on those decisions and measuring of the properties of Saudi environmental dimensions that may affect hospital performance. Lastly there is scope for a study on technology acquisition strategies and processes in private Saudi hospitals, and a study of their 'Make versus Buy' decisions.

The present study also has one methodological lesson. It is valuable to combine questionnaire with interview. In this research questionnaire data alone would have given an incomplete picture. Only the interview gives depth of analysis.

In summary, it appears that a marketing management model only partly applies in practice in Saudi private hospitals. Where marketing is at an early stage of development, a 2Ps or a 3Ps model is more realistic than a

5Ps model. These seem to be external and internal barriers to the marketing strategy management process in a private hospital.

Managers in Saudi private hospitals can adjust their future marketing strategies by stimulating techniques which take into account the external environment pattern and benefit from marketing theory suggestions. Authorities in the Saudi health sector seem to have a big role in this matter.

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INFLUENCE OF EXTERNAL ENVIRONMENTAL
FACTORS ON
STRATEGIC MARKETING DECISIONS IN
SAUDI PRIVATE HOSPITALS

A Thesis submitted to The University of Manchester
for the Degree of Doctor of Philosophy in
the Health Services Management Unit,
Faculty of Social Sciences and Law

2001

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Business Department

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Appendix 1

Definition of Term

PEST analysis concerns two groups of factors which marketing theory found are relevant to marketing programming decisions.

- Factors controlled by the hospital (The marketing decisions).
- Factors not controlled by the hospital include political, economic, socio-cultural and technical environments which may impact on the business in the form of threats and opportunities (Oldroyd, 1997) (See Section 3.3).

Public Sector: Is an institution which gets its budget from the national treasury (the Ministry of Finance and the National Economy in the Saudi economy).

Private Sector: Is an institution which gets its budget from its revenue (See Section 1.1.1).

Saudization: Is the process of phasing-in the qualified Saudi nationals into the positions of their specialties which are occupied temporarily by an expatriate through a contractual agreement (Al-amri, 1995) (See Section 4.3 number 3).

Arabic Words

Fard : The word means “a must” but it has a special meaning for muslims which is things they must perform to fulfill Islamic rituals.

Hajj Seasons: The time of the year when muslims perform their pilgrim to Makkah (once a year in a specific time in specific places).

Islamic Shari’a: The laws of Islam which includes both the way of life as well as certain rituals.

Rabi Al-Awal, Rajab, Shaban and Ramadan: Four months in the Georgian year muslims usually prefer to perform the ritual of Umra in.

SAMA: The abbreviation of Saudi Arabian Monetary Fund “the Monetary Establishment in Saudi Arabia”.

Shura (Consultative Council): The Islamic Parliament which give Shura, consultation to the decision makers.

Ulma AlSharia’: The muslim religious Scholars.

Umra/Al-Umra: Visiting Makkah to perform certain Islamic rituals involving prayers and special clothing.

Umra Seasons: The seasons when muslims prefer to perform the ritual of Umra.

Zakat: is an Islamic tax. All muslims must pay this religious tax amounting to 2.5% per annum on all their non usable assets, liquid or fixed. Also all commercial trade (including private health services) is subject to this tax (Atiqullah, 1982). It is usually paid to the Zakat and Income Agency in Saudi Arabia.

Appendix 2

The Questionnaire in English

**King Abdul Aziz University,
Faculty of Economic & Business Administration
Post-Graduate Studies & Academic Research
The Joint Supervision Program**

**Influence of External Environmental
Factors on Strategic Marketing Decisions in
Saudi Private Hospitals**

(A Filed Study in the Western Region)

**A Questionnaire Addressed to
Top Executives and Marketing Consultants
In Saudi Private Hospitals**

Initiated by

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September 1999

Cover Letter

King Abdul Aziz University,
Faculty of Economic & Business Administration
Post-Graduate Studies & Academic Research

Dear Sir,

The attached questionnaire is a part of an academic study aiming at assessment of Saudi private hospitals. It is a partial requirement for the fulfillment of my Ph.D. degree in Business administration, majoring in hospital management.

It is designed in away that helps identifying your viewpoint regarding strategic marketing decisions in Saudi private hospitals and the influence of External Environment factors.

[Political/Legal, Economic, Socio-Cultural and Technological] on those Decisions.

As your answers will be confidentially handled, you are not expected to give your name.

As you are expected to answer all the questions in this questionnaire, your kind cooperation is highly appreciated.

Sincerely yours,

Waffa A. Al-Yafi

Firstly: General Information

Please tick ☒ the appropriate box in the following:

1.1 Hospital Size

- ☐ Large (more than 500 beds).
- ☐ Medium (200-500 beds).
- ☐ Small (Less than 200 beds).

1.2 Hospital Specialization Level

- ☐ One specialty
- ☐ General specialty

1.3 Hospital Location

- ☐ Makkah
- ☐ Jeddah
- ☐ Al-Taif

1.4 Your Position

- ☐ General Manager
- ☐ Medical Manager
- ☐ Administration Manager
- ☐ Marketing Manager
- ☐ Out-clinic Manager
- ☐ General Relationship Manager
- ☐ others please indicate...

1.5 Your Group [Academic Expert]

- ☐ Medical
- ☐ Administrative
- ☐ others please indicate...

1.6 Your Nationality

- ☐ Saudi
- ☐ Non Saudi

Secondly: Strategic Marketing Decisions:

2.1 Here is list of marketing activities usually taken in hospitals, please indicate which your hospital taking according to its importance,

Notice: Giving (5) means that the activity is very important in the hospital, (4) important... (1) Not important.

Degree of its importance in the hospital The Marketing Activity		Very Important	Important	Medium	Low	Not Important
		5	4	3	2	1
1	Market planning.					
2	Change of health services (medical).					
3	Change in non-medical services.					
4	Pricing policies according to demand.					
5	Pricing policies according to competition.					
6	Advertisement about medical services.					
7	Advertisement about non-medical services.					
8	Publicity for the hospital.					
9	Public relations.					
10	Market research.					
11	External communication of the hospital.					
12	Internal communication of the hospital.					
13	Distribution of medical services in the city.					
14	Training programs for medical staff.					
15	Motivation programs for medical staff.					
16	Training programs for non-medical staff.					
17	Motivation programs for non-medical staff.					
18	Others please indicate and determine its importance.....					

2.2 Here is a list of marketing objectives usually found in hospitals please indicate the importance of each one in your hospital.

Notice: Giving (5) means that the objective is very important, (4) important... (1) Not important and it is not found in the hospital as an objective.

Degree of its importance in the hospital		Very Important	Important	Medium	Low	Not Important
		5	4	3	2	1
The Marketing Objectives						
1	Offering new health services (medical).					
2	Offering new non-medical services.					
3	Offering advanced medical technology.					
4	Achieving cost-reduction in the hospital.					
5	Gaining profit.					
6	Helping Medical staff attaining their objectives.					
7	Planning the use of the available resources for the coming five years.					
8	Achieving stability to manpower working in the hospital for the coming five years.					
9	Satisfying demand (needs) of patients.					
10	Satisfying demand (needs) of other beneficiaries (not-patients).					
11	Forecasting effective demand.					
12	Responding to government policy and decisions.					
13	Increasing the Saudi attitude towards health.					
14	Making the hospital unique in its services.					
15	Others please indicate and determine its importance.....					

2.3 There may be some participants in making marketing decisions. Here is a list of those participants, you are kindly asked to tick the appropriate box that expresses the case in your hospital.

Notice: (5) means the participation is very big.... while (1) means they do not participate in the decisions.

Degree of participation in the hospital		Very big	Big	Medium	Low	None
		5	4	3	2	1
Departments/persons Participate in strategic Marketing decisions						
1	Physician joint committees in the hospital.					
2	Physician and administrative joint committees in the hospital.					
3	External consultant.					
4	Internal consultant (Marketer).					
5	Internal board of trustee.					
6	External board of trustee.					
7	Others please indicate and determine its degree of participation.....					

2.4 The following are some sources of information about External Environment of the hospital, please indicate the importance of each source your hospital using (√)

Notice: (5) means that this source is very important in the hospital, (4) important. ...(1) Means that it is not important or not used in the hospital.

Degree of its importance in the hospital		Very important	Important	Medium	Low	Not important
		5	4	3	2	1
Environmental Data Sources						
1	The data gathered by the hospital's own activities through: 1.1 The hospital's own staff and managers. 1.2 The hospital's routine information system. 1.3 The hospital's own market research.					
2	The Ministry of health's reports and statistics.					
3	The Moderates of MOH's reports and statistics.					
4	Managers in other hospitals.					
5	Government reports hospitals.					
6	Trade medical Journals.					
7	On line computer data services.					
8	Patients and other beneficiaries in the hospital.					
9	Others please indicate and determine its degree of importance.....					

Thirdly: The influence of the External Environmental factors on Marketing Mix decisions of the hospital

3.1 From your point of view, how much significant the influence of each of Saudi External Environmental factors on the strategic Marketing decisions in your hospital you are kindly asked to tick (✓) the appropriate box that express your view point in the following:

Notice: (5) means that this factor has very strong influence on the strategic marketing decisions, ... (1) means that this factor has no influence and not important.

Degree of influence		Very strong	Strong	Medium	Low	Not influence
		5	4	3	2	1
External Environmental Factors						
3.1.1 Political-legal environmental factors						
1	Saudi health regulations and legislation.					
2	The policy of saudization.					
3	The policy of health insurance for non-Saudis.					
4	The policy of health insurance for Saudis.					
5	Governmental decisions related to health sector.					
6	Privatization policy in Saudi Arabia.					
7	Political boycott between Saudi government and certain countries.					
8	Level of stability of the Saudi policies.					
9	Level of centralization practiced by Saudi political leadership.					
10	Effect of laws regulating commercial activities, which are stemming from Islam.					
11	Conducts of authorized employees in MOH.					
12	Conducts of authorized employees in other government agencies.					
13	Others please indicate and determine its degree of influence.....					

Degree of influence		Very strong	Strong	Medium	Low	Not influence
		5	4	3	2	1
External Environmental Factors						
3.1.2 Economic environmental factors						
1	Saudi monetary polices.					
2	Saudi financial polices.					
3	Cycles of economic recession and prosperity.					
4	Degree of stability in levels of Saudi economical growth.					
5	Level of world inflation.					
6	Level of Saudi inflation.					
7	Income average in Saudi Arabia.					
8	Role of banking system in serving hospitals.					
9	Size of Saudi health market.					
10	Size of local competition (Number of local competitors).					
11	Magnitude of local competition.					
12	Competitors marketing strategies.					
13	Unexpected additional marketing efforts done by local competitors.					
14	Price competition.					
15	Quality competition.					
16	The competitors' old experience in Saudi health market.					
17	External competition.					
18	Competitors' picture according to beneficiaries in Saudi health market.					
19	Others please indicate and determine its degree of influence.....					

Degree of influence		Very strong	Strong	Medium	Low	Not influence
		5	4	3	2	1
External Environmental Factors						
3.1.3 Socio-Cultural Environmental Factors						
1	Population growth rate.					
2	Regional population distribution (urban/non urban).					
3	Population age profile.					
4	Population structure according to occupation profile.					
5	Population level of education.					
6	Health problems and diseases in Saudi Society.					
7	Presence of expatriate workforce.					
8	Life style of Saudi citizen.					
9	Trends, values and beliefs prevailing in Saudi society.					
10	<u>Wastah</u> known in Saudi society.					
11	Effect of social roles within the Saudi families.					
12	Behavioral & ethical rules stemming from Islamic religion.					
13	Islamic seasonal events in Saudi Arabia.					
14	Others please indicate and determine the degree of influence.....					

Degree of influence External Environmental Factors		Very strong	Strong	Medium	Low	Not influence
		5	4	3	2	1
3.1.4 Technological Environmental Factors						
1	The latest methods of diagnosing diseases.					
2	The latest methods of treating diseases.					
3	The quality of advanced medical equipments available in Saudi market.					
4	The quality of advanced medical equipments, not yet available in Saudi market.					
5	The quality of advanced non-medical equipments usually used in hospitals and available in Saudi market.					
6	The quality of advanced non-medical equipments not yet available in Saudi market.					
7	New models of care.					
8	Availability of maintenance of medical equipments.					
9	Availability of maintenance of non-medical equipments.					
10	Effect of the Telemedicine services with other Saudi hospitals.					
11	Effect of the world cares Telemedicine services.					
12	Others please indicate and determine its degree of influence.....					

3.2 From your point of view, which of the following strategic marketing decisions (if found in your hospital) are influenced by the previous external environmental factors mentioned in the previous question 3.1.

- Product decisions [offering new service (medical or non-medical and develop or omit an old one]
- Pricing decisions [including discounts and changing prices]
- Promotion decisions
- Place decisions [place and time of offering hospital services, distribution decisions]
- Participants' decisions [Training and motivating programs of the staff].

You are kindly asked to tick (✓) the appropriate boxes that express the case in your hospital.

Notice: it could be all the boxes in each factor if it influences each of those strategic marketing decisions.

Or some of these boxes according to its influences.

Or none if it has no influence on any of these marketing decisions.

The strategic marketing Decisions		Product	Pricing	Promotion	Place	Participant
External Environmental Factors						
3.2.1 Political-legal environmental factors						
1	Saudi health regulations and legislation.					
2	The policy of saudization.					
3	The policy of health insurance for non-Saudis.					
4	The policy of health insurance for Saudis.					
5	Governmental decisions related to health sector.					
6	Privatization policy in Saudi Arabia.					
7	Political boycott between Saudi government and certain countries.					
8	Level of stability of the Saudi policies.					
9	Level of centralization practiced by Saudi political leadership.					
10	Effect of laws regulating commercial activities, which are stemming from Islam.					
11	Conducts of authorized employees in MOH.					
12	Conducts of authorized employees in other government agencies.					
13	Others please indicate and determine which decisions it influence.....					

The strategic marketing decisions		Product	Pricing	Promotion	Place	Participant
External Environmental Factors						
3.2.2 Economic environmental factors						
1	Saudi monetary polices.					
2	Saudi financial polices.					
3	Cycles of economic recession and prosperity.					
4	Degree of stability in levels of Saudi economical growth.					
5	Level of world inflation.					
6	Level of Saudi inflation.					
7	Income average in Saudi Arabia.					
8	Role of banking system in serving hospitals.					
9	Size of Saudi health market.					
10	Size of local competition (Number of local competitors).					
11	Magnitude of local competition.					
12	Competitors marketing strategies.					
13	Unexpected additional marketing efforts done by local competitors.					
14	Price competition.					
15	Quality competition.					
16	The competitors' old experience in Saudi health market.					
17	External competition.					
18	Competitors' picture according to beneficiaries in Saudi health market.					
19	Others please indicate and determine which decisions it influence.....					

The strategic marketing decisions		Product	Pricing	Promotion	Place	Participation
External Environmental Factors						
3.2.3 Socio-Cultural Environmental Factors						
1	Population growth rate.					
2	Regional population distribution (urban/non urban).					
3	Population age profile.					
4	Population structure according to occupation profile.					
5	Population level of education.					
6	Health problems and diseases in Saudi Society.					
7	Presence of expatriate workforce.					
8	Life style of Saudi citizen.					
9	Trends, values and beliefs prevailing in Saudi society.					
10	<u>Wastah</u> known in Saudi society.					
11	Effect of social roles within the Saudi families.					
12	Behavioral & ethical rules stemming from Islamic religion.					
13	Islamic seasonal events in Saudi Arabia.					
14	Others please indicate and determine which decisions it influence.....					

The strategic marketing decisions		Product	Pricing	Promotion	Place	Participation
External Environmental Factors						
3.2.4 Technological Environmental Factors						
1	The latest methods of diagnosing diseases.					
2	The latest methods of treating diseases.					
3	The quality of advanced medical equipments available in Saudi market.					
4	The quality of advanced medical equipments, not yet available in Saudi market.					
5	The quality of advanced non-medical equipments usually used in hospitals and available in Saudi market.					
6	The quality of advanced non-medical equipments not yet available in Saudi market.					
7	New models of care.					
8	Availability of maintenance of medical equipments.					
9	Availability of maintenance of non-medical equipments.					
10	Effect of the Telemedicine services with other Saudi hospitals.					
11	Effects of the world care Telemedicine services.					
12	Others please indicate and determine which decisions it influence.....					

- 4 If you have any other relevant information about your hospital marketing, you are kindly asked to mention it for its importance to the research.

Thank you for your co-operation.

Appendix 3

The Questionnaire in Arabic

جامعة الملك عبدالعزيز

كلية الاقتصاد والإدارة

الدراسات العليا

قسم إدارة الأعمال

أثر متغيرات البيئة الخارجية على القرارات
التسويقية في المستشفيات السعودية الخاصة
دراسة تطبيقية في المنطقة الغربية

صحيفة إستقصاء

إعداد

وفاء عبد البديع اليافي

محاضرة بقسم إدارة الأعمال

إشراف

د/ وليام رود شيف

زميل إدارة المستشفيات والخدمات الطبية

جامعة مانشستر

بريطانيا

د/ خالد ميمني

أستاذ إدارة الأعمال

جامعة الملك عبدالعزيز

المملكة العربية السعودية

جمادى الثاني ١٤٢٠هـ

سبتمبر ١٩٩٩م

بسم الله الرحمن الرحيم

جامعة الملك عبدالعزيز
كلية الإقتصاد والإدارة
الدراسات العليا

حفظه الله

سعادة/

السلام عليكم ورحمة الله وبركاته

حيث أُننى أقوم بإعداد دراسة للحصول على درجة الدكتوراه فى إدارة الأعمال
بعنوان :-

أثر متغيرات البيئة الخارجيه على القرارات التسويقية
فى المستشفيات الخاصة - دراسة تطبيقية فى المنطقة الغربية

وتقتضى ضروريات البحث أن تلم الباحثه بالقرارات التسويقية فى المستشفيات
السعوديه الخاصه وتأثير المتغيرات السياسية والتشريعية ، الإقتصادية ، الإجتماعية والثقافية
والتكنولوجية عليهم وذلك من وجهة نظر متخذى تلك القرارات .
وصحيفة الإستقصاء المرفقه تهدف الى جمع البيانات المتصله بهذه الدراسه الأكاديميه .

أكون شاكرة نفضلكم الإجابته عن الأسئلة التى يشملها الإستقصاء المرفق ، موضحة
لكم أن نتائج هذه الدراسه سوف تستخدم فقط لأغراض البحث العلمى .

ان إهتمامكم وتعاونكم سيكون موضع العرفان والتقدير ، وسوف أتطلع الى ردكم
الكريم فى أقرب وقت ممكن .

ولكم شكرى مقدماً وعظيم إمتنانى ،،،،

الباحثه

وفاء عبدالبدیع الباقى

أولاً :- بيانات عامه :-

برجاء التكرم باستيفاء البيانات التاليه لأهميتها فى تحليل بيانات هذا الإستقصاء بوضع علامة [√] فى الخانه التى تعبر عن الإجابة الخاصه بكم .

