

Differentiation Strategy and Survival of Registered Private Hospitals in Port Harcourt, Rivers State

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Abstract- *This empirical study investigates the influence of differentiation strategy on the survival of registered private hospitals in Port Harcourt, Rivers State. The healthcare industry in Nigeria faces intense competition, requiring strategic innovation and differentiation for sustainability. Using a census of 84 registered private hospitals, data were gathered from 168 respondents through structured questionnaires. Pearson Product Moment Correlation and partial correlation analyses were employed. Results indicate a strong positive and significant relationship between differentiation strategy and both adaptability ($r = 0.845, p < 0.05$) and innovativeness ($r = 0.854, p < 0.05$). Findings suggest that hospitals implementing distinctive service delivery and patient-oriented innovations are more likely to adapt and innovate sustainably. The study provides valuable insights for hospital administrators, policymakers, and scholars in strategic management.*

Index Terms- *Differentiation Strategy, Survival, Adaptability, Innovativeness, Private Hospitals*

I. INTRODUCTION

The Nigerian healthcare sector has witnessed a proliferation of private hospitals due to increasing demand for quality medical services. However, this growth has led to intense competition, particularly in urban centers like Port Harcourt. In such a competitive environment, hospitals must adopt effective strategies to ensure their long-term survival. Differentiation strategy, which focuses on creating uniqueness in products or services, has been recognized as a potent means of achieving sustainable competitive advantage (Porter, 1985). This study investigates how differentiation strategy influences survival—operationalized through

adaptability and innovativeness—among registered private hospitals in Port Harcourt.

II. LITERATURE REVIEW

Differentiation Strategy in Healthcare Context: Differentiation in healthcare extends beyond product features to include patient experience, quality of care, and innovation. Hospitals can create uniqueness through advanced medical technology, prompt service delivery, staff empathy, and trust-building communication. Mwangi and Omhui (2013) found that hospitals emphasizing differentiation recorded higher patient loyalty and market share. Globally, healthcare organizations are adopting service innovation and branding as tools for sustainable advantage (Amabile, 1997).

Global Empirical Evidence: Studies from multiple countries affirm the importance of differentiation in improving performance and survival. In South Korea, Kim et al. (2004) established that innovation-led differentiation enhanced hospital sustainability. European evidence (Saint-Leger, 2016) supports that quality-based differentiation yields stronger patient satisfaction and retention. In Nigeria, differentiation has been tied to brand equity and digital service adoption (Nwokah & Hamilton, 2021), yet empirical work within the healthcare context remains limited.

Theoretical Perspectives: The Dynamic Capabilities Theory (Teece, Pisano & Shuen, 1997) posits that firms gain advantage by reconfiguring internal competencies to adapt to change. Resource Dependence Theory (Pfeffer & Salancik, 1978) complements this by suggesting organizations depend on external resources, hence must differentiate to maintain legitimacy and access. Together, these theories underpin the proposition that differentiation

supports adaptability and innovativeness—core indicators of survival.

Empirical Gap: Despite significant global interest, empirical investigation of differentiation within the Nigerian healthcare industry remains underexplored. Existing research has largely focused on manufacturing and banking sectors, leaving a gap regarding how differentiation enhances hospital survival. This study therefore contributes by contextualizing differentiation within private hospitals in Port Harcourt, examining adaptability and innovativeness as pathways to survival.

III. METHODOLOGY

The study employed a descriptive and correlational survey design. The population consisted of 84 registered private hospitals in Port Harcourt (2022), all included in the sample. Two questionnaires were distributed per hospital—one to the proprietor and one to the marketing manager—yielding 168 valid responses. The research instrument was structured using a five-point Likert scale, and its reliability was confirmed with a Cronbach's alpha coefficient above 0.80. Data analysis utilized Pearson correlation and partial correlation via SPSS ve Research Design: The study adopted a quantitative, correlational survey design, which is appropriate for investigating the strength and direction of relationships between variables. This design was chosen because it allows empirical testing of theoretical propositions linking differentiation strategy and organizational survival. A structured questionnaire enabled collection of standardized data suitable for inferential analysis (Creswell, 2014).