١- حجم المستشفى :

- ☐ كبير (أكثر من ٥٠٠ سرير)
☐ متوسط (٢٠٠ - ٥٠٠ سرير)
☐ صغير (أقل من ٢٠٠ سرير)

٢- درجة التخصص للمستشفى :

- ☐ تخصص طبى واحد
☐ مستشفى عام (عدة تخصصات طبيه)

٣- المدينه التى تقع بها المستشفى :

- ☐ مكة المكرمة
☐ جده
☐ الطائف

٤- الوظيفة التى تشغلها :

- ☐ مدير عام المستشفى
☐ المدير الطبى
☐ مدير العيادات الخارجيه
☐ مدير تسويق
☐ مدير العلاقات العامه
☐ مدير الإداري
☐ مسمى آخر فضلاً أذكره

٥- المجموعه الوظيفية التى تنتمى اليها :

- ☐ الأطباء
☐ الإداريه
☐ أخرى فضلاً أذكرها

٦- الجنسيه :

- ☐ سعودي
☐ غير سعودي

ثانياً :- القرارات التسويقية :-

٢-١- فيما يلي مجموعة من الأنشطة التسويقية الخاصة بالمستشفيات بصفه عامه ، ومن واقع خبرتك فى هذه المستشفى فضلاً وضع مدى أهمية تواجد هذه الأنشطة فيها .

يرجى وضع دائره حول الرقم الذى يعكس وجهة نظرك ، مع ملاحظة أن وضع دائره حول الرقم (٥) يعنى أن هذا النشاط مهم جداً فى المستشفى ، كما أن وضع دائره حول الرقم (١) يعنى انه غير مهم .

م	الأنشطة التسويقية	أهمية درجة تولدها فى المستشفى				
		مهم جداً	مهم	متوسط الأهمية	قليل الأهمية	غير مهم
١	٢	٣	٤	٥	٦	٧
١	التخطيط التسويقي	٥	٤	٣	٢	١
٢	التغير فى الخدمات الطبيه المقدمه	٥	٤	٣	٢	١
٣	التغير فى الخدمات غير الطبيه فى المستشفى (مثل الخدمات الإداريه)	٥	٤	٣	٢	١
٤	سياسات التسعير وفقاً للطلاب	٥	٤	٣	٢	١
٥	سياسات التسعير وفقاً لظروف المنافسه	٥	٤	٣	٢	١
٦	الإعلان عن الخدمات الطبيه فى المستشفى	٥	٤	٣	٢	١
٧	الإعلان عن الخدمات الأخرى غير الطبيه فى المستشفى	٥	٤	٣	٢	١
٨	الدعايه للمستشفى	٥	٤	٣	٢	١
٩	العلاقات العامه	٥	٤	٣	٢	١
١٠	بحوث التسويق	٥	٤	٣	٢	١
١١	الإتصالات الخارجيه بالمستشفى	٥	٤	٣	٢	١
١٢	الإتصالات الداخليه بالمستشفى	٥	٤	٣	٢	١
١٣	توزيع الخدمه الصحيه فى المدينه	٥	٤	٣	٢	١
١٤	برامج تدريب القوى العامله الطبيه فى المستشفى	٥	٤	٣	٢	١
١٥	برامج تحفيز القوى العامله الطبيه فى المستشفى	٥	٤	٣	٢	١

م	أهمية درجة تولجدها في المستشفى الأنشطة التسويقية	مهم جدا	مهم	متوسط الأهمية	قليل الأهمية	غير مهم
		٥	٤	٣	٢	١
١٦	برامج تدريب القوى العاملة الأخرى غير الطبية في المستشفى	٥	٤	٣	٢	١
١٧	برامج تحفيز القوى العاملة الأخرى غير الطبية العاملة في المستشفى	٥	٤	٣	٢	١
١٨	أخرى فضلا أذكرها	٥	٤	٣	٢	١
		٥	٤	٣	٢	١
		٥	٤	٣	٢	١

٢-٢ فيما يلي مجموعة من الأهداف للقرارات التسويقية في المستشفيات بصفه عامه ، ومن واقع خبرتك في المستشفى فضلا وضح أهمية كل هدف من هذه الأهداف في مستشفاكم بوضع دائره حول الرقم الذي تتفق معه ، مع ملاحظة أن وضع دائرة حول الرقم (٥) يعنى ان الهدف مهم جدا ، كما أن وضع دائره حول الرقم (١) يعنى أن هذا الهدف غير مهم فى المستشفى .

م	أهداف لقرارات التسويقية درجة أهمية الهدف في المستشفى	مهم جدا	مهم	متوسط الأهمية	قليل الأهمية	غير مهم
		٥	٤	٣	٢	١
١	تقديم خدمات طبيه جديده فى المستشفى (كخدمه الكشف قبل الزواج)	٥	٤	٣	٢	١
٢	تقديم خدمات غير طبيه فى المستشفى	٥	٤	٣	٢	١
٣	تقديم تكنولوجيا طبيه متقدمه	٥	٤	٣	٢	١
٤	تحقيق ادنى حد من مصاريف المستشفى	٥	٤	٣	٢	١
٥	تحقيق الأرباح	٥	٤	٣	٢	١
٦	مساعدة الهيئة الطبيه لتحقيق أهدافها	٥	٤	٣	٢	١
٧	التخطيط لإستخدام الموارد المتاحة للمستشفى للسنوات المقبله	٥	٤	٣	٢	١

م	درجة أهمية الهدف في المستشفى				
	مهم جداً	مهم	متوسط الأهمية	قليل الأهمية	غير مهم
٨	٥	٤	٣	٢	١
٩	٥	٤	٣	٢	١
١٠	٥	٤	٣	٢	١
١١	٥	٤	٣	٢	١
١٢	٥	٤	٣	٢	١
١٣	٥	٤	٣	٢	١
١٤	٥	٤	٣	٢	١
١٥	٥	٤	٣	٢	١
	٥	٤	٣	٢	١
	٥	٤	٣	٢	١

٢-٣ قد يشارك بعض الأقسام أو الأفراد من داخل المستشفى أو من خارجها في وضع القرارات التسويقية الخاصة بها ، ومن واقع خبرتك في المستشفى ، فضلاً عن مدى مشاركة هؤلاء بوضع دائره حول الرقم الذي يعكس وجهة نظرك ، مع ملاحظة ان وضع دائرة حول الرقم (٥) يعنى ان هذا القسم او العنصر مشارك بصورة كبيرة جداً كما أن وضع دائره حول الرقم (١) يعنى انه غير مشارك .

م	درجة هذه المشاركة في المستشفى				
	كبيرة جداً	كبيرة	متوسطه	قليله	غير مشارك
١	٥	٤	٣	٢	١
٢	٥	٤	٣	٢	١
٣	٥	٤	٣	٢	١
٤	٥	٤	٣	٢	١

م	الأقسام / الأفراد المشاركون في وضع القرارات التسويقية	درجة هذه المشاركة في المستشفى				
		كبيرة جداً	كبيرة	متوسطة	قليلة	غير مشارك
٥	مجلس لإدارة المستشفى من أعضاء من داخل المستشفى فقط	٥	٤	٣	٢	١
٦	مجلس لإدارة المستشفى ويتكون من أعضاء من داخل المستشفى ومن خارجها يمثلون المجتمع المحلي	٥	٤	٣	٢	١
٧	أخرى فضلاً أذكرها	٥	٤	٣	٢	١
		٥	٤	٣	٢	١
		٥	٤	٣	٢	١

٢-٤: تتعدد مصادر الحصول على المعلومات عن البيئة الخارجية السياسية والإقتصادية والإجتماعية والتكنولوجية وفيما يلي بعض المصادر بصفه عامه ، ومن واقع خبرتك في هذه المستشفى ، فضلاً وضع مدى أهمية كل مصدر من هذه المصادر فيها ، بوضع دائره حول الرقم الذي يعكس وجهة نظرك ، مع ملاحظة ان وضع دائره حول الرقم (٥) يعنى ان هذا المصدر مهم جداً في المستشفى ، كما أن وضع دائره حول الرقم (١) يعنى انه غير مهم .

م	مصادر الحصول على المعلومات عن البيئة الخارجية	درجة أهمية المصدر للمستشفى				
		مهم جداً	مهم	متوسط الأهمية	قليل الأهمية	غير مهم
١	المعلومات الواردة بواسطة الأنشطة الخاصة بالمستشفى ١- عن طريق العاملين والمدراء بالمستشفى نفسها . ٢- عن طريق نظام المعلومات الخاص بالمستشفى ٣- عن طريق أبحاث التسويق بالمستشفى	٥	٤	٣	٢	١
٢	المعلومات الواردة من وزارة الصحة	٥	٤	٣	٢	١
٣	المعلومات الواردة من مديرية المنطقة الصحية	٥	٤	٣	٢	١
٤	المدراء في المستشفيات السعودية الأخرى	٥	٤	٣	٢	١

م	درجة أهمية المصدر المستثنى				
	مهم جداً	مهم	متوسط الأهمية	قليل الأهمية	غير مهم
٥	٥	٤	٣	٢	١
٦	٥	٤	٣	٢	١
٧	٥	٤	٣	٢	١
٨	٥	٤	٣	٢	١
٩	٥	٤	٣	٢	١
	٥	٤	٣	٢	١
	٥	٤	٣	٢	١

ثانياً :- أثر المتغيرات البيئية الخارجية على القرارات التسهيقية للمستشفى :-

٣-١ من وجهة نظرك مامدى تأثير كل متغير من المتغيرات البيئية السعودية على القرارات التسهيقية بصوره عامه بمستشفاكم ، يرجى وضع دائرة حول الرقم الذى يعكس وجهة نظرك مع ملاحظة أن وضع دائرة حول الرقم (٥) يعنى ان المتغير مؤثر قوى جداً كما أن وضع دائرة حول الرقم (١) يعنى أن هذا المتغير غير مؤثر .

م	درجة التأثير على قرارات التسهيق				
	تأثير قوى جداً	تأثير قوى	تأثير متوسط	تأثير ضعيف	غير مؤثر
١-١-٣	٥	٤	٣	٢	١
١	٥	٤	٣	٢	١
٢	٥	٤	٣	٢	١
٣	٥	٤	٣	٢	١
٤	٥	٤	٣	٢	١

م	المتغيرات البيئية					درجة التأثير على التراكات للتسوية
	تأثير قوي جداً	تأثير قوي	تأثير متوسط	تأثير ضعيف	غير مؤثر	
	١	٢	٣	٤	٥	
٥	١	٢	٣	٤	٥	القرارات الحكومية ذات العلاقة بالقطاع الصحي (كقرارات وزارة التجارة)
٦	١	٢	٣	٤	٥	سياسة التخصيص في المملكة العربية السعودية (الخصخصة)
٧	١	٢	٣	٤	٥	المقاطعات السياسية بين حكومة المملكة العربية السعودية وبعض الدول
٨	١	٢	٣	٤	٥	درجة استقرار السياسات المتبعة في الدولة
٩	١	٢	٣	٤	٥	درجة المركزية / اللامركزية في ممارسة السلطة السياسية في المملكة العربية السعودية
١٠	١	٢	٣	٤	٥	تأثير التشريعات المنظمه للأعمال التجارية النابعة من الدين الإسلامي (ضوابط الشريعة الإسلامية)
١١	١	٢	٣	٤	٥	الرقابة الحكومية من قبل وزارة الصحة والمديريات التابعة لها
١٢	١	٢	٣	٤	٥	الرقابة الحكومية العامة غير وزارة الصحة مثل (ديوان الرقابة العامة)
١٣	١	٢	٣	٤	٥	أخرى فضلاً أذكرها وحدد درجة تأثيرها
	١	٢	٣	٤	٥	
	١	٢	٣	٤	٥	
٢-٣	المتغيرات الاقتصادية					
١	١	٢	٣	٤	٥	السياسات النقدية في المملكة (الضرائب - الزكاة - الجمارك)
٢	١	٢	٣	٤	٥	السياسات المالية في المملكة (مثل الإنفاق الحكومي)
٣	١	٢	٣	٤	٥	حالة (الكساد - الازدهار) التي تمر بها المملكة العربية السعودية
٤	١	٢	٣	٤	٥	درجة الاستقرار في معدلات النمو في الاقتصاد السعودي

م	درجة التأثير على قرارات التسويق				
	تأثير قوي جداً	تأثير قوي	تأثير متوسط	تأثير ضعيف	غير مؤثر
١	٥	٤	٣	٢	١
٥	٥	٤	٣	٢	١
٦	٥	٤	٣	٢	١
٧	٥	٤	٣	٢	١
٨	٥	٤	٣	٢	١
٩	٥	٤	٣	٢	١
١٠	٥	٤	٣	٢	١
١١	٥	٤	٣	٢	١
١٢	٥	٤	٣	٢	١
١٣	٥	٤	٣	٢	١
١٤	٥	٤	٣	٢	١
١٥	٥	٤	٣	٢	١
١٦	٥	٤	٣	٢	١
١٧	٥	٤	٣	٢	١
١٨	٥	٤	٣	٢	١
١٩	٥	٤	٣	٢	١
	٥	٤	٣	٢	١
	٥	٤	٣	٢	١
٣-١-٣	المتغيرات الاجتماعية والثقافية				
١	٥	٤	٣	٢	١

م	درجة التأثير على القرارات التسوية					تأثير قوي جداً	تأثير قوي	تأثير متوسط	تأثير ضعيف	غير مؤثر
	المتغيرات البيئية									
١	١	٢	٣	٤	٥					
٢	١	٢	٣	٤	٥	توزيع العدد الكلي للسكان على مناطق المملكة المختلفة (حضر - بادية)				
٣	١	١	٣	٤	٥	الهيكل انعمري للسكان فى المملكة العربية السعودية				
٤	١	٢	٣	٤	٥	التركيب المهني للسكان فى المملكة العربية السعودية				
٥	١	٢	٣	٤	٥	درجة الأمية بين سكان المملكة العربية السعودية				
٦	١	٢	٣	٤	٥	متوسط حجم الأسرة السعودية				
٧	١	٢	٣	٤	٥	وجود جنسيات مختلفة داخل المجتمع السعودي (العمالة الوافده)				
٨	١	٢	٣	٤	٥	الشخصية المميزة للمواطن السعودي وصفاته (مثلاً الميل للشعور بالراحه والتفاخر)				
٩	١	٢	٣	٤	٥	الإتجاهات والقيم والمعتقدات السائدة فى المجتمع السعودي (مثل الطب الشعبي - والرغبة فى وجود طبيبات نساء فى بعض التخصصات ووجود ممرضين رجال لبعض الأقسام)				
١٠	١	٢	٣	٤	٥	مبدأ الواسطه المعروف فى المجتمع				
١١	١	٢	٣	٤	٥	تأثير الأدوار الإجتماعية داخل الأسر السعودية (من هو المؤثر فى قرار إختيار المستشفى او الطبيب)				
١٢	١	٢	٣	٤	٥	القواعد السلوكية النابعة من الدين الإسلامى				
١٣	١	٢	٣	٤	٥	المناسبات الإسلاميه فى المملكة العربية السعودية				
١٤	١	٢	٣	٤	٥	أخرى فضلاً أنكرها				
١٥	١	٢	٣	٤	٥					
١٦	١	٢	٣	٤	٥					
١٧	١	٢	٣	٤	٥					
١٨	١	٢	٣	٤	٥					
١٩	١	٢	٣	٤	٥					
٢٠	١	٢	٣	٤	٥					
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٢٣	١	٢	٣	٤	٥					
٢٤	١	٢	٣	٤	٥					
٢٥	١	٢	٣	٤	٥					
٢٦	١	٢	٣	٤	٥					
٢٧	١	٢	٣	٤	٥					
٢٨	١	٢	٣	٤	٥					
٢٩	١	٢	٣	٤	٥					
٣٠	١	٢	٣	٤	٥					
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٧٨	١	٢	٣	٤	٥					
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٨٥	١	٢	٣	٤	٥					
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٨٨	١	٢	٣	٤	٥					
٨٩	١	٢	٣	٤	٥					
٩٠	١	٢	٣	٤	٥					
٩١	١	٢	٣	٤	٥					
٩٢	١	٢	٣	٤	٥					
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٩٤	١	٢	٣	٤	٥					
٩٥	١	٢	٣	٤	٥					
٩٦	١	٢	٣	٤	٥					
٩٧	١	٢	٣	٤	٥					
٩٨	١	٢	٣	٤	٥					
٩٩	١	٢	٣	٤	٥					
١٠٠	١	٢	٣	٤	٥					
١٠١	١	٢	٣	٤	٥					
١٠٢	١	٢	٣	٤	٥					
١٠٣	١	٢	٣	٤	٥					
١٠٤	١	٢	٣	٤	٥					
١٠٥	١	٢	٣	٤	٥					
١٠٦	١	٢	٣	٤	٥					
١٠٧	١	٢	٣	٤	٥					
١٠٨	١	٢	٣	٤	٥					
١٠٩	١	٢	٣	٤	٥					
١١٠	١	٢	٣	٤	٥					
١١١	١	٢	٣	٤	٥					
١١٢	١	٢	٣	٤	٥					
١١٣	١	٢	٣	٤	٥					
١١٤	١	٢	٣	٤	٥					
١١٥	١	٢	٣	٤	٥					
١١٦	١	٢	٣	٤	٥					
١١٧	١	٢	٣	٤	٥					
١١٨	١	٢	٣	٤	٥					
١١٩	١	٢	٣	٤	٥					
١٢٠	١	٢	٣	٤	٥					
١٢١	١	٢	٣	٤	٥					
١٢٢	١	٢	٣	٤	٥					
١٢٣	١	٢	٣	٤	٥					
١٢٤	١	٢	٣	٤	٥					
١٢٥	١	٢	٣	٤	٥					
١٢٦	١	٢	٣	٤	٥					
١٢٧	١	٢	٣	٤	٥					
١٢٨	١	٢	٣	٤	٥					
١٢٩	١	٢	٣	٤	٥					
١٣٠	١	٢	٣	٤	٥					
١٣١	١	٢	٣	٤	٥					
١٣٢	١	٢	٣	٤	٥					
١٣٣	١	٢	٣	٤	٥					
١٣٤	١	٢	٣	٤	٥					
١٣٥	١	٢	٣	٤	٥					
١٣٦	١	٢	٣	٤	٥					
١٣٧	١	٢	٣	٤	٥					
١٣٨	١	٢	٣	٤	٥					
١٣٩	١	٢	٣	٤	٥					
١٤٠	١	٢	٣	٤	٥					
١٤١	١	٢	٣	٤	٥					
١٤٢	١	٢	٣	٤	٥					
١٤٣	١	٢	٣	٤	٥					
١٤٤	١	٢	٣	٤	٥					
١٤٥	١	٢	٣	٤	٥					
١٤٦	١	٢	٣	٤	٥					
١٤٧	١	٢	٣	٤	٥					
١٤٨	١	٢	٣	٤	٥					
١٤٩	١	٢	٣	٤	٥					
١٥٠	١	٢	٣	٤	٥					
١٥١	١	٢	٣	٤	٥					
١٥٢	١	٢	٣	٤	٥					
١٥٣	١	٢	٣	٤	٥					
١٥٤	١	٢	٣	٤	٥					
١٥٥	١	٢	٣	٤	٥					
١٥٦	١	٢	٣	٤	٥					
١٥٧	١	٢	٣	٤	٥					
١٥٨	١	٢	٣	٤	٥					
١٥٩	١	٢	٣	٤	٥					
١٦٠	١	٢	٣	٤	٥					
١٦١	١	٢	٣	٤	٥					
١٦٢	١	٢	٣	٤	٥					
١٦٣	١	٢	٣	٤	٥					
١٦٤	١	٢	٣	٤	٥					
١٦٥	١	٢	٣	٤	٥					
١٦٦	١	٢	٣	٤	٥					
١٦٧	١	٢	٣	٤	٥					
١٦٨	١	٢	٣	٤	٥					</

م	درجة فئور على الفرفاء الفوففة				
	فئور فوف	فئور فوف	فئور فوف	فئور فوف	فئور فوف
١	٢	٣	٤	٥	
٢	١	٢	٣	٤	٥
٣	١	٢	٣	٤	٥
٤	١	٢	٣	٤	٥
٥	١	٢	٣	٤	٥
٦	١	٢	٣	٤	٥
٧	١	٢	٣	٤	٥
٨	١	٢	٣	٤	٥
٩	١	٢	٣	٤	٥
١٠	١	٢	٣	٤	٥
١١	١	٢	٣	٤	٥
١٢	١	٢	٣	٤	٥
	١	٢	٣	٤	٥
	١	٢	٣	٤	٥
	١	٢	٣	٤	٥
	١	٢	٣	٤	٥
	١	٢	٣	٤	٥

٢-٣ من وجهة نظرك مامدى تأثير كل متغير من متغيرات البيئة السعودية والتي ذكرت فى السؤال السابق على كل من القرارات التسويقية التالية فى مستشفاكم :

١-قرارات تقويم خدمة جديدة او تطوير
حاليه

٣- قرارات ترويج المستشفى وخدماتها
٤-قرارات اختيار مكان وزمان تقويم
خدمات المستشفى (قرارات التوزيع)

٥-قرارات تدريب وتحفيز القوى العاملة فى

المستشفى

يرجى وضع علامة √ فى المكان الذى يعكس وجهة نظركم مع ملاحظة إمكانية وضع العلامة √ فى أكثر من خانه اذا كان المتغير يؤثر فى أكثر من واحد من القرارات المذكوره حيث يمكن وضع العلامة فى جميع البيانات اذا كان المتغير يؤثر فى جميع القرارات او فى بعضها الذى يؤثر فيه اولاً توضع العلامة أبدأ اذا لم يكن المتغير البيئى يؤثر فى أي من تلك القرارات .

م	المتغيرات البيئية				
	قرارات تقديم وتطوير الخدمات	قرارات التسعير	قرارات الترويج	قرارات التوزيع	قرارات القوى العاملة
١-٢-٣	١	٢	٣	٤	٥
١	المتغيرات السياسية والتشريعية	الأنظمة والتشريعات الصحية فى المملكة العربية السعودية			
٢	سياسة السعوده				
٣	سياسة التأمين الطبي للأجانب فى المملكة العربية السعودية				
٤	سياسة التأمين الصحي المزمع تطبيقها للسعوديين				
٥	القرارات الحكومية ذات علاقته بالقطاع الصحي				
٦	سياسة التخصيص فى المملكة العربية السعودية				
٧	المقاطعات السياسيه بين حكومه المملكة وبعض الدول				

٢	القرارات التشغيلية					المتغيرات البيئية
	قرارات تقديم الخدمات	قرارات التسعير	قرارات التوزيع	قرارات القوى العاملة	قرارات	
١	٢	٣	٤	٥		
٨					درجة استقرار السياسات المتبعة في الدولة	
٩					درجة المركزية / اللامركزية في ممارسة السلطة السياسية في المملكة	
١٠					تأثير التشريعات المنظمة للأعمال التجارية النابعة من الدين الإسلامي (ضوابط الشريعة الإسلامية)	
١١					الرقابة الحكومية من قبل وزارة الصحة والمديريات التابعة لها	
١٢					الرقابة الحكومية للعامة من غير وزارة الصحة مثل (هيئة للرقابة والتحقيق)	
١٣					أخرى فضلاً عن ذكرها	
٢-٣-٢	المتغيرات الاقتصادية					
١					السياسات المتبعة في المملكة (الضرائب - الزكاة الجمارك)	
٢					السياسات المالية في المملكة (مثل الإنفاق الحكومي)	
٣					حالة (الكساد - الازدهار) التي تمر بها المملكة العربية السعودية	
٤					درجة الاستقرار في معدلات النمو من الاقتصاد السعودي	
٥					معدلات التضخم العالمي	
٦					معدلات التضخم الاقتصادي في المملكة العربية السعودية	
٧					متوسط دخل الفرد في المملكة العربية السعودية	
٨					دور النظام المصرفي بالنسبة للحركة التجارية في المملكة العربية السعودية	

م	قرارات التسويقية					المتغيرات البيئية
	قرارات تقديم وتطوير الخدمات	قرارات التسعير	قرارات للترويج	قرارات للتوزيع	قرارات القوى العاملة	
	٥	٤	٣	٢	١	
٩						حجم السوق الصحي السعودي
١٠						حجم المنافسة المحليه (عدد المنافسين المحليين)
١١						شدة المنافسة المحليه
١٢						الاستراتيجيات التسويقية لدى المنافسين
١٣						المجهودات التسويقية الإضافيه الفجائية للمنافسين بالسوق الصحي السعودي
١٤						المنافسه السعريه
١٥						المنافسه فى الجودة
١٦						الخبره السابقه للمنافسين بالأسواق الصحيه السعوديه
١٧						المنافسه الخارجيه (كطلب العلاج فى أمريكا وأوروبا)
١٨						الصورة الذهنيه للمنافسين لدى المستفيدين بالأسواق الصحيه السعوديه
١٩						أخرى فضلاً أذكرها
٣-٣-٣	المتغيرات الإجتماعية والثقافية					
١						معدل نمو السكان فى المملكة العربيه السعوديه
٢						توزيع العدد الكلي للسكان على مناطق المملكة المختلفه (حضر - بادية)
٣						الهيكمل العمري للسكان فى المملكة العربيه السعوديه
٤						التركيب المهني للسكان فى المملكة العربيه السعوديه
٥						درجة الأميه بين سكان المملكة العربيه السعوديه

٣	القرارات التسوية				
	المتغيرات البيئية	قرارات تقديم الخدمات	قرارات التسعير	قرارات الترويج	قرارات التوزيع
١	٢	٣	٤	٥	٦
٦	متوسط حجم الأسرة السعودية				
٧	وجود جنسيات مختلفة داخل المجتمع السعودي (العمالة الوافدة)				
٨	الشخصية المميزة للمواطن السعودي وصفاته (مثلاً الميل للشعور بالراحة والتفاخر)				
٩	الاتجاهات والقيم والمعتقدات السائدة في المجتمع السعودي (مثل الطب الشعبي - والرغبة في وجود طبيبات نساء في بعض التخصصات ووجود ممرضين رجال لبعض الأقسام)				
١٠	مبدأ الواسطة المعروف في المجتمع				
١١	تأثير الأدوار الاجتماعية داخل الأسر السعودية (من هو المؤثر في قرار إختيار المستشفى أو الطبيب)				
١٢	القواعد السلوكية النابعة من الدين الإسلامي				
١٣	المناسبات الإسلامية في المملكة العربية السعودية				
١٤	أخرى فضلاً أذكرها				
٣-٤-٤	المتغيرات التكنولوجية				
١	الأساليب الحديثة لتشخيص الأمراض				
٢	الأساليب الحديثة لعلاج الأمراض				
٣	نوعية الأجهزة الطبية المتوفرة داخل المملكة				
٤	نوعية الأجهزة الطبية المتوفرة خارج المملكة فقط				

م	المتنوعات الطبية	القرارات التسوية				
		قرارات تقديم وتنظيم الخدمات	قرارات التسعير	قرارات الترويج	قرارات التوزيع	قرارات القوى العاملة
١	٢	٣	٤	٥	٦	٧
٥	نوعية الأجهزة الطبية المتوفرة داخل المملكة					
٦	نوعية الأجهزة غير الطبية المستخدمة في المستشفيات المتوفرة خارج المملكة فقط					
٧	الطرق الحديثة المستخدمة في المستشفيات مثل (الجراحة اليومية - جراحة المناظير - معاملة المريض خارج المستشفى)					
٨	صيانة الأجهزة والمعدات الطبية المستخدمة في المستشفى					
٩	صيانة الأجهزة والمعدات غير الطبية المستخدمة في المستشفى					
١٠	الطب الإتصالي مع مستشفيات داخل المملكة					
١١	الطب الإتصالي مع مستشفيات خارج المملكة					
١٢	أخرى فضلاً لذكرها					

٤- هل لديكم أية امتيازات أخرى غير المرفقة متناكم
شكراً لحسن تعاونكم ،،،،،،

والسلام عليكم ورحمة الله وبركاته

Appendix 4

Tables of the Empirical Study

(Chapter 6 and 7)

Statistical Study

Tables No. (1-57)

Summary and General Findings

Tables No. (58-73)

Firstly :

The Segmentation data, Characteristics of Research Respondents

a. Organizational data**Table No. 1**

Frequencies of respondents' answers and its percentage according to hospital size.

Size of the hospital	No. of Frequencies	Percentage %
Large (more than 500 beds)	-	-
Medium (200-500 beds)	26	12.7
Small (Less than 200 beds)	178	87.3
Total	204	100

Table No. 2

Frequencies of respondents' answers and its percentage according to hospital specialization level.

Hospital specialization level	No. of Frequencies	Percentage %
One specialty	10	4.9
General hospital	194	95.1
Total	204	100

Table No. 3

Frequencies of respondents' answers and its percentage according to hospital location.

Hospital's location	No. of Frequencies	Percentage %
Mecca	33	16.2
Jeddah	147	72.1
Al-Taif	24	11.8
Total	204	100

b. Personal data**Table No. 4**

Frequencies of respondents' answers and its percentage according to respondents' position.

Respondents' position	No. of Frequencies	Percentage %
General manager	26	12.7
Medical manager	17	8.3
Administrator manager	34	16.7
Marketing manager	45	22.1
Out-clinic manager	22	10.8
general Relation ship manager (Communication manager)	39	19.1
Others	21	10.3
Total	204	100

Table No. 5

Frequencies of respondents' answers and its percentage according to respondents' group "academic experience".

Respondents' group	No. of Frequencies	Percentage %
Medical	90	44
Administrative	114	56
Total	204	100

Table No. 6

Frequencies of respondents' answers and its percentage according to respondents' nationality.

Respondents' nationality	No. of Frequencies	Percentage %
Saudi	75	37
Non-Saudi	129	63
Total	204	100

Secondly : Strategic Marketing Decisions in Saudi private Hospitals

Table No. 7

The Importance of Marketing Activities in Saudi private hospitals according to the respondents' answers

[Q 2.1]

	Degree of its importance in the hospital	5 very important					4 important		3 medium		2 low		1 not important		The weighted arithmetic mean X`W	S.D	Its category	Its score
Marketing Activity																		
1	Market planning	15	7.4	49	24	117	57.4	23	11.3	-	-	4.28	1.01	Medium	3			
2	Change of health services (medical)	80	39.2	65	31.9	40	19.6	17	8.3	2	1	4	1.01	Important	4			
3	Change in non-medical services	35	17.2	83	40.6	48	23.5	35	17.2	3	1.5	3.55	1.01	Important	4			
4	Pricing policies according to demand	47	23	78	38.2	51	25	22	10.8	6	2.9	3.68	1.04	Important	4			
5	Pricing policies according to competition	66	32.4	79	38.7	29	14.2	21	10.3	9	4.4	3.84	1.12	Important	4			
6	Advertisement about medical services	80	39.2	91	44.6	12	5.9	6	2.9	15	7.4	4.05	1.11	Important	4			
7	Advertisement about non-medical services	14	6.9	41	20.1	73	35.7	33	16.2	43	21.1	2.76	1.20	Medium	3			
8	Publicity for the hospital	108	52.9	40	19.6	25	12.3	13	6.4	18	8.8	4.02	1.31	Important	4			
9	Public relations	116	56.9	77	37.7	9	4.4	1	0.5	1	0.5	4.50	0.66	Very important	5			
10	Market research	52	25.5	76	37.3	29	14.2	5	2.4	42	20.6	3.45	1.43	Medium	3			
11	External communication of the hospital	84	41.2	76	37.3	16	7.8	19	9.3	9	4.4	4.02	1.13	Important	4			
12	Internal communication of the hospital	69	33.8	87	42.6	45	22.1	1	0.5	2	1.0	4.08	0.82	Important	4			
13	Distribution of medical services in the city	58	28.4	71	34.8	30	14.7	30	14.7	15	7.4	3.62	1.24	Important	4			

Table No. 7 Cont.)

	Degree of its importance in the hospital Marketing Activity	5 Very important		4 important		3 medium		2 low		1 not important		S.D	its category	its Score
		No.	%	No.	%	No.	%	No.	%	No.	%			
14	Training programs for medical staff	84	41.2	69	33.8	36	17.6	12	5.9	3	1.5	0.98	important	4
15	Motivation programs for medical staff	74	36.3	71	34.8	29	14.2	26	12.7	4	2.0	1.09	important	4
16	Training programs for non-medical staff	47	23	74	36.3	38	18.6	39	19.2	6	2.9	1.13	important	4
17	Motivation programs for non-medical staff	44	21.6	76	37.3	43	21.1	36	17.6	5	2.5	1.09	important	4
	Total	1175	33.9	1203	34.7	568	16.4	339	9.8	183	5.2	-	important	4

Table No. 8

The Importance of Marketing Activities in Saudi private hospitals according to the respondents' answers

[Q 2.2]

	Degree of its importance in the hospital		5 Very important		4 important		3 medium		2 low		1 not important		X'W	S.D	its category	its Score
			No.	%	No.	%	No.	%	No.	%	No.	%				
	The Marketing objective															
1	Offering new health services (medical)		201	98.5	2	1	-	-	-	-	1	0.5	4.97	0.30	very important	5
2	Offering new non-medical services		85	41.7	83	40.7	32	15.6	2	1	2	1	4.21	0.81	very important	5
3	Offering advanced medical technology		16	7.8	24	11.8	87	42.6	52	25.5	25	12.3	2.78	1.06	medium	3
4	Achieving cost-reduction in the hospital		126	61.8	52	25.5	25	12.2	1	0.5	-	-	4.49	0.73	very important	5
5	Gaining profit		63	30.9	86	42.1	52	25.5	3	1.5	-	-	4.03	0.79	important	4
6	Helping Medical staff attaining their objectives		54	26.5	126	61.7	20	9.8	2	1	2	1	4.12	0.69	important	4
7	Planning the use of the available resources for the coming five years		114	55.9	44	21.6	11	5.3	34	16.7	1	0.5	4.16	1.14	important	4
8	Achieving stability to manpower working in the hospital for the coming five years		93	45.6	57	27.9	33	16.2	21	10.3	-	-	4.09	1.01	important	4
9	Satisfying demand (needs) of patients		94	46.1	54	26.5	17	8.3	33	16.2	6	2.9	3.97	1.21	very important	5
10	Satisfying demand (needs) of other beneficiaries (not-patients)		146	71.6	52	25.5	6	2.9	-	-	-	-	4.69	0.53	very important	5

Table No. 8 (Cont.)

	Degree of its importance in the hospital The Marketing objective	5 Very important		4 important		3 medium		2 low		1 not important		X'W	S.D	its category	its Score
		No.	%	No.	%	No.	%	No.	%	No.	%				
11	Forecasting effective demand	50	24.5	92	45.1	51	25	10	4.9	1	0.5	3.88	0.85	important	4
12	Responding to government policy and decisions	44	21.6	88	43.1	27	13.2	29	14.3	16	7.8	3.56	1.20	important	4
13	Increasing the Saudi attitude towards health	144	70.6	57	27.9	3	1.5	-	-	-	-	4.69	0.50	very important	5
14	Making the hospital unique in its services	110	53.9	42	20.6	21	10.3	26	12.7	5	2.5	4.11	1.17	important	4
	Total	1340	46.9	859	30.1	385	13.5	213	7.4	59	2.1	3.95	-	Important	4

Table No. 9

Participants in Strategic Marketing Decisions in Saudi private hospitals according to the respondents' answers

[Q 2.3]

	Degree of participation in the hospital Departments/ persons participate in strategic marketing decisions	5 Very big		4 big		3 medium		2 low		1 none		X'W	S.D	its category	its Score
		No.	%	No.	%	No.	%	No.	%	No.	%				
1	Physician joint committees in the hospital	53	26	66	32.4	58	28.4	17	8.3	10	4.9	3.66	1.10	big	4
2	Physician and administrative joint committees in the hospital	200	98	3	1.5	-	-	-	-	1	1	4.97	0.30	very big	5
3	External consultant	50	24.5	52	25.5	71	34.8	26	12.7	5	2.5	3.68	1.07	medium	3
4	Internal consultant (Marketer)	6	2.9	67	32.8	94	46.2	6	2.9	6	2.9	4.03	0.93	medium	3
5	Internal board of trustee	9	4.4	26	12.7	49	24	25	12.3	95	46.6	2.16	1.26	low	2
6	External board of trustee	58	28.4	75	36.8	24	11.8	10	4.9	37	18.1	3.53	1.42	big	4
	Total	439	35.6	343	27.8	212	17.2	84	6.8	154	12.5	3.70	-	big	4

Table No. 10

Environmental Data Sources in Saudi private hospitals according to the respondents' answers

[Q 2.4]

	Environmental Data Source	5 Very important		4 important		3 medium		2 low		1 not important		X'W	S.D	its category	its Score
		No.	%	No.	%	No.	%	No.	%	No.	%				
1	The data gathered by the hospital's own activities through:														
	1.1 The hospital's own staff and managers	93	45.6	66	32.3	30	14.7	11	5.4	4	2	4.14	0.99	important	4
	1.2 The hospital's routine information system	23	11.3	37	18.1	29	14.2	18	8.9	97	47.5	2.37	1.5	low	2
	1.3 The hospital's own market research	3	1.5	1	0.5	-	-	-	-	200	98	1.07	0.53	not important	1
2	The Ministry of health's reports and statistics	188	92.2	16	7.8	-	-	-	-	-	-	4.92	0.27	very important	5
3	The Moderates of MOH's reports and statistics	115	56.4	75	36.7	13	6.4	1	0.5	-	-	4.49	0.64	very important	5
4	Managers in other hospitals	116	56.9	47	23	36	17.6	4	2	1	0.5	4.34	0.87	very important	5
5	Government reports and statistics	20	9.8	67	32.8	85	41.7	22	10.8	10	4.9	3.32	0.96	medium	3
6	Trade medical Journals	44	21.6	76	37.3	71	34.8	13	6.4	-	-	3.74	0.87	important	4
7	On line computer data services	22	10.8	65	31.9	84	41.2	26	12.7	7	3.4	3.34	0.95	medium	3
8	Patients and other beneficiaries in the hospital	66	32.4	47	23	49	24	33	16.2	9	4.4	3.63	1.22	important	4
	Total	690	33.8	497	24.4	397	19.5	128	6.2	328	16.1	3.54		important	4

Table No. 11

The Importance of the Total of Marketing Activities in Saudi private hospitals according to hospital size

[Total 2-1]															
Degree of the importance Hospital size		5 Very important		4 important		3 medium		2 low		1 not important		X`W	S.D	its category	its Score
		No.	%	No.	%	No.	%	No.	%	No.	%				
Large (more than 500 beds)		-	-	-	-	-	-	-	-	-	-				
Medium (200-500 beds)		42	61.8	14	20.6	8	11.7	4	5.9	-	-	4.38	0.92	very important	5
Small (less than 200 beds)		258	59.7	109	25.3	23	5.3	42	9.7	-	-	4.35	0.96	very important	5

The Importance of the Total of Marketing Activities in Saudi private hospitals according to hospital specialization level

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Table No. 13

The Importance of the Total of Marketing Activities in Saudi private hospitals according to hospital location

[Total 2-1]

Degree of the importance		5 Very important		4 important		3 medium		2 low		1 not important		X'W	S.D	its category	its Score
		No.	%	No.	%	No.	%	No.	%	No.	%				
Hospital location															
Mecca		32	48.5	20	30.3	2	3	12	18.2	-	-	4.09	1.12	important	4
Jeddah		244	63.2	95	24.6	27	7	2	5.2	-	-	4.46	0.84	very important	5
Al-Taif		24	50	8	16.7	2	4.1	14	29.2	-	-	3.88	1.32	important	4

Table No. 14

The Importance of the Total of Marketing Activities in Saudi private hospitals according to respondents' position

[Total 2-1]

Degree of the importance Respondents' position	5 Very important		4 important		3 medium		2 low		1 not important		X`W	S.D	its category	its Score
	No.	%	No.	%	No.	%	No.	%	No.	%				
General manager	44	67.7	11	16.9	4	6.2	6	9.2	-	-	4.43	0.97	very important	5
Medical manager	33	80.5	6	14.6	-	-	2	4.9	-	-	4.71	0.72	very important	5
Administrator manager	44	53.7	28	34.1	4	4.9	6	7.3	-	-	4.34	0.88	very important	5
Marketing manager	62	55.4	34	30.3	6	5.4	10	8.9	-	-	4.32	0.93	very important	5
Out-clinic manager	25	48.1	17	32.7	2	3.8	8	15.4	-	-	4.14	1.07	important	4
Public-relation manager	63	64.3	14	14.3	13	13.2	8	8.2	-	-	4.35	1.00	very important	5
Others	29	58	13	26	2	4	6	12	-	-	4.30	1.02	very important	5

Table No. 15

The Importance of the Total of Marketing Activities in Saudi private hospitals according to respondents' group

[academic experience]

[Total 2-1]

Degree of the importance Respondents' Group	5 Very important		4 important		3 medium		2 low		1 not important		X`W	S.D	its category	its Score
	No.		No.		No.		No.		No.					
	%		%		%		%		%					
Medical "doctors"	127	57.7	65	29.6	8	3.6	20	9.1	-	-	4.36	0.92	very important	5
	173	61.8	58	20.7	23	8.2	26	9.3	-	-	4.35	0.98	very important	5
Administrative														

Table No. 16

The Importance of the Total of Marketing Activities in Saudi private hospitals according to respondents' nationality

[Total 2-1]

Degree of the importance Respondents' nationality		5 Very important		4 important		3 medium		2 low		1 not important		X`W	S.D	its category	its Score
		No.	%	No.	%	No.	%	No.	%	No.	%				
Saudi		102	57.3	33	18.5	23	13	20	11.2	-	-	4.22	1.05	important	4
Non-Saudi		198	61.5	90	28	8	2.4	26	8.1	-	-	4.43	0.88	very important	5

Table No. 17

The Importance of the Total of Marketing Objectives in Saudi private hospitals according to hospital size

[Total 2-2]

Degree of the importance		5 Very important		4 important		3 medium		2 low		1 not important		X ² W	S.D	its category	its Score
		No.	%	No.	%	No.	%	No.	%	No.	%				
Hospital size															
Large		-	-	-	-	-	-	-	-	-	-				
Medium		42	100	-	-	-	-	-	-	-	-	5	-	very important	5
Small		252	97.7	4	1.5	-	-	-	-	1	0.8	4.95	0.37	very important	5

Table No. 18

The Importance of the Total of Marketing Objectives in Saudi private hospitals according to hospital specialization level

[Total 2-2]															
Degree of the importance Hospital specialization level		5 Very important		4 important		3 medium		2 low		1 not important		X`W	S.D	its category	its Score
		No.	%	No.	%	No.	%	No.	%	No.	%				
One specialty		16	100	-	-	-	-	-	-	-	-	5	-	very important	5
General hospital		278	97.9	4	1.4	-	-	-	-	2	0.7	4.96	0.35	very important	5

Table No. 19

The Importance of the Total of Marketing Objectives in Saudi private hospitals according to hospital location

[Total 2-2]

Hospital Location	Degree of the importance		5 Very important		4 important		3 medium		2 low		1 not important		X'W	S.D	its category	its Score
			No.	%	No.	%	No.	%	No.	%	No.	%				
Mecca			33	100	-	-	-	-	-	-	-	-	5.0	-	very important	5
Jeddah			237	97.5	4	1.7	-	-	-	-	2	0.8	4.95	0.38	very important	5
Al-Taif			24	100	-	-	-	-	-	-	-	-	5.0	-	very important	5

Table No. 20

The Importance of the Total of Marketing Objectives in Saudi private hospitals according to respondents' position

[Total 2-2]

Degree of the importance		5 Very important		4 important		3 medium		2 low		1 not important		X'W	S.D	its category	its Score
Respondents' position		No.	%	No.	%	No.	%	No.	%	No.	%				
General manager		39	100	-	-	-	-	-	-	-	-	5.0	-	very important	5
Medical manager		24	100	-	-	-	-	-	-	-	-	5.0	-	very important	5
Administrator manager		50	100	-	-	-	-	-	-	-	-	5.0	-	very important	5
Marketing manager		68	100	-	-	-	-	-	-	-	-	5.0	-	very important	5
Out-clinic manager		29	93.5	2	6.5	-	-	-	-	-	-	4.94	0.25	very important	5
Public-relation manager		57	96.6	2	3.4	-	-	-	-	-	-	4.97	0.18	very important	5
Others		27	93.1	-	-	-	-	-	-	2	6.9	4.72	1.03	very important	5

Table No. 21

The Importance of the Total of Marketing Objectives in Saudi private hospitals according to respondents' group

[Total 2-2]

Degree of the importance Respondents' Group	5 Very important		4 important		3 medium		2 low		1 not important		X`W	S.D	its category	its Score
	No.	%	No.	%	No.	%	No.	%	No.	%				
Medical "doctors"	131	98.5	2	1.5	-	-	-	-	-	-	4.99	0.12	very important	5
Administrative	163	97.6	2	1.2	-	-	-	-	2	1.2	4.94	0.45	very important	5

Table No. 22

The Importance of the Total of Marketing Objectives in Saudi private hospitals according to respondents' nationality

[Total 2-2]														
Degree of the importance		5 Very important		4 important		3 medium		2 low		1 not important		S.D	its category	its Score
		No.	%	No.	%	No.	%	No.	%	No.	%			
Respondents' nationality														
Saudi		99	96.2	2	1.9	-	-	-	-	2	1.9	0.57	very important	5
Non-Saudi		195	99	2	1	-	-	-	-	-	-	0.11	very important	5

Table No. 23

The Degree of the Total Participation in Strategic Marketing Decisions in Saudi private hospitals according to hospital size

[Total 2-3]															
Degree of participation		5		4		3		2		1		X`W	S.D	its category	its Score
		No.	%	No.	%	No.	%	No.	%	No.	%				
Hospital size															
Large	-	-	-	-	-	-	-	-	-	-	-				
	7	29.2	7	29.2	7	29.2	1	4.2	2	8.2			big	1.20	4
Medium															
Small	46	26.1	58	33	49	27.8	15	8.6	8	4.5			big	1.09	4

Table No. 24
The Degree of the Total Participation in Strategic Marketing Decisions in Saudi private hospitals according to hospital specialization level

[Total 2-3]															
Degree of participation <div>Hospital specialization level</div>		5 Very big		4 big		3 medium		2 low		1 none		X\W	S.D	its category	its Score
		No.	%	No.	%	No.	%	No.	%	No.	%				
One specialty		3	30	1	10	4	40	2	20	-	-	3.50	1.18	big	4
General hospital		50	26.3	64	23.7	52	27.4	14	7.3	10	5.3	3.68	1.10	big	4

Table No. 25

The Degree of the Total Participation in Strategic Marketing Decisions in Saudi private hospitals according to hospital location

Degree of participation Hospital Location		[Total 2-3]										its category	S.D	X`W	1		its Score
		5		4		3		2		none							
		No.	%	No.	%	No.	%	No.	%	No.	%						
Mecca		20	64.5	2	6.5	7	22.6	1	3.2	1	3.2	big	1.13	4.26	4		
Jeddah		25	17.2	59	40.7	40	27.6	12	8.3	9	6.2	big	1.07	3.55	4		
Al-Taif		8	33.3	4	16.7	9	37.5	3	12.5	-	-	big	1.08	3.71	4		

Table No. 26

The Degree of the Total Participation in Strategic Marketing Decisions in Saudi private hospitals according to respondents' position

[Total 2-3]

Degree of participation		5 Very big		4 big		3 medium		2 low		1 none		X`W	S.D	its category	its Score
		No.	%	No.	%	No.	%	No.	%	No.	%				
Respondents' position															
General manager		7	26.9	11	42.3	5	19.3	-	-	3	11.5	3.73	1.22	big	4
Medical manager		4	25	6	37.5	5	31.2	1	6.3	-	-	3.81	0.91	big	4
Administrator manager		8	24.2	10	30.3	12	36.4	3	9.1	-	-	3.70	0.95	big	4
Marketing manager		13	28.9	14	31.1	10	22.2	4	8.9	4	8.9	3.62	1.25	big	4
Out-clinic manager		5	22.7	7	31.8	7	31.8	2	9.1	1	4.6	3.59	1.10	big	4
Public-relation manager		9	23.7	13	34.2	9	23.7	5	13.1	2	5.3	3.58	1.15	big	4
Others		7	35	4	20	8	40	1	5	-	-	3.85	0.99	big	4

Table No. 27

The Degree of the Total Participation in Strategic Marketing Decisions in Saudi private hospitals according to respondents' group

[Total 2-3]														
Degree of participation Respondents' Group	5 Very big		4 big		3 medium		2 low		1 none		X`W	S.D	its category	its Score
	No.	%	No.	%	No.	%	No.	%	No.	%				
Medical "doctors"	25	27.8	30	33.3	26	28.9	5	5.6	4	4.4	3.74	1.07	big	4
Administrative	28	25.5	35	31.8	30	27.2	11	10	6	5.5	3.62	1.13	big	4

Table No. 28

The Degree of the Total Participation in Strategic Marketing Decisions in Saudi private hospitals according to respondents' nationality

[Total 2-3]															
Degree of participation Respondents' Nationality		5 Very big		4 big		3 medium		2 low		1 none		X`W	S.D	its category	its Score
		No.	%	No.	%	No.	%	No.	%	No.	%				
Saudi		20	27.8	20	27.8	20	27.8	6	8.3	6	8.3	3.58	1.22	big	4
Non-Saudi		33	25.8	45	35.2	36	28.1	10	7.8	4	3.1	3.73	1.03	big	4

Table No. 29

The Importance of the Total of Environmental Data Sources in Saudi private hospitals according to hospital size

[Total 2-4]

Degree of the importance		5 Very important		4 important		3 medium		2 low		1 not important		X'W	S.D	its category	its Score	
		No.	%	No.	%	No.	%	No.	%	No.	%					
Hospital size																
Large		-	-	-	-	-	-	-	-	-	-					
		38	100	-	-	-	-	-	-	-	-	5.0	-	very important	5	
Small		208	98.1	3	1.4	-	-	-	-	-	1	0.5	4.97	0.30	very important	5

Table No. 30

The Importance of the Total of Environmental Data Sources in Saudi private hospitals according to hospital specialization level

[Total 2-4]															
Degree of the importance Hospital specialization level		5 Very important		4 important		3 medium		2 low		1 not important		X\W	S.D	its category	its Score
		No.	%	No.	%	No.	%	No.	%	No.	%				
One specialty		13	100	-	-	-	-	-	-	-	-	5	-	very important	5
General hospital		233	98.3	3	1.3	-	-	-	-	1	0.4	4.97	0.28	very important	5

Table No. 31

The Importance of the Total of Environmental Data Sources in Saudi private hospitals according to hospital location

[Total 2-4]

Degree of the importance		5 Very important		4 important		3 medium		2 low		1 not important		X`W	S.D	its category	its Score
		No.	%	No.	%	No.	%	No.	%	No.	%				
Hospital location															
Mecca		33	100	-	-	-	-	-	-	-	-	5.0	-	very important	5
		189	97.9	3	1.6	-	-	-	-	1	0.5	4.96	0.31	very important	5
Jeddah		24	100	-	-	-	-	-	-	-	-	5.0	-	very important	5

Table No. 32

The Importance of the Total of Environmental Data Sources in Saudi private hospitals according to respondents' position

[Total 2-4]														
Degree of the importance	5 Very important	4 important		3 medium		2 low		1 not important		X`W	S.D	its category	its Score	
		No.	%	No.	%	No.	%	No.	%					
Respondents' Position														
General manager	33	100	-	-	-	-	-	-	-	5.0	-	very important	5	
Medical manager	20	95.2	1	4.8	-	-	-	-	-	4.95	0.22	very important	5	
Administrator manager	41	100	-	-	-	-	-	-	-	5.0	-	very important	5	
Marketing manager	56	100	-	-	-	-	-	-	-	5.0	-	very important	5	
Out-clinic manager	25	100	-	-	-	-	-	-	-	5.0	-	very important	5	
Public-relation manager	45	95.7	2	4.3	-	-	-	-	-	4.96	0.20	very important	5	
Others	26	96.3	-	-	-	-	-	-	1	3.7	0.77	very important	5	

Table No. 33

The Importance of the Total of Environmental Data Sources in Saudi private hospitals according to respondents' group

Degree of the importance		[Total 2-4]										its category	its Score
		5 Very important		4 important		3 medium		2 low		1 not important		X'W	S.D
		No.	%	No.	%	No.	%	No.	%	No.	%		
Respondents' group													
Medical "doctors"		110	100	-	-	-	-	-	-	-	-	5.0	-
Administrative		136	97.1	3	2.2	-	-	-	-	1	0.7	4.95	0.37
												very important	5
												very important	5

Table No. 34

The Importance of the Total of Environmental Data Sources in Saudi private hospitals according to respondents' nationality

[Total 2-4]															
Degree of the importance		5 Very important		4 important		3 medium		2 low		1 not important		X`W	S.D	its category	its Score
		No.	%	No.	%	No.	%	No.	%	No.	%				
Respondents' nationality															
Saudi		87	96.7	2	2.2	-	-	-	-	1	1.1	4.93	0.45	very important	5
		159	99.4	1	0.6	-	-	-	-	-	-	4.99	0.08	very important	5

Thirdly : Environmental Factors

Table No. 35

The degree of Influence's of Political-Legal Environmental Factors on Strategic Marketing Decisions in Saudi private hospitals according to the respondents' answers

[Q 3.1.1]

	Political-legal environmental factor	Degree of its influence		5 Very strong		4 strong		3 medium		2 low		1 not influence		X'W	S.D	its category	its Score
				No.	%	No.	%	No.	%	No.	%	No.	%				
1	Saudi health regulations and legislations			69	33.8	88	43.1	39	19.1	5	2.5	3	1.5	4.05	0.87	strong	4
2	The policy of Saudisation			1	0.5	6	3.0	-	-	-	-	197	96.5	1.11	0.57	not influence	1
3	The policy of health insurance for non-Saudis			165	80.9	32	15.7	7	3.4	-	-	-	-	4.78	0.49	very strong	5
4	The policy of health insurance for Saudis			65	31.9	78	38.2	50	24.5	6	2.9	5	2.5	3.94	0.95	strong	4
5	Governmental decisions related to health sector			80	39.2	71	34.7	45	22.1	8	3.9	-	-	4.09	0.87	strong	4
6	Privatization policy in Saudi Arabia			88	43.1	64	31.4	46	22.6	6	2.9	-	-	3.15	0.87	strong	4
7	Political boycott between Saudi government and certain countries			71	34.8	85	41.7	42	20.5	5	2.5	1	0.5	3.08	0.83	strong	4
8	Level of stability of the Saudi policies			68	33.3	62	30.4	60	29.4	11	5.4	3	1.5	3.39	0.98	strong	4
9	Level of centralization/ practiced by Saudi political leadership			23	11.3	42	20.6	75	36.8	27	13.2	37	18.1	2.94	1.23	medium	3

Table No. 35 (Cont.)

	Political-legal environmental factor	5 Very strong		4 strong		3 medium		2 low		1 not influence		X`W	S.D	its category	its Score
		No.	%	No.	%	No.	%	No.	%	No.	%				
10	Effect of laws regulating commercial activities which are stemming from Islam Conducts of authorized employees in MOH Conducts of authorized employees in other government agencies	93	45.6	66	32.3	35	17.2	6	2.9	4	2.0	4.17	0.95	strong	4
11		49	24	97	47.6	33	16.2	8	3.9	17	8.3	3.75	1.12	strong	4
12		99	48.5	65	31.9	30	14.7	4	2	6	2.9	4.21	0.97	strong	4
	Total	871	35.6	756	30.9	462	18.9	86	3.5	273	11.1	3.76	-	strong	4

Table No. 36

The Degree of Influence's of Economic Environmental Factors on Strategic Marketing Decisions in Saudi private hospitals according to the respondents' answers

[Q 3.1.2]

	Economic Environmental factor	5 Very strong		4 strong		3 medium		2 low		1 not influence		X'W	S.D	its category	its Score
		No.	%	No.	%	No.	%	No.	%	No.	%				
1	Saudi monetary polices	131	64.2	56	27.5	13	6.3	1	0.5	3	1.5	4.53	0.77	very strong	5
2	Saudi financial polices	57	27.9	90	44.1	25	12.3	15	7.4	17	8.3	3.76	1.18	strong	4
3	Cycles of economic recession and prosperity	10	4.9	2	1	-	-	-	-	192	94.1	1.23	0.91	not influence	1
4	Degree of stability in levels of Saudi economic growth	57	27.9	89	43.6	30	14.7	24	11.8	4	2	3.44	1.03	strong	4
5	Level of world inflation	53	26	95	46.5	32	15.7	22	10.8	2	1	3.86	0.96	strong	4
6	Level of Saudi inflation	92	45.1	74	36.3	26	12.7	10	4.9	2	1	4.20	0.91	strong	4
7	Income average in Saudi Arabia	88	43.1	82	40.2	27	13.3	6	2.9	1	0.5	4.23	0.82	strong	4
8	Role of banking system in serving hospitals	28	13.7	68	33.3	55	27	18	8.8	35	17.2	3.18	1.28	medium	3
9	Size of Saudi health market	45	22.1	107	52.4	38	18.6	11	5.4	3	1.5	3.88	0.86	strong	4

Table No. 36 (Cont.)

	Economic Environmental factor	Degree of its influence	5 Very strong		4 strong		3 medium		2 low		1 not influence		X'W	S.D	its category	its Score
			No.	%	No.	%	No.	%	No.	%	No.	%				
10	Size of local competition (Number of local competitors)		84	41.2	106	51.9	11	5.4	2	1	1	0.5	4.32	0.67	very strong	5
11			32	15.7	85	41.7	63	30.9	19	9.3	5	2.5	3.59	0.95	strong	4
12			98	48	69	33.9	26	12.7	10	4.9	1	0.5	4.24	0.89	strong	4
13			101	49.5	59	28.9	33	16.2	10	4.9	1	0.5	4.22	0.92	strong	4
14			94	46.1	61	29.9	35	17.1	12	5.9	2	1	4.14	0.97	strong	4
15	The competitors old experience in Saudi health market		45	22.1	86	42.1	37	18.1	25	12.3	11	5.4	3.63	1.12	strong	4
16			37	18.1	83	40.7	47	23.1	20	9.8	17	8.3	3.51	1.14	strong	4
17			75	36.8	67	32.8	45	22.1	14	6.8	3	1.5	3.37	1	strong	4
18	Competitors' picture according to beneficiaries in Saudi health market		104	51	60	29.4	30	14.7	10	4.9	-	-	4.27	0.89	strong	4
			1231	33.5	1339	36.9	573	15.6	229	6.2	300	8.2	3.81	-	strong	4

Table No. 37

The Degree of Influence's of Socio-Cultural Environmental Factors on Strategic Marketing Decisions in Saudi private hospitals according to the respondents' answers

[Q 3.1.3]

	Socio-Cultural Environmental Factors	Degree of its influence										X`W	S.D	its category	its Score
		5 Very strong		4 strong		3 medium		2 low		1 not influence					
		No.	%	No.	%	No.	%	No.	%	No.	%				
1	Population growth rate	55	27	68	33.3	43	21.1	14	6.8	24	11.8	3.57	1.28	strong	4
2	Regional population distribution (urban/non urban)	16	7.8	22	10.8	56	27.5	46	22.5	64	31.4	2.41	1.25	low	2
3	Population age profile	11	9.3	76	37.3	49	24	22	10.8	38	18.6	3.08	1.27	medium	3
4	Population structure according to occupation profile	1	0.5	4	2	-	-	-	-	199	97.5	1.08	0.5	not influence	1
5	Population level of education	61	29.9	62	30.4	70	34.3	6	2.9	5	2.5	3.82	0.98	strong	4
6	Health problems and diseases found in Saudi society	36	17.6	74	36.3	76	37.3	13	6.3	5	2.5	3.40	0.93	strong	4
7	Presence of expatriate workforce	23	11.3	66	32.3	85	41.7	18	8.8	12	5.9	3.34	0.99	medium	3
8	Life style of Saudi citizen	20	9.8	71	34.8	74	36.3	28	13.7	11	5.4	3.30	1	medium	3

Table No. 37 (Cont.)

	Degree of its influence	5 Very strong		4 strong		3 medium		2 low		1 not influence		X'W	S.D	its category	its Score
		No.	%	No.	%	No.	%	No.	%	No.	%				
	Socio-Cultural Environmental Factors														
9	Trends, values and beliefs prevailing in Saudi society	32	15.7	79	38.7	54	26.5	31	15.2	8	3.9	3.47	1.05	medium	3
10	Wastah known in Saudi society	27	13.2	105	51.5	58	28.4	8	4	6	2.9	3.68	0.86	strong	4
11	Effect of social roles within the Saudi families	53	26	111	54.4	36	17.6	1	0.5	3	1.5	4.03	0.77	strong	4
12	Behavioral & ethical rules stemming from Islamic religion	64	31.4	90	44.1	42	20.6	5	2.4	3	1.5	4.02	0.87	strong	4
13	Islamic seasonal events in Saudi Arabia	69	33.8	99	43.1	34	16.7	10	4.9	3	1.5	4.03	0.92	strong	4
	Total	476	18	916	34.5	677	25.5	202	7.6	381	14.4	3.34	-	medium	3

Table No. 38

The Degree of Influence's of Technological Environmental Factors on Strategic Marketing Decisions in Saudi private hospitals according to respondents' answers

[Q 3.1.4]

	Degree of its influence	5 Very strong		4 strong		3 medium		2 low		1 not influence		X\W	S.D	its category	its Score
		No.	%	No.	%	No.	%	No.	%	No.	%				
Technological Environmental Factors															
1	The latest methods of diagnosing diseases	50	24.5	49	24	71	34.8	27	13.3	7	3.4	3.53	1.10	strong	4
2	The latest methods of treating diseases	39	19.1	103	50.5	54	26.5	6	2.9	2	1	3.84	0.80	strong	4
3	The quality of advanced medical equipments available in Saudi market	96	47.1	81	39.7	25	12.2	1	0.5	1	0.5	4.32	0.75	very strong	5
4	The quality of advanced medical equipments, not yet available in Saudi market	79	38.7	80	39.2	35	17.2	8	3.9	2	1.0	4.11	0.89	strong	4
5	The quality of advanced non-medical equipments usually used in hospitals and available in Saudi market	203	99.5	-	-	1	0.5	-	-	-	-	4.99	0.14	very strong	5
6	The quality of advanced non-medical equipments, not yet available in Saudi market	128	62.7	44	21.6	28	13.7	4	2	-	-	4.45	0.80	strong	4
7	New models of care	125	61.3	63	30.9	16	7.8	-	-	-	-	4.53	0.64	very strong	5

Table No. 38 (Cont.)

	Technological Environmental Factors	Degree of its influence	5 Very strong		4 strong		3 medium		2 low		1 not influence		X'W	S.D	its category	its Score
			No.	%	No.	%	No.	%	No.	%	No.	%				
8	Availability of maintenance of medical equipments		117	57.4	70	34.3	17	8.3	-	-	-	-	4.49	0.65	Very strong	5
9	Availability of maintenance of non-medical equipments		25	12.3	38	18.6	78	38.2	34	16.7	29	14.2	2.98	1.19	medium	3
10	Effect of the world care Telemedicine		18	8.8	55	27	97	47.5	24	11.8	10	4.9	3.23	0.94	medium	3
	Total		880	43.1	583	28.6	422	20.7	104	5.1	51	2.5	4.05	-	strong	4

Table No. 39

The degree of Influence's of Political-Legal Environmental Factors on each of the 5Ps Marketing Decisions in Saudi private hospitals according to the respondents' answers and their orders

[Q 3.2.1]

	Political-Legal environmental factors	The 5 Ps decisions		Product decisions		Pricing decisions		Promotion decisions		Place decisions		Participants decisions	
		No.	Order	No.	Order	No.	Order	No.	Order	No.	Order	No.	Order
1	Saudi health regulations and legislations	40	3	27	2.5	10	6.5	11	3	23	2		
2	The policy of Saudisation	24	11	14	8.5	3	12	4	12	35	1		
3	The policy of health insurance for non-Saudis	32	6.5	26	4	17	3.5	14	1	12	8		
4	The policy of health insurance for Saudis	31	8.5	30	1	21	1.5	10	5.5	9	9		
5	Governmental decisions related to health sector	40	3	27	2.5	7	9.5	7	10.5	17	4		
6	Privatization policy in Saudi Arabia	29	10	23	5	16	5	10	5.5	7	12		
7	Political boycott between Saudi government and certain countries	15	12	9	11	7	9.5	13	1	14	7		
8	Level of stability of the Saudi policies	40	3	22	6.5	17	3.5	10	5.5	16	5.5		
9	Level of centralization practiced by Saudi political leadership	32	6.5	14	8.5	8	8	7	10.5	8	10.5		
10	Effect of laws regulating commercial activities which are stemming from Islam	35	5	8	12	21	1.5	11	3	8	10.5		
11	Conducts of authorized employees in MOH	44	1	22	6.5	10	6.5	10	5.5	18	3		
12	Conducts of authorized employees in other government agencies	31	8.5	11	10	6	11	9	8	16	5.5		
	Total	393	-	233	-	143	-	113	-	183	-		

Table No. 40

The degree of Influence's of Economic Environmental Factors on each of the 5Ps Marketing Decisions in Saudi private hospitals according to the respondents' answers and their orders

[Q 3.2.2]

Economic Environmental factors		Product decisions		Pricing decisions		Promotion decisions		Place decisions		Participants decisions	
		No.	Order	No.	Order	No.	Order	No.	Order	No.	Order
1	Saudi monetary polices	29	5.5	32	8	3	18	14	2	9	3.5
2	Saudi financial polices	34	2.5	35	6	12	16	9	10	8	5.5
3	Cycles of economic recession and prosperity	33	4	44	2	15	13	12	5	14	1
4	Degree of stability in levels of Saudi economic growth	29	5.5	38	4	14	14	13	3.5	8	5.5
5	Level of world inflation	18	12.5	27	12	13	15	5	14.5	7	7.5
6	Level of Saudi inflation	25	7	37	5	17	9	11	6	11	2
7	Income average in Saudi Arabia	23	8	46	1	16	11	9	10	9	3.5
8	Role of banking system in serving hospitals	22	9	33	7	9	17	4	16.5	2	16
9	Size of Saudi health market	34	2.5	28	11	16	11	10	7.5	5	10
10	Size of local competition (Number of local competitors)	11	16.5	31	9.5	25	5	10	7.5	4	11.5
11	Magnitude of local competition	11	16.5	31	9.5	26	4	20	1	7	7.5
12	Competitors marketing strategies	10	18	20	17	24	6.5	13	3.5	3	13.5

Table No. 40 (Cont.)

[Q 3.2.2]

The 5 Ps decisions Economic environmental factors		Product decisions		Pricing decisions		Promotion decisions		Place decisions		Participants decisions	
		No.	Order	No.	Order	No.	Order	No.	Order	No.	Order
13	Unexpected additional marketing efforts done by local competitors	19	11	26	13	31	1	5	14.5	2	16
14	Price competition	16	14	40	3	24	6.5	3	18	1	18
15	Quality competition	36	1	21	15.5	18	8	6	13	2	16
16	The competitors' old experience in Saudi health market	20	10	21	15.5	27	2.5	8	12	6	9
17	External competition	18	12.5	17	18	16	11	4	16.5	4	11.5
18	Competitors' picture according to beneficiaries in Saudi health market	15	15	25	14	27	2.5	9	10	3	13.5
Total		403	-	552	-	343	-	165	-	105	-

Table No. 41

The degree of Influence's of Socio-Cultural Environmental Factors on each of the 5Ps Marketing Decisions in Saudi private hospitals according to the respondents' answers and their orders

[Q 3.2.3]

	Socio-Cultural environmental factors	The 5 Ps decisions		Product decisions		Pricing decisions		Promotion decisions		Place decisions		Participants decisions	
		No.	Order	No.	Order	No.	Order	No.	Order	No.	Order	No.	Order
1	Population growth rate	27	6.5	9	12	11	11	15	2.5	9	2.5	6	6
2	Regional population distribution (urban/non urban)	17	12	10	9	17	7.5	19	1	6	1	8.5	8.5
3	Population age profile	28	4.5	10	9	10	12	14	4.5	5	4.5	11.5	11.5
4	Population structure according to occupation profile	25	8	11	6	17	7.5	11	7.5	6	7.5	8.5	8.5
5	Population level of education	24	9.5	10	9	13	10	11	7.5	12	7.5	3	3
6	Health problems and diseases found in Saudi society	22	11	20	3	9	13	15	2.5	6	2.5	8.5	8.5
7	Presence of expatriate workforce	24	9.5	34	1	21	5	10	10	12	10	3	3
8	Life style of Saudi citizen	40	1	21	2	25	1	14	4.5	1	4.5	13	13
9	Trends, values and beliefs prevailing in Saudi society	39	2	11	6	22	3	10	10	10	10	5	5
10	Wastah known in Saudi society	10	13	11	6	14	9	10	10	18	10	1	1
11	Effect of social roles within the Saudi families	27	6.5	9	12	22	3	6	12.5	6	12.5	8.5	8.5
12	Behavioral & ethical rules stemming from Islamic religion	32	3	9	12	19	6	6	12.5	12	12.5	3	3
13	Islamic seasonal events in Saudi Arabia	28	4.5	13	4	22	3	13	6	5	6	11.5	11.5
	Total	343	-	178	-	222	-	154	-	108	-	-	-

Table No. 42

The degree of Influence's of Technological Environmental Factors on each of the 5Ps Marketing Decisions in Saudi private hospitals according to the respondents' answers and their orders

[Q 3.2.4]

	The 5 Ps decisions Technological environmental factors	Product decisions		Pricing decisions		Promotion decisions		Place decisions		Participants decisions	
		No.	Order	No.	Order	No.	Order	No.	Order	No.	Order
1	The latest methods of diagnosing diseases	44	3	30	4	13	5	3	6	6	4
2	The latest methods of treating diseases	49	1	31	3	17	2	7	2.5	8	2
3	The quality of advanced medical equipments available in Saudi market	48	2	35	1	14	5.5	3	6	6	4
4	The quality of advanced medical equipments, not yet available in Saudi market	34	8	20	6	10	8	2	8.5	2	9.5
5	The quality of advanced non-medical equipments usually used in hospitals and available in Saudi market	33	9	19	7	14	5.5	2	8.5	4	7.5
6	The quality of advanced non-medical equipments, not yet available in Saudi market	26	10	16	8	15	3.5	1	10	4	7.5
7	New models of care	44	4	34	2	19	1	8	1	5	6

Table No. 42 (Cont.)

	The 5 Ps decisions		Product decisions		Pricing decisions		Promotion decisions		Place decisions		Participants decisions	
			No.	Order	No.	Order	No.	Order	No.	Order	No.	Order
	Technological environmental factors											
8	Availability of maintenance of medical equipments		44	5	21	5	13	7	7	2.5	12	1
9	Availability of maintenance of non-medical equipments		43	7	10	9	7	10	3	6	6	4
10	Effect of the world care Telemedicine		37	6	9	10	9	9	5	4	2	9.5
	Total		415	-	225	-	133	-	41	-	55	-

Table No. 43

The degree of Influence's of Environmental Factors total on each of the 5Ps in Saudi private hospitals and their orders

	The 5 Ps decisions Environmental factors (PEST factors)		Product decisions		Pricing decisions		Promotion decisions		Place decisions		Participants decisions		Degree of Importance
			No.*	Order	No.	Order	No.	Order	No.	Order	No.	Order	
1	Political-Legal factors		393	3	233	2	143	3	113	3	183	1	2
2	Economic factors		403	2	552	1	343	1	165	1	105	3	1
3	Socio-cultural factors		343	4	178	4	222	2	154	2	108	2	3
4	Technological factors		415	1	225	3	133	4	41	4	55	4	4

*** Notice:** No * means Number of total points scored

Table No. 44

The result of the test of significance using Chi-square analysis and Kruskal Wallis test (1 way Anova) between PEST factors influencing the strategic marketing decisions and respondents' position

Test of Significance	Chi-Square (X^2) Test			K.W. Test	
	Value	d.f.	Sig.	Explanation	Sig. Exp.
PEST factors with influencing strategic marketing decision					
Political-Legal Factors	7.332	24	0.029	(*)	0.046 (*)
Economic Factors	25.809	24	0.363	(-)	0.485 (-)
Socio-cultural Factors	86.363	24	0.000	(*)	0.023 (*)
Technological Factors	101.496	24	0.000	(*)	0.039 (*)

d.f. (degree of freedom)

(*) Significant at $P \leq 0.05$

(-) not significant

Table No. 45

The result of the test of significance using Chi-square analysis and Kruskal Wallis test (1 way Anova) between PEST factors influencing the strategic marketing decisions and respondents' group

Test of Significance	Chi-Square (X^2) Test				K.W. Test	
	Value	d.f.	Sig.	Explanation	Sig.	Exp.
PEST factors with influencing strategic marketing decision						
Political-Legal Factors	10.320	4	0.035	(*)	0.597	(-)
Economic Factors	2.852	4	0.583	(-)	0.669	(-)
Socio-cultural Factors	7.037	4	0.134	(-)	0.084	(-)
Technological Factors	33.229	4	0.000	(*)	0.244	(-)

d.f. (degree of freedom)

(*) Significant at $P \leq 0.05$

(-) not significant

Table No. 46

The result of the test of significance using Chi-square analysis and Kruskal Wallis test (1 way Anova) between PEST factors influencing the strategic marketing decisions and respondents' nationality

Test of Significance	Chi-Square (X^2) Test				K.W. Test	
	Value	d.f.	Sig.	Explanation	Sig.	Exp.
PEST factors with influencing strategic marketing decision						
Political-Legal Factors	9.229	4	0.056	(-)	0.098	(-)
Economic Factors	1.987	4	0.738	(-)	0.435	(-)
Socio-cultural Factors	15.405	4	0.004	(*)	0.025	(*)
Technological Factors	8.511	4	0.075	(-)	0.436	(-)

d.f. (degree of freedom)

(*) Significant at $P \leq 0.05$

(-) not significant

Table No. 47

The result of the test of significance using Chi-square analysis and Kruskal Wallis test (1 way Anova) between PEST factors influencing the strategic marketing decisions and respondents' hospital location

Test of Significance	Chi-Square (X^2) Test				K.W. Test	
	Value	d.f.	Sig.	Explanation	Sig.	Exp.
PEST factors with influencing strategic marketing decision						
Political-Legal Factors	53.999	8	0.000	(*)	0.002	(*)
Economic Factors	120.461	8	0.000	(*)	0.045	(*)
Socio-cultural Factors	66.762	8	0.000	(*)	0.011	(*)
Technological Factors	52.276	8	0.000	(*)	0.013	(*)

d.f. (degree of freedom)

(*) Significant at $P \leq 0.05$

(-) not significant

Table No. 48

The result of the test of significance using Chi-square analysis and Kruskal Wallis test (1 way Anova) between PEST factors influencing the strategic marketing decisions and respondents' hospital specialization level

Test of Significance	Chi-Square (X^2) Test				K.W. Test	
	Value	d.f.	Sig.	Explanation	Sig.	Exp.
PEST factors with influencing strategic marketing decision						
Political-Legal Factors	7.529	4	0.110	(-)	0.062	(-)
Economic Factors	10.025	4	0.040	(*)	0.265	(-)
Socio-cultural Factors	47.020	4	0.000	(*)	0.233	(-)
Technological Factors	21.970	4	0.000	(*)	0.022	(*)

d.f. (degree of freedom)

(*) Significant at $P \leq 0.05$

(-) not significant

Table No. 49

The result of the test of significance using Chi-square analysis and Kruskal Wallis test (1 way Anova) between PEST factors influencing the strategic marketing decisions and respondents' hospital size

Test of Significance	Chi-Square (χ^2) Test				K.W. Test	
	Value	d.f.	Sig.	Explanation	Sig.	Exp.
PEST factors with influencing strategic marketing decision						
Political-Legal Factors	5.777	4	0.216	(-)	0.329	(-)
Economic Factors	7.391	4	0.117	(-)	0.484	(-)
Socio-cultural Factors	26.018	4	0.000	(*)	0.722	(-)
Technological Factors	14.729	4	0.005	(*)	0.088	(-)

d.f. (degree of freedom)

(*) Significant at $P \leq 0.05$

(-) not significant

Strategic Marketing Decisions

Table No. 50

The result of the test of the significant differences between respondents' group in the importance of Marketing Activities in Saudi private hospitals using Z test.

[Q 2.1]

	Z test Marketing Activity	X'		S.D		the value of Z	the significance
		Doctors X' ₁ n ₁ (90)	administrator X' ₂ n ₂ (114)	Doctors S ₁	administrator S ₁		
1	Market planing	4.300	4.254	0.99	1.04	0.33	-
2	Change of health services (medical)	4.022	3.982	0.94	1.06	0.28	-
3	Change in non-medical services	3.578	3.526	1.01	1.02	0.37	-
4	Pricing policies according to demand	3.700	3.658	1.04	1.04	0.29	-
5	Pricing policies according to competition	3.967	3.746	1.04	1.17	1.43	-
6	Advertisement about medical services	4.044	4.061	1.16	1.08	-0.11	-
7	Advertisement about non-medical services	2.822	2.702	1.11	1.26	0.72	-
8	Publicity for the hospital	4.100	3.947	1.27	1.34	0.83	-
9	Public relations	4.422	4.561	0.62	0.68	-1.56	-
10	Market research	3.544	3.368	1.28	1.54	0.89	-

Table No. 50 (Cont.)

	Z test Marketing activity	X'		S.D		the value of Z	the significance
		Doctors X' ₁ n ₁ (90)	administ rator X' ₂ n ₂ (114)	Doctors S ₁	administ rator S ₁		
11	External communication of the hospital	4.067	3.974	1.07	1.17	0.59	-
12	Internal communication of the hospital	4.044	4.105	0.81	0.82	-0.54	-
13	Distribution of medical services in the city	3.778	3.500	1.22	1.26	1.58	-
14	Training programs for medical staff	4.133	4.026	0.94	1.01	0.78	-
15	Motivation programs for medical staff	3.978	3.851	1.02	1.15	0.82	-
16	Training programs for non-medical staff	3.711	3.465	1.07	1.16	1.56	-
17	Motivation programs for non-medical staff	3.600	3.562	1.06	1.11	0.26	-

(X') : Arithmetic Mean

(X'₁) : The average of Doctors' answers

(X'₂) : The average of Administrators' answers

S.D. : Standard Deviation

(*) : Significant at $P \leq 0.05$

(-) : not significant

Table No. 51

The result of the test of the significant differences between respondents' group in the importance of Marketing Objectives in Saudi private hospitals using Z test.

Z test		X'		S.D		the value of Z	The Significance
		X' ₁	X' ₂	S ₁	S ₁		
Marketing Objectives							
1	Offering new health services (medical)	4.989	4.956	0.11	0.39	1.03	-
2	Offering new non-medical services	4.344	4.105	0.84	0.78	2.10	(*)
3	Offering advanced medical technology	2.778	2.772	1.13	1.01	0.04	-
4	Achieving cost-reduction in the hospital	4.578	4.412	0.69	0.75	1.66	-
5	Gaining profit	4.133	3.939	0.77	0.80	1.70	-
6	Helping Medical staff attaining their objectives	4.189	4.061	0.65	0.72	1.28	-
7	Planing the use of the available resources for the coming five years	4.300	4.044	1.01	1.23	1.65	-
8	Achieving stability to manpower working in the hospital for the coming five years	4.189	4.009	0.99	1.03	1.28	-
9	Satisfying demand (needs) of patients	3.933	3.991	1.23	1.19	-0.34	-
10	Satisfying demand (needs) of other beneficiaries (not-patients)	4.733	4.649	0.54	0.52	1.18	-

Table No. 51 (Cont.)

	Z test Marketing activity	X'		S.D		the value of Z	the Significance
		X' ₁	X' ₂	S ₁	S ₁		
11	Forecasting effective demand	3.867	3.895	0.93	0.79	-0.23	-
12	Responding to government's policy and decisions	3.667	3.482	1.13	1.25	1.11	-
13	Increasing the Saudi attitude towards health	4.744	4.649	0.46	0.52	1.51	-
14	Making the hospital unique in its services	4.222	4.018	1.15	1.18	1.24	-

(X') : Arithmetic Mean

(X'₁) : The average of Doctors' answers

(X'₂) : The average of Administrators' answers

S.D. : Standard Deviation

(*) : Significant at $P \leq 0.05$

(-) : not significant

Table No. 52

The result of the test of the significant differences between respondents' group in the Participations in Strategic Marketing Decisions in Saudi private hospitals using Z test.

[Q 2.3]

	Z tes Departments/ persons participation strategic marketing decisions	X'		S.D		the value of Z	the significance
		X' ₁	X' ₂	S ₁	S ₁		
1	Physician joint committees in the hospital	3.744	3.596	1.07	1.13	0.95	-
2	Physician and administrative joint committees in the hospital	5.000	4.939	0.00	0.41	1.61	-
3	External consultant	3.844	3.553	1.11	1.01	2.01	(*)
4	Internal consultant (Marketer)	4.122	3.956	0.99	0.88	1.20	-
5	Internal board of trustee	2.222	2.114	1.31	1.23	0.67	-
6	External board of trustee	3.444	3.588	1.52	1.34	-0.85	-

(X') : Arithmetic Mean

(X'₁) : The average of Doctors' answers

(X'₂) : The average of Administrators' answers

S.D. : Standard Deviation

(*) : Significant at $P \leq 0.05$

(-) : not significant

Table No. 53

The result of the test of the significant differences between respondents' group in the Environmental Data Sources in Saudi private hospitals using Z test.

[Q 2.4]

	Z test Environmental data sources	X'		S.D		the value of Z	the significance
		X' ₁	X' ₂	S ₁	S ₁		
1	The data gathered by the hospital's own activities through :-						
	1.1-The hospital's own staff and managers	4.178	4.114	0.94	1.03	0.45	-
	1.2-The hospital's routine information system	2.500	2.263	1.55	1.45	1.12	-
	1.3-The hospital's own market research	1.044	1.096	0.42	0.60	-0.73	-
2	The Ministry of health's reports and statistics	4.944	4.904	0.23	0.30	0.89	-
3	The Moderates of MOH's reports and statistics	4.533	4.456	0.58	0.68	0.87	-
4	Managers in other hospitals	4.389	4.298	0.87	0.87	0.75	-
5	Government reports and statistics	3.344	3.298	0.96	0.97	0.33	-
6	Trade medical Journals	3.800	3.693	0.85	0.88	0.88	-
7	On line computer data services	3.322	3.351	0.95	0.96	-0.09	-
8	Patients and other beneficiaries in the hospital	3.722	3.553	1.22	1.21	0.98	-

(X') : Arithmetic Mean

(X'₁) : The average of Doctors' answers

(X'₂) : The average of Administrators' answers

S.D. : Standard Deviation

(*) : Significant at $P \leq 0.05$

(-) : not significant

Environmental Factors

Table No. 54

The result of the test of the significant differences between respondents' group in the degree of influence's of Political-Legal Environmental Factors on strategic marketing decisions in Saudi private hospitals using Z test.

[Q 3.1.1]

	Z test Political-Legal Environmental Factors	X'		S.D		the value of Z	The significance
		X'1	X'2	S1	S1		
1	Saudi health regulations and legislations	4.111	4.009	0.79	0.94	0.84	-
2	The policy of Saudisation	1.033	1.167	0.32	0.72	-1.74	-
3	The policy of health insurance for non-Saudis	4.789	4.763	0.46	0.52	0.41	-
4	The policy of health insurance for Saudis	3.856	4.009	0.98	0.93	-1.09	-
5	Governmental decisions related to health sector	4.233	3.982	0.82	0.90	2.13	(*)
6	Privatization policy in Saudi Arabia	4.211	4.096	0.81	0.91	0.97	-
7	Political boycott between Saudi government and certain countries	4.067	4.088	0.88	0.79	-0.18	-
8	Level of stability of the Saudi policies	4.056	3.754	0.94	1.00	2.19	-
9	Level of centralization/decentralization practiced by Saudi political leadership	2.822	3.026	1.31	1.16	-1.16	-
10	Effect of laws regulating commercial activities which are stemming from Islam	4.222	4.123	0.83	1.03	0.76	-

Table No. 54 (Cont.)

	Z test Political-Legal Environmental Factors	X'		S.D		the value of Z	The significance
		X' ₁	X' ₂	S ₁	S ₁		
11	Conducts of authorised employees in MOH	3.767	3.737	1.18	1.07	0.19	-
12	Conducts of authorised employees in other government agencies	4.100	4.298	1.00	0.94	-1.43	-

(X') : Arithmetic Mean

(X'₁) : The average of Doctors' answers

(X'₂) : The average of Administrators' answers

S.D. : Standard Deviation

(*) : Significant at $P \leq 0.05$

(-) : not significant

Table No. 55

The result of the test of the significant differences between respondents' group in the degree of influence's of Economic Environmental Factors on strategic marketing decisions in Saudi private hospitals using Z test.

[Q 3.1.2]

	Z test Economic Environmental Factors	X'		S.D		the value of Z	the significance
		X ₁	X ₂	S ₁	S ₁		
1	Saudi monetary polices	4.511	4.535	0.75	0.78	-0.23	-
2	Saudi financial polices	3.722	3.789	1.14	1.22	-0.41	-
3	Cycles of economic recession and prosperity	1.211	1.237	0.88	0.93	-0.20	-
4	Degree of stability in levels of Saudi economical growth	3.900	3.789	1.01	1.04	0.79	-
5	Level of world inflation	3.900	3.825	0.89	1.02	0.56	-
6	Level of Saudi inflation	4.311	4.105	0.80	0.98	1.69	-
7	Income average in Saudi Arabia	4.378	4.105	0.73	0.88	2.39	(*)
8	Role of banking system in serving hospitals	3.300	3.079	1.29	1.27	1.23	-
9	Size of Saudi health market	3.933	3.842	0.79	0.92	0.77	-
10	Size of local competition (Number of local competitors)	4.400	4.263	0.67	0.67	1.44	-
11	Magnitude of local competition	3.622	3.561	0.93	0.96	0.44	-
12	Competitors marketing strategies	4.411	4.105	0.72	0.99	2.51	(*)
13	Un expected additional marketing efforts done by local competitors	4.267	4.184	0.85	0.98	0.66	-

Table No. 55 (Cont.)

	Z test Economic Environmental Factors	X'		S.D		the value of Z	the significance
		X' ₁	X' ₂	S ₁	S ₁		
14	Price competition	4.144	4.140	0.89	1.03	0.03	-
15	Quality competition	3.622	3.640	1.13	1.11	-0.11	-
16	The competitors old experience in Saudi health market	3.544	3.474	1.15	1.15	0.43	-
17	External competition	4.089	3.868	0.94	1.04	1.60	-
18	Competitors' picture according to beneficiaries in Saudi health market	4.311	4.228	0.84	0.92	0.68	-

(X') : Arithmetic Mean

(X'₁) : The average of Doctors' answers

(X'₂) : The average of Administrators' answers

S.D. : Standard Deviation

(*) : Significant at $P \leq 0.05$

(-) : not significant

Table No. 56

The result of the test of the significant differences between respondents' group in the degree of influence's of Socio-cultural Factors on strategic marketing decisions in Saudi private hospitals using Z test.

[Q 3.1.3]

	Z test Socio-cultural Environmental Factors	X'		S.D		the value of Z	the significance
		X' ₁	X' ₂	S ₁	S ₁		
1	Population growth rate	3.722	3.447	1.27	1.28	1.54	-
2	Regional population distribution (urban/non urban)	2.389	2.430	1.28	1.23	-0.23	-
3	Population age profile	3.089	3.070	1.21	1.32	0.11	-
4	Population structure according to occupation profile	1.067	1.088	0.45	0.54	-0.30	-
5	Population level of education	3.956	3.719	0.94	1.00	1.72	-
6	Health problems and diseases found in Saudi society	3.756	3.482	0.95	0.91	2.11	(*)
7	Presence of expatriate working force	3.378	3.316	1.03	0.96	0.44	-
8	Life style of Saudi citizen	3.333	3.272	0.97	1.03	0.44	-
9	Trends, values and beliefs prevailing in Saudi society	3.522	3.430	1.08	1.03	0.62	-
10	Wastah known in Saudi society	3.678	3.684	0.97	0.77	-0.05	-
11	Effect of social roles within the Saudi families	4.122	3.956	0.78	0.76	1.51	-

Table No. 56 (Cont.)

	Z test Socio-cultural Environmental Factors	X'		S.D		the value of Z	the significance
		X' ₁	X' ₂	S ₁	S ₁		
12	Behavioral & ethical rules stemming from Islamic religion	3.944	4.070	0.87	0.87	-1.03	-
13	Islamic seasonal events in Saudi Arabia	4.033	4.026	0.92	0.92	0.06	-

(X') : Arithmetic Mean

(X'₁) : The average of Doctors' answers

(X'₂) : The average of Administrators' answers

S.D. : Standard Deviation

(*) : Significant at $P \leq 0.05$

(**) : not significant

Table No. 57

The result of the test of the significant differences between respondents' group in the degree of influence's of Technological Environmental Factors on strategic marketing decisions in Saudi private hospitals using Z test.

[Q 3.1.4]

	Z test Technological Environmental Factors	X'		S.D		the value of Z	the Significance
		X' ₁	X' ₂	S ₁	S ₁		
1	The latest methods of diagnosing diseases	3.433	3.605	1.05	1.14	-1.13	-
2	The latest methods of treating diseases	3.756	3.904	0.78	0.81	-1.30	-
3	The quality of advanced medical equipments available in Saudi market	4.167	4.447	0.84	0.64	-2.55	(*)
4	The quality of advanced medical equipments, not yet available in Saudi market	4.033	4.167	0.99	0.81	1.03	-
5	The quality of advanced non-medical equipments usually used in hospitals and available in Saudi market	4.978	5.000	0.21	0.00	-1.00	-
6	The quality of advanced non-medical equipments, not yet available in Saudi market	4.522	4.395	0.77	0.83	1.11	-
7	New models of care	4.544	4.526	0.66	0.63	0.20	-
8	Availability of maintenance of medical equipment	4.544	4.447	0.62	0.67	1.09	-

Table No. 57 (Cont.)

	Z test	X'		S.D		the value of Z	the Significance
	Technological Environmental Factors	X' ₁	X' ₂	S ₁	S ₁		
9	Availability of maintenance of non-medical equipments	2.978	2.982	1.22	1.18	-0.02	-
10	Effect of the world care Tele medicine	3.189	3.263	0.92	0.96	-0.57	-

(X') : Arithmetic Mean

(X'₁) : The average of Doctors' answers

(X'₂) : The average of Administrators' answers

S.D. : Standard Deviation

(*) : Significant at $P \leq 0.05$

(-) : not significant

Summary of the influence of the Environmental Factors [according to P.E.S.T analysis] on Strategic Marketing Decisions in Saudi private hospitals

The following tables are :

A : Models of analyzing the External Environmental for marketers in Saudi private hospitals using PEST factors division.

"Tables No. 58, 59, 60 and 61 "

adapted from :

"Katab, Aiada, Strategic Management, 1994, 2en edition, Cairo : Ain Shams Library, pp. 69-70".

B : Environmental Threat and Opportunity Profile (ETOP) for marketers in Saudi private hospitals using PEST factors division.

"Tables No. 62, 63, 64 and 65"

adapted from :

Palmer, Adrian and Ian Worthington, The Business and Marketing Environment, 1997, p.249".

Table No. 58

Respondents' evaluation of the Political-Legal Environmental factors for marketers in Saudi private hospitals.

	Political-Legal Environmental factors	(1) The degree of the influence	(2) The importance of the factor	(3) Type of influence - or/and +
1	Saudi health regulations and legislations	4	2	- , +
2	The policy of Saudisation	1	4	0 "not influence"
3	The policy of health insurance for non-Saudis	5	1	+
4	The policy of health insurance for Saudis	4	2	+
5	Governmental decisions related to health sector	4	2	- , +
6	Privatization policy in Saudi Arabia	3	3	- , +
7	Political boycott between Saudi government and certain countries	4	2	- , +
8	Level of stability of the Saudi policies	4	2	+
9	Level of centralization practiced by Saudi political leadership	3	3	-
10	Effect of laws regulating commercial activities which are stemming from Islam	4	2	- , +

Table No. 58 (Cont.)

	Political-Legal Environmental factors	(1) The degree of the influence	(2) The importance of the factor	(3) Type of influence - or/and +
11	Conducts of authorised employees in MOH	4	2	-
12	Conducts of authorised employees in other government agencies	4	2	-
	Total	4		

(1) According to the scores got in table No. 35. [Empirically according to the questionnaire results].

(2) 1 means the most important factor
4 means the least important factor
according to column (1)

(3) According to the interview's results.
(- , +) means that the factor may represent an opportunity some times and may represent a threatened other times.

Table No. 59

Respondents' evaluation of the Economic Environmental factors for marketers in Saudi private hospitals.

	Economic Environmental factors	(1) The degree of the influence	(2) The importance of the factor	(3) Type of influence - or/and +
1	Saudi monetary polices	5	1	- , +
2	Saudi financial polices	4	2	- , +
3	Cycles of economic recessions and prosperity	1	4	0
4	Degree of stability in levels of Saudi economical growth	4	2	+
5	Level of world inflation	4	2	-
6	Level of Saudi inflation	4	2	-
7	Income average in Saudi Arabia	4	2	+
8	Role of banking system in serving hospitals	3	3	+
9	Size of Saudi health market	4	2	-
10	Size of local competition (Number of local competitors)	5	1	-
11	Magnitude of local competition	4	2	-
12	Competitors marketing strategies	4	2	-
13	Un expected additional marketing efforts done by local competitors	4	2	-

Table No. 59 (Cont.)

	Economic Environmental factors	(1) The degree of the influence	(2) The importance of the factor	(3) Type of influence - or/and +
14	Price competition	4	2	-
15	Quality competition	4	2	-, +
16	The competitors' old experience in Saudi health market	4	2	-
17	External competition	4	2	-
18	Competitors' picture according to beneficiaries in Saudi health market	4	2	-
	Total	4		

(1) According to the scores got in table No. 36. [according to the questionnaire results].

(2) 1 means the most important factor
4 means the least important factor
according to column (1)

(3) According to the interview's results.
(-, +) means that the factor may represent an opportunity some
times and may represent a threatened other times.

Table No. 60

Respondents' evaluation of the Socio-cultural Environmental factors for marketers in Saudi private hospitals.

	Socio-cultural Environmental factors	(1) The degree of the influence	(2) The importance of the factor	(3) Type of influence - or/and +
1	Population growth rate	4	1	+
2	Regional population distribution (urban/non urban)	2	3	0
3	Population age profile	3	2	0
4	Population structure according to occupation profile	1	4	0
5	Population level of education	4	1	-
6	Health problems and diseases found in Saudi society	4	1	+
7	Presence of expatriate working force	3	2	+
8	Life style of Saudi citizen	3	2	-, +
9	Trends, values and beliefs prevailing in Saudi society	3	2	-, +
10	<u>Wastah</u> known in Saudi society	4	1	-
11	Effect of social roles within the Saudi families	4	1	-, +

Table No. 60 (Cont.)

	Socio-cultural Environmental factors	(1) The degree of the influence	(2) The importance of the factor	(3) Type of influence - or/and +
12	Behavioral & ethical rules stemming from Islamic religion	4	1	- , +
13	Islamic seasonal events in Saudi Arabia	4	1	+
	Total	3		

(1) According to the scores got in table No. 37. [according to the questionnaire results].

(2) 1 means the most important factor
4 means the least important factor
according to column (1)

(3) According to the interview's results.
(- , +) means that the factor may represent an opportunity some
times and may represent a threatened other times.

Table No. 61

Respondent's evaluation of the Technological Environmental factors for marketers in Saudi private hospitals.

	Technological Environmental factors	(1) The degree of the influence	(2) The importance of the factor	(3) Type of influence - or/and +
1	The latest methods of diagnosing diseases	4	2	-, +
2	The latest methods of treating diseases	4	2	-, +
3	The quality of advanced medical equipments available in Saudi market	5	1	-, +
4	The quality of advanced medical equipments, not yet available in Saudi market	4	2	-, +
5	The quality of advanced non-medical equipments usually used in hospitals and available in Saudi market	5	1	-, +
6	The quality of advanced non-medical equipments, not yet available in Saudi market	5	1	-, +
7	New models of care	5	1	-, +
8	Availability of maintenance of medical equipments	5	1	-, +

Table No. 61 (Cont.)

	Technological Environmental factors	(1) The degree of the influence	(2) The importance of the factor	(3) Type of influence - or/and +
9	Availability of maintenance of non-medical equipments	3	3	-
10	Effect of the world care Tele medicine	3	3	+
	Total	4		

(1) According to the scores got in table No. 38. [according to questionnaire results]

(2) 1 means the most important factor
4 means the least important factor
according to column (1)

(3) According to the interview's results.
(- , +) means that the factor may represent an opportunity some times and may represent a threatened other times.

Table No. 62

Political-Legal Environmental Threat and Opportunity Profile (ETOP)₁
in Saudi private hospitals(*).

	Political-Legal Environmental factors	Major opportunity	Minor opportunity	Neutral	Minor threat	Major threat
1	Saudi health regulations and legislations	✓				✓
2	The policy of Saudization			✓		
3	The policy of health insurance for non-Saudi	✓				
4	The policy of health insurance for Saudis	✓				
5	Governmental decisions related to health sector	✓				✓
6	Privatization policy in Saudi Arabia		✓		✓	
7	Political boycott between Saudi government and certain countries	✓				✓
8	Level of stability of the Saudi policies	✓				
9	Level of centralization practiced by Saudi political leadership				✓	
10	Effect of laws regulating commercial activities which are stemming from Islam	✓				✓
11	Conducts of authorised employees in MOH					✓
12	Conducts of authorised employees in other government agencies					✓

(*) According to table No. 58

Major opportunity : + / 4 and 5 (degree)

Minor opportunity : + / 2 and 3 (degree)

Neutral : 0 / 1 (degree)

Major threat : - / 4 and 5 (degree)

Minor threat : - / 2 and 3 (degree)

Table No. 63

Economic Environmental Threat and Opportunity Profile (ETOP)₂ in
Saudi private hospitals(*).

	Economical Environmental factors	Major opportunity	Minor opportunity	Neutral	Minor threat	Major threat
1	Saudi monetary polices	✓				✓
2	Saudi financial polices	✓				✓
3	Cycles of economic recessions and prosperity			✓		
4	Degree of stability in levels of Saudi economic growth	✓				
5	Level of world inflation					✓
6	Level of Saudi inflation					✓
7	Income average in Saudi Arabia	✓				
8	Role of banking system in serving hospitals		✓			
9	Size of Saudi health market					✓
10	Size of local competition (Number of local competitors)					✓
11	Magnitude of local competition					✓
12	Competitors marketing strategies					✓
13	Un expected additional marketing efforts done by local competitors					
14	Price competition					✓
15	Quality competition	✓				✓

Table No. 63 (Cont.)

	Economic Environmental factors	Major opportunity	Minor opportunity	Neutral	Minor threat	Major threat
16	The competitors old experience in Saudi health market					✓
17	External competition					✓
18	Competitors' picture according to beneficiaries in Saudi health market					✓

(*) According to table No. 59

Major opportunity : + / 4 and 5 (degree)

Minor opportunity : + / 2 and 3 (degree)

Neutral : 0 / 1 (degree)

Major threat : - / 4 and 5 (degree)

Minor threat : - / 2 and 3 (degree)

Table No. 64

Socio-cultural Environmental Threat and Opportunity Profile (ETOP)₃
in Saudi private hospitals(*).

	Socio-cultural Environmental factors	Major opportunity	Minor opportunity	Neutral	Minor threat	Major threat
1	Population growth rate	✓				
2	Regional population distribution (urban/non urban)			✓		
3	Population age profile			✓		
4	Population structure according to occupation profile			✓		
5	Population level of education					✓
6	Health problems and diseases found in Saudi society	✓				
7	Presence of expatriate working force		✓			
8	Life style of Saudi citizen		✓		✓	
9	Trends, values and beliefs prevailing in Saudi society		✓		✓	
10	<u>Wastah</u> known in Saudi society					✓
11	Effect of social roles within the Saudi families	✓				✓
12	Behavioral & ethical rules stemming from Islamic religion	✓				✓
13	Islamic seasonal events in Saudi Arabia	✓				

(*) According to table No. 60

Major opportunity : + / 4 and 5 (degree)

Minor opportunity : + / 2 and 3 (degree)

Neutral : 0 / 1 (degree)

Major threat : - / 4 and 5 (degree)

Minor threat : - / 2 and 3 (degree)

Table No. 65

Technological Environmental Threat and Opportunity Profile (ETOP)₄
in Saudi private hospitals(*).

	Technological Environmental factors	Major opportunity	Minor opportunity	Neutral	Minor threat	Major threat
1	The latest methods of diagnosing diseases	✓				✓
2	The latest methods of treating diseases	✓				✓
3	The quality of advanced medical equipments available in Saudi market	✓				✓
4	The quality of advanced medical equipments, not yet available in Saudi market	✓				✓
5	The quality of advanced non-medical equipments usually used in hospitals and available in Saudi market	✓				✓
6	The quality of advanced non-medical equipments, not yet available in Saudi market	✓				✓
7	New models of care	✓				✓
8	Availability of maintenance of medical equipment	✓				✓
9	Availability of maintenance of non-medical equipment		✓		✓	
10	Effect of the world care Tele medicine		✓			

(*) According to table No. 61

Major opportunity : + / 4 and 5 (degree)

Minor opportunity : + / 2 and 3 (degree)

Neutral : 0 / 1 (degree)

Major threat : - / 4 and 5 (degree)

Minor threat : - / 2 and 3 (degree)

To make the mass of data easier for the reader to grasp, what following is a brief concluding section summarizing the results.

According to PEST analysis the following eight summary tables with accompanying text listing all the correlation tested for, showing the most influence Environmental factors on each of the 5Ps decision in private Saudi hospitals, and the least influence factors, according to respondents evaluations.

Table No. (66)

Respondents' evaluation of the most influential factors of the Saudi political-Legal Environment on each of the 5 Ps in private hospitals:

Product decision	Pricing decisions	Promotion* decisions	Place decision*	Participant* decisions
Conducts of authorized employees in MOH	Policy of health insurance for Saudis to be applied	Policy of health insurance for Saudis	Policy of health insurance for non-Saudis	Policy of Saudization
Health regulation and legislation	Health regulation and legislation	Islamic law constraints		Health regulation and legislation
Government decisions related to health sector	Government decisions related to health sector	Policy of health insurance for non Saudis		
Level of stability of the policies adapted in Saudi Arabia		Level of stability of the policies		

Notice:

- Factors shown in this table and the following tables are being illustrated in Chapter 4, and they are in descending order according to number of answers.

* where used

Table No. (67)

Respondents' evaluation the most influential factors of the Saudi Economic Environment on each of the 5 Ps in private Saudi hospitals:

Product decision	Pricing decisions	Promotion decisions	Place decisions	Participant decisions
1. Income averages in Saudi Arabia	1. Quality competition	1. Unexpected additional marketing efforts done by local competitors	1. The degree of local competition	1. Cycle of economic recession and prosperity
2. Size of Saudi health market	2. Cycle of Saudi economic recession and prosperity	2. Competitors experience in Saudi health market	2. Saudi Monetary policies	2. Level of Inflation in Saudi Arabia
	3. Income average in Saudi Arabia			

Table No. (68)

Respondents' evaluations of the most influential factors of the Saudi Socio-Cultural Environment on each of the 5Ps in private Saudi hospitals:

Product decision	Pricing decisions	Promotion decisions	Place decisions	Participant decisions
1. Life style of Saudi citizens	1. Presence of expatriate workforce	1. Life style of Saudi citizens	1. Population growth rate	1. <u>Wastah</u> known in Saudi Society
2. Trends, values and beliefs prevailing in Saudi society	2. Life style of Saudi citizens	2. Trends, values and beliefs prevailing in Saudi society.	2. Regional population distribution urban-non (urban)	2. Behavioral ethical rules stemming from Islamic religion
		3. Islamic seasonal events in Saudi Arabia	3. Health problems and diseases in Saudi society	3. Presence of expatriate working force.
		4. Effect of Social values within Saudi family		4. Population level of education

Table No. (69)

Respondents' evaluations of the most influential factors of the Saudi Technological Environment on each of the 5 Ps in private Saudi hospitals:

Product decision	Pricing decisions	Promotion decisions	Place decision	Participant decisions
1. The latest methods of treatment of diseases	1. The quality of medical equipments available in Saudi market	1. New models of care.	1. New models of care.	1. Availability of maintenance for medical equipments used in the hospital.
2. The quality of medical equipments available in Saudi market	1. New models of care.	2. The latest methods of treating diseases	2. Availability of maintenance for medical equipments used in the hospital.	2. The latest methods of treating diseases.
			3. The latest methods of treating diseases	

Table No. (70)

Respondents' evaluations of the least influential factors of the Saudi Political-Legal Environment on each of the 5 Ps in private hospitals:

Product decision	Pricing decisions	Promotion decisions	Place decision	Participant decisions
1. Saudization	1. Effect of laws regulating commercial activities which are stemming from Islam.	1. Saudization	1. Saudization	1. Privatization
2. Political boycott between Saudi government and certain countries		2. Political boycott between Saudi government and certain countries	2. Governmental decisions related to health sector	2. Effect of laws regulating commercial activities which are stemming from Islam.
			3. Levels of centralization practiced by Saudi political leadership	3. Level of centralization

Table No. (71)

Respondents' evaluations of the least influential factors of the Saudi Economic Environment on each of the 5 Ps in private hospitals:

Pricing decision	Product decisions	Promotion decisions	Place decisions	Participant decisions
1. Nature and magnitude of external competition	1. Competitors marketing strategies	1. Saudi Monetary policies	1. Price competition	1. Price competition
2. Local competitors marketing strategies	2. Role of banking system in Saudi health sector	2. Role of banking system in Saudi health sector	2. External competition	2. Quality competition
	3. Magnitude of local competition		3. Role of banking system in Saudi health sector	3. Role of banking system.
				4. Unexpected additional marketing efforts by local competitors

Table No. (72)

Respondents' evaluations of the least influential factors of the Saudi Socio-Cultural Environment on each of the 5 Ps in private hospitals:

Product decision	Pricing decisions	Promotion decisions	Place decision	Participant decisions
1. <u>Wastah</u> known in Saudi society.	1. Behavioral ethical rules stemming from Islamic religion	1. Population age profile	1. Behavioral ethical rules stemming from Islamic religion	1. Life style of Saudi citizen.
2. Regional population distribution (urban/non urban)	2. Effect of social roles within Saudi families	2. Health problems and diseases in Saudi society.	2. Effect of social roles within Saudi families.	2. Islamic seasonal events in Saudi Arabia.
	3. Population growth rate			3. Population age profile.

Table No. (73)

Respondents' evaluations of the least influential factors of the Saudi Technological Environment on each of the 5 Ps in private hospitals:

Product decision	Pricing decisions	Promotion decisions	Place decisions	Participant decisions
1. The quality of non-medical equipment not available in Saudi market	1. World care tele-medicine services.	1. World care tele-medicine services	1. The quality of medical and non-medical equipments not yet available in Saudi market	1. World care tele-medicine services.
2. The quality of medical equipments not available in Saudi market.	2. Availability of maintenance for non-medical equipments used in the hospital.	2. Availability of maintenance for non-medical equipments used in the hospital.		2. The quality of medical equipments not yet available in Saudi market.

Appendix 5

Main Interviews Schedules

5.a) Hospital Managers Interviews Schedules: (Interview 2)

Based on your response to the questionnaire I sent to you few weeks ago, and according to your experience in health marketing would you please answer the following questions. Your answers will be confidentially handled, and you are free not to answer any question if you do not like to.

Q1-a) Do you have a formal marketing department?

_____ Yes, _____ No

- If yes how many people work in the marketing department at present?

_____ number of Executives.

_____ number of Sales Personnel.

_____ number of Clerical Staff.

- What is the education background of the strategic marketing decision makers?

_____ number with qualification in marketing.

_____ number educated to a university level (management)

_____ number of physicians.

Q1-b) Which of the following statements is closest to your approach of marketing?

- _____ Marketing is concerned with offering good product/services that are reasonably priced.
- _____ Marketing is mainly concerned with promoting and selling product/services the hospital chooses to offer.
- _____ Marketing is the management process which identifies, anticipates and supplies customer requirements efficiently and profitably.
- _____ Marketing is human activity directed at satisfying needs and wants through exchange process.

Q2) Please mention as appropriate to your opinion the introduction of marketing to your hospital has

- improved the hospital image.
- divided the hospital into factions.
- enabled the hospital to be competitive.
- helped obtain new patients.
- changed the organizational structure in the hospital.
- identified new opportunities.
- confusion due to lack of text books.
- focus on particular group in the society.
- resisted by older manager.
- resisted by doctors in the hospital.
- others please specify.

Q3) What are the main strategic marketing decisions usually found in your hospital?

(Product, pricing, place, promotion and participant decisions)

- Which of them are the most important?

- Does your hospital divide the consumer market?
- If yes, what are these groups, describe them, in other words: Does your hospital have different marketing strategies for different groups?
- How do you judge your hospital about profitability, health quality and the share of Saudi health market?

Q4) What are the actual marketing activities in your hospital?

Q5) What are the actual marketing objectives in your hospital?

Q6) Who are responsible of taking strategic marketing decisions in your hospital?

- Are there any representatives from outside the hospital in taking those decisions (i.e. from universities, banks, businessmen, external marketing consultants)?

Q7) What kind of information about the external environment needed for strategic marketing decisions?

- Are they all available?
- Where you usually can get them from?
- Do you have your own marketing research or information systems?
- Do you use suggestion boxes as source of information about customers' needs?

Q8.a) Form your point of view what are the changes in the environmental factors surrounding hospitals occurred as a result of the late 1990s economic, social status and technology which had developed in Saudi Arabia?

Q8.b) Based on your experience, would you please arrange the following factors in three groups according to their importance to base strategic marketing decisions as general and on each of the 5 Ps as specific, and please indicate those present opportunities or threats to your hospital.

- Saudi health regulations and legislation.
- Health insurance policy, Saudization, privatization and other new policies (i.e. participation in W.T.O).
- Level of stability of the Saudi policies and economy.
- Pressure group (i.e. media and Shura council members).
- Level of centralization practiced by Saudi political leadership.
- Conducts of authorized employees in MOH and in other related government agencies.
- Effect of Islamic regulation commercial activities, behavioral and ethical rules stemming from Islamic religion.
- Islamic seasonal events in Saudi Arabia.
- Political boycott between Saudi government and certain countries.
- The general economic factors.
- Competition in the Saudi health sector.
- Demographic factors.
- Health problems and diseases in Saudi Arabia.
- Presence of expatriate workforce.
- Life style of Saudi citizens.
- Trends, values and beliefs prevailing in Saudi society.
- Wastah known in Saudi society.
- Effects of social roles within the Saudi families.
- The latest methods of diagnosing and treating diseases.
- The quality of available advanced medical/non-medical equipments.

- The quality of advanced equipments needed in hospitals) not yet found in Saudi health market.
- Maintenance of medical and non medical equipment.
- Telemedicine services.
- Others please indicate and determine which decisions it influence and its degree of influence.

Q8.c) Based on your response to the questionnaire, you mentioned the importance of basing strategic marketing decisions on all PEST factors mentioned above, but there are still some of them not included in your decisions (i.e. health insurance policy for Saudis, Saudization, privatization, participation in WTO, external competition, socio-cultural factors, the latest methods of diagnosing diseases, maintenance and telemedicine services). What are the main reasons for not including these or other PEST factors in your strategic marketing decisions?

Q9) What are the main difficulties and problems facing your hospital marketing while dealing with the external environment?

Q10) If you have any other relevant information concerning your hospital marketing and the relationship between the hospital and external environment for improving strategic marketing decisions, you are kindly asked to mention it for the importance to the research.

Thank you for your co-operation and valuable comments.

5.b) Marketing Expert Interviews Schedules: (Interview 3)

Q1) What are the main strategic marketing decisions should be found in Saudi private hospital?

Q2) What are the marketing activities need to be found to achieve hospital effectiveness?

Q3) What are the marketing objectives should be found?

Q4) In your opinion, what are the changes in the environmental factors surrounding private hospitals occurred as a result of the 1990's economic, social status and technology which had developed ins Saudi Arabia?

Q5) What are the information about the external environment needed for strategic marketing decisions?

Q6) Who should participate in making strategic marketing decisions in Saudi private hospitals?

Q7) Would you please arrange the following PEST factors that should influence the strategic marketing decisions as general and each of the 5 Ps as specific:

- Saudi health regulations and legislation.
- Health insurance policy, Saudization, privatization and other new policies related to health sector.

- Level of stability of the Saudi policy and economy.
- Level of centralization practiced by Saudi political leadership.
- Pressure group (i.e. media, Shura council).
- Political boycott between Saudi government and certain countries.
- Conducts of authorized employees in MOH or in other related government agencies.
- Effect of Islamic laws regulation commercials activities, behavioral and ethical rules stemming from Islamic religion.
- The general economic factors.
- Competition in the Saudi health sector.
- Demographic factors.
- Health problems and diseases in Saudi society.
- Presence of expatriate workforce.
- Life style of Saudi citizen.
- Trends, values and beliefs prevailing in Saudi society.
- Wastah known in Saudi society.
- Effects of social roles within the Saudi families.
- The latest methods of diagnosing and treating diseases.
- The quality of available advanced medical/non-medical equipments.
- The quality of advanced equipments needed by hospitals not yet available in Saudi health market.
- Maintenance of medical/non-medical equipments in the hospitals.
- Telecommunication.

Others please indicate and determine its degree of importance.

Q8) From your opinion, would you please judge the marketing success of the following hospitals: (A list of hospitals were given in three groups after dividing them by the researcher according to the results of the questionnaire analysis)?

Q9) What are your comments and suggestions concerning the relationship between Saudi private hospitals and the external marketing for improving their success?

Thank you for your co-operation and valuable comments.

5.c) Saudi Health Sector Experts and Members in Shura Council
Interviews Schedules:

Both schedules 5b and 5c had the same interview questions except for slight para-phrasing in question 8 for Saudi health sector experts to supply the researcher with any document to support that judgment and in question 9 for members in Shura Council to add the relationship between the Shura Council and private hospitals.

Appendix 6

The Questionnaire Validating Panel

6.a) Marketing Academicians:

- Dr. Metwally Al Sayed – previous professor, college of administration and economic, K.A.U. at the main time he works in Cairo as Marketing Consultant and a professor in Holwan University, Cairo.
- Dr. Raad Abdul Kareem Habib – Associate Professor, College of Administration and Economic, K.A.U.
- Dr. Hind Naser AlShaduki – Retired/Associate Professor, College of Administration and Economic, K.A.U.

6.b) The Statistical Academicians:

- Dr. Abdulah Mohamd Abdul Fatah – Assistant Professor, Statistical Department, College of Science, K.A.U.
- Mr. Adel Samra – Lecturer in Statistics in King Abdul Aziz University since 1978 until now Statistical Department, College of Science, K.A.U.

6.c) Health Sector Administrators:

- Mr. Abubakr Ibrahim Zain Alabedeen – The previous statistic research in M.O.H.
- Dr. Reda Khalil – Senior Advisor in The Ministry of Health.

- Dr. Hanan Abderahim Al-Ahmari – Assistant Professor of Health Administration. Institute of General Administration.

6.d) Bilingual Translators:

- Mr. Babaker Khair Allah Babaker – Translator, Translation Department, S F H, Bachelor in English Literature.
- Mrs. Riyam Hussain Darwish – English Department, Queen Effat College, Jeddah, Bachelor in English Literature.

Appendix 7

Pilot Study Experts Group (Interview 1)

1. His Excellency Professor Ossama Abdul Majeed Shobokshi, Minister of Saudi Health Ministry (MOH).
2. Dr. Abdul Rahman Al-Swolim, The previous Executive Deputy minister in MOH.
3. Dr. Faleh Al Faleh, a member in Shura Council in Consultant of health and social affair.
4. Dr. Essam Abdul Aziz Banaja, Marketing Consultant in Jeddah.
5. Mr. Hamid Al-Nafea, Member of H.E. Ministry of Health.
6. Dr. Al Fatih Zain Alabedeen Alsmami, the previous WHO representative in KSA.
7. Dr. Abdul Rahman Baksh, The owner of Baksh hospital in Jeddah.
8. Mr. Alawe Tuneesea, The owner of Alawe Tuneesea hospital in Makkah.
9. Dr. Hamid Mutabakani, The owner of new Jeddah clinic in Jeddah.

Appendix 8

The Sample of Hospital Managers Interviews “Number of Interviewees and its percentage” (Interview 2)

The sample group are : 50

The percentage of the sample 25%

The population group are : 204.

8.a) According to Hospital Size

Size of the Hospital	No. of Frequencies	Number of Interviewees	Percentage
Medium (200-500 beds)	26	7	12.7
Small (less than 200 beds)	178	43	87.3
Total	204	50	100

8.b) According to Hospital Specialization Level

Hospital Specialization Level	No. of Frequencies	Number of Interviewees	Percentage
One Specialty	10	3	4.9
General Hospital	194	47	95.1
Total	204	50	100

8.c) According to Hospital Location

Hospital Location	No. of Frequencies	Number of Interviewees	Percentage
Makkah	33	8	16.2
Jeddah	147	37	72.1
Al-Taif	24	5	11.8
Total	204	50	100

8.d) According to Respondents' Position

Respondents' Position	No. of Frequencies	Number of Interviewees	Percentage
General Manager	26	6	12.7
Medical Manager	17	4	8.3
Administrator Manager	34	8	16.7
Marketing Manager	45	12	22.1
Out-Clinic Manager	22	5	10.8
Relationship Manager	39	10	19.1
Others	21	5	10.3
Total	204	50	100

8.e) According to Respondents Group “Academic Experience”

Respondents’ Group	No. of Frequencies	Number of Interviewees	Percentage
Medical	90	22	44
Administrative	114	28	56
Total	204	50	100

8.f) According to Respondents’ Nationality

Respondents’ Nationality	No. of Frequencies	Number of Interviewees	Percentage
Saudi	75	19	37
Non-Saudi	129	31	63
Total	204	50	100

Appendix 9

The Experts Interviews Group Interview 3

9.a) Marketing Experts

1. Dr. Essam Abdulaziz Banaja, Marketing Consultant.
2. Dr. Metwally Al-Sayed Metwally, Previous Professor, College of Administration and Economic, K.A.U.
3. Dr. Mustafa Al-Dugether, Associate Professor in Administration College, K.A.U.
4. Dr. Hind Naser Al-Shaduki, Retired/Associate Professor in Administration and Economic College, Service Marketing Specialist, K.A.U.

9.b) Saudi Health Sector Experts

1. Dr. Abdullah Saad Al-Darby, Consultant in MOH and Supervision of Statistical Department in MOH.
2. Dr. Abdel Elah Saaty, The Previous Supervisor of Health Media and Publications, MOH.
3. Dr. Fawad Azab, Health Management Consultant and the Previous Coordinator between Private Hospitals and Public Sector.
4. Dr. Reda Khalil, Senior Advisor, MOH.
5. Dr. Othman Al-Rabia, Deputy Minister for Planning and Development.

9.c) Members in Shura Council

1. Professor Abdul Elah Abdulaziz Banaja (The previous Executive for the health and Social Committee in the Shura Council).
2. Dr. Faleh Al-Faleh
3. Dr. Zohair Al-Sebai

“All of them are Members in the Health and Social Committee in the Council”.

Appendix 10.a

The Study Population (Arabic Version) The Saudi Private Hospitals in the Western Region (Makkah Region)

م عام	المنطقة	م	المستشفى	التخصص	الأسرة عدد	المالك
مكة المكرمة						
11	العاصمة المقدسة	1	الرفيع	عام	50	محمد خليل الرفيع
12		2	محمد صالح باقر حيل	عام	96	شركة الباشا رحيل للائماء
13		3	تلاهي السعدي	عام	65	محمد عبد الرحمن المصانع
14		4	علوي تونسي	عام	50	علوي تونسي
15		5	الشفاء	عام	50	الشريف يحيى آل زيد
16		6	أم القرى	عام	50	د/ بشير علي بشير
17		7	مستشفى مركز مكة الطبي	عام	0	شركة ممامة
18		8	السلام	نساء وجراحة	30	عبد الله بامثل
			المجموع		391	517
19	جدة	1	د/ خالد ادريس	عام	60	ورثة د/ خالد ادريس / سعودي
20		2	جدة الوطني القديم	عام	75	محمد باحارث ، د/ مطبقاتي / سعودي
21		3	دار الشفاء السعودي	عام	65	د/ عبد الرحمن بخش / سعودي
22		4	الداخستاني	عام	75	د/ احمد عبد العزيز داخستاني / سعودي
23		5	د/ سليمان فقيه	عام	390	د/ سليمان فقيه / سعودي
24		6	بقتان العام	عام	120	شركة مستشفى بقتان
25		7	د/ صديقة للسيدات	عام	80	د/ صديقة كمال باشا
26		8	حي الجاسعة	عام	54	درويش مصطفى زقروق
27		9	الحمراء	عام	30	د/ احمد المزروع / سعودي
28		10	بالقدر والدكتور عرفان	عام	209	
29		11	الجدعاني	عام	30	شالي الجدعاني / سعودي
30		12	د/ غسان فرعون	عام	30	د/ غسان نجيب فرعون
31		13	الحياة	عام	80	د/ محمد ابراهيم قلاني
32		14	الجزيرة	عام	0	الشركة الوطنية للخدمات الطبية
33		15	الزهراء	عام	50	د/ محمد عبد العزيز بادي / سعودي
34		16	الأطباء المتحدون	عام	80	
35		17	طارق محمد بن لادن	عام	30	د/ طارق بن لادن
36		18	السلام	عام	0	عبد سعيد بامثل
37		19	المغربي	طب وجراحة العيون	80	
38		20	عبد اللطيف الجميل لعلاج الناقهين والمسنين	امراض شيخوخة وجراحة علاج طبيعي وناهيل	198	يوسف عبد اللطيف جميل / سعودي
39		21	الجدعاني الجديد	عام	103	شالي الجدعاني / سعودي
40		22	د/ عبد الرحمن بخش	عام	120	د/ عبد الرحمن بخش / سعودي
41		23	السعودي الألماني	عام	100	
42		24	الوطني الجديد	عام	140	محمد باحارث ، د/ مطبقاتي / سعودي
43		25	د/ حمتان امين فزاوي	باطلة وجراحة ونساء	25	د/ حسان فزاوي / سعودي
44		26	الانصار	عام	30	الشيخ محمد تيسير الايوي
45		27	ابو زنادة	عام	80	عبد الرؤوف ابو زنادة
46		28	جدة الاهلي	باطلة وجراحة ونساء	30	
47		29	المسعودي	عام	25	عبد الرؤوف بترجي
48		30	السلامة	عام	65	خالد سالم بن محفوظ
			المجموع		2454	3257
49	الطائف	1	الامين	عام	35	احمد محمد امين
50		2	العدواني العام	عام	140	عبد الله محسن العدواني
51		3	النهضة الاهلي	عام	20	غازي العتيبي
52		4	الحسن الوطني	عام	77	حسن حسن القناني
			المجموع		272	231

اجمالي عدد المستشفيات والأسرة الفعلية بمنطقة مكة المكرمة : ٤٢ مستشفى و ٤٠٠٥ سرير

Appendix 10.b

The Saudi Private Hospitals in the Western Region (Makkah Region)

a) Makkah AlMukarma

1. Al-Rafei Hospital
2. Mohamed Saleh Bashrahel Hospital
3. Al-Ahli AlSaudi
4. Alwai Tunesi
5. Al-Shefa
6. Om Al-Kura
7. The Health Center
8. Al Salam

b) Jeddah

1. Dr. Khalid Edrees Hospital
2. Jeddah Clinic
3. Dar Al-Shefa Al-Saudi
4. Al-Daghastani Hospital
5. Dr. Sulamin Fakhri Hospital
6. Bughshan Hospital
7. Dr. Sadika Hospital (for Ladies)
8. University Hospital
9. Al-Hamra Hospital

10. Baghadoo and Dr. Erfan Hospital
11. Al-Gadani Hospital
12. Dr. Ghasan Ferwan Hospital
13. Al-Hayat Hospital
14. Al-Gazera Hospital
15. Al-Zahra Hospital
16. United Doctors Hospitals (Al-Amoudi Hospital)
17. Tareq Bin Laden Hospital
18. Al-Salam Hospital
19. Al-Magraby Hospital
20. Abdul Latif Jameel Hospital
21. Al-Ghadani Hospital
22. Dr. Abdul Rahman Baksh Hospital
23. AlSaudi – German Hospital
24. The New Jeddah Clinic
25. Dr. Hassan Ameen Gazawy Hospital
26. Al-Ansar Hospital
27. Abu Zenada Hospital
28. Jeddah Al-Ahli Hospital
29. AlSaudi Hospital
30. Al-Salama Hospital

c) Al-Taif

1. Al-Ameen Hospital
2. Aladwani Hospital
3. Al-Nahada Hospital
4. Al-Hasan AlWatani Hospital

Total : 42 hospitals in Makkah Region (the Western Region in Saudi Arabia).

Appendix 11.a

Introductory Letter from the Dean of Post Graduate Studies through Joint Supervision Programme to Hospitals and Experts in Health Sector (Arabic Version)



الدراسات العليا للطالبات
عن طريق الإشراف المشترك

Post-Graduate Studies for Female

Students through Joint Supervision Programme

المملكة العربية السعودية
وزارة التعليم العالي
جامعة الملك عبد العزيز
وكالة الجامعة للدراسات العليا
والبحوث العلمي

تليفون : ٦٩٥١٢٦٤ (٠٢) فاكس : ٦٩٥٢٩٣٧ (٠٢)

ص. ب. ١٥٤٠ جدة ٢١٤٤١

إلى من يهمه الأمر

تفيد إدارة برنامج الدراسات العليا للطالبات من خلال الإشراف المشترك بجامعة الملك عبدالعزيز بجده بأن الأستاذة / وفاء عبد البديع اليافي هي إحدى الطالبات المسجلات للحصول على درجة الدكتوراه بجامعة مانشستر البريطانية من خلال البرنامج وحيث أن دراستها التي بعنوان (أثر متغيرات البيئة الخارجية على القرارات التسويقية في المستشفيات الخاصة ، دراسة تطبيقية في المنطقة الغربية) تستدعي ضرورة إلمامها بالقرارات التسويقية في المستشفيات السعودية الخاصة ، وتأثير المتغيرات السياسية ، التشريعية ، الإجتماعية ، الثقافية والتكنولوجية عليهم وذلك من وجهة نظر متخذى تلك القرارات .

وإن إدارة برنامج الدراسات العليا للطالبات من خلال الإشراف المشترك بجامعة الملك عبدالعزيز بجدة إذ تأمل وبكل إمتنان وتقدير مساعدة الطالبة بتزويدها بالمعلومات المطلوبة من خلال الإستبيان أو المقابلات الشخصية .

وتقبلوا فائق الاحترام والتقدير

المشرف

على الدراسات العليا للطالبات
من خلال الإشراف المشترك

د . جمال بن صابر محمد صابر



Appendix 11.b

Introductory Letter from the Dean of Post Graduate Studies through Joint Supervision Programme to Hospitals and Experts in Health Sector (English Version)

To Whom It May Concern

In Saudi Private hospitals and the Saudi Health Care System
(Public and Private)

Mrs. Wafaa Abdul Badi Al-Yafi is a lecturer in King Abdul Aziz University. She is conducting a research study for a PhD in Business Administration major in hospital management. The research is registered in the University of Manchester in the United Kingdom. The research topic is:

“Influence of External Environment Factors on Strategic Marketing Decisions in Saudi Private Hospitals”

The research is expected to cover strategic marketing decisions in Saudi private hospitals and the influence of External Environmental Factors (Political/Legal, Economic, Socio-cultural and Technological) on those decisions.

Please extend your most help and assistance to the researcher. We wish that our health care system both public and private alike will benefit from the results of this research. Finally, we extend our best wishes to the researcher, and wish her good luck.

Thanks and best regards

The Dean of PhD Studies through
Joint Supervision Programme

Dr. Jamal Bin Saber Mohamed

Appendix 12.a

**Introductory Letter from the Researcher to each
Hospital General Manager attached with the
Questionnaire of the Hospital (Arabic Version)**

بسم الله الرحمن الرحيم

رجب ١٤١٩ هـ

جامعة الملك عبد العزيز / جدة

كلية الاقتصاد والإدارة

الدراسات العليا

الموقر

سعادة مدير مستشفى /

السلام عليكم ورحمة الله وبركاته .. وبعد -

حيث أنني أقوم بإعداد دراسة للحصول على درجة الدكتوراه في إدارة الأعمال بعنوان "أثر متغيرات البيئة الخارجية على القرارات التسويقية في المستشفيات" ، وتقتضي ضروريات البحث أن أتعرف على القرارات التسويقية في المستشفيات وتأثير المتغيرات السياسية والتشريعية ، والاقتصادية ، والاجتماعية ، والثقافية ، والتكنولوجية عليهم من وجهة نظر متخذي تلك القرارات .

وصحائف الاستقصاء المرفقة تهدف إلى جمع البيانات المتعلقة بهذه الدراسة الأكاديمية للاستفادة من خبراتكم في هذا المجال للمساهمة في حل المشاكل التسويقية التي تعترض أداء المستشفيات .

أكون شاكرة تفضل كل من [مدير المستشفى والمدير الطبي والمدير الإداري ومدير التسويق ومدير العيادات الخارجية ومدير العلاقات العامة (بحسب تواجد هذه الوظائف في مستشفاكم)] بالإجابة على الأسئلة التي يشملها الاستقصاء المرفق .

وأحيطكم علماً بأن البيانات المذكورة لن تستخدم إلا لأغراض البحث العلمي فقط ولن يشار إلى أي بيانات شخصية .

إن تعاونكم سيكون موضع العرفان والتقدير ، وسوف أتطلع إلى ردكم الكريم في أقرب وقت .

مع خالص شكري وتقديري ،،،

الباحثة

وفاء عبد البديع اليافي

Appendix 12.b

Introductory Letter from Researcher to each Hospital General Manager attached with the Questionnaires of the Hospital (English Version)

In the Name of Allah The Merciful The Compassionate

Dear Respected General Manager,

I am Wafaa Abdul Badi Al-Yafi, A lecturer in King Abdul Aziz University in Jeddah. I am enrolled in health administration studies at Manchester University in the United Kingdom where I am doing research on the influence of external environmental factors on strategic marketing decisions in Saudi private hospitals. You and all members in your hospital responsible of strategic marketing decisions are kindly requested to complete the enclosed questionnaires. By doing so, you will reflect your concern over your role in obtaining the objectives of this research.

I assure you that all information you disclose will be strictly confidential and will be used for research purposes only.

I sincerely appreciate your cooperation.

Researcher

Wafaa Abdul Badi Al-Yafi

Appendix 13

**Map of the Kingdom of Saudi Arabia showing
Makkah Region and other Saudi Regions**