Population and Sampling: The target population consisted of 84 registered private hospitals in Port Harcourt, as listed by the Rivers State Ministry of Health (2022). A census approach was employed because the population size was manageable. Two respondents—each hospital's proprietor and marketing manager—were selected, yielding a total of 168 potential participants. Inclusion criteria required that respondents had worked at least two years in managerial or strategic decision-making positions.

Instrument for Data Collection: Data were gathered using a structured questionnaire divided into three sections: Section A (demographic profile), Section B (differentiation strategy), and Section C (organizational survival). Differentiation strategy was measured through indicators such as service uniqueness, technological innovation, and customer relationship management. Survival was operationalized via adaptability and innovativeness, as adopted from Hurley and Hult (1998). Responses were anchored on a 5-point Likert scale ranging from 1 (Strongly Disagree) to 5 (Strongly Agree).

Validity and Reliability of Instrument: The questionnaire was validated by three experts in strategic management and healthcare administration from Rivers State University. A pilot test involving 10 hospitals in nearby Bayelsa State was conducted to assess instrument clarity and reliability. The Cronbach's alpha coefficients were 0.88 for differentiation strategy and 0.86 for survival, confirming internal consistency above the 0.70 threshold (Nunnally & Bernstein, 1994).

Data Collection Procedure: The questionnaires were self-administered with the assistance of trained research assistants. Respondents were assured of confidentiality and anonymity. Ethical clearance was obtained from the Rivers State University Research Ethics Committee. Data collection spanned four weeks, with follow-up visits ensuring high response rates.

Data Analysis Techniques: Data were analyzed using the Statistical Package for the Social Sciences (SPSS) version 23. Descriptive statistics such as means and standard deviations summarized the data, while inferential statistics—specifically the Pearson Product Moment Correlation Coefficient—tested the hypotheses. Partial correlation analysis was used to control for demographic variables, ensuring robustness of the results. The significance threshold was set at $p < 0.05$.

IV. RESULTS

Findings revealed statistically significant and positive relationships between differentiation strategy and both measures of survival. Specifically,

differentiation strategy correlated strongly with adaptability ($r = 0.845$, $p < 0.05$) and innovativeness ($r = 0.854$, $p < 0.05$). These results affirm that hospitals emphasizing unique service delivery and brand distinction exhibit higher adaptability and innovation capacity, ensuring sustained survival.

V. DISCUSSION OF FINDINGS

The findings of this study affirm that differentiation strategy significantly enhances survival through adaptability and innovativeness. Hospitals that cultivate unique patient experiences and invest in advanced diagnostic tools are better positioned to thrive under competitive pressures. This is consistent with Rugraff (2012) and Bukirwa (2017), who demonstrated that differentiation enhances resilience and long-term growth in service organizations. The results also substantiate the Dynamic Capabilities Theory by showing how hospitals integrate and reconfigure resources in response to external pressures.

The Resource Dependence Theory perspective explains that differentiation enables hospitals to strengthen relationships with suppliers, insurers, and government regulators—ensuring stability in an unpredictable environment. Comparative insights reveal that differentiation-driven hospitals in emerging economies perform better due to flexibility, innovation, and knowledge-sharing networks. Thus, differentiation not only sustains market relevance but also builds institutional trust and competitive reputation.

VI. PRACTICAL IMPLICATIONS

Managerial Implications: Hospital managers should strategically embed differentiation into every operational level. They can achieve this by developing unique service bundles, leveraging health information technologies, and prioritizing patient relationship management. Managers should also institutionalize continuous training to cultivate an innovation-oriented workforce and allocate resources to R&D for medical and service innovations.

Policy Implications: Policymakers should recognize differentiation as a critical lever for healthcare

reform. Government and professional bodies can encourage differentiation through quality assurance incentives, innovation grants, and tax reliefs for technology investment. Policies supporting collaboration between hospitals, tech startups, and universities can foster innovative differentiation across the sector.

Academic Implications: This study adds to strategic management literature by empirically linking differentiation to survival in an African healthcare context. It provides a framework for further studies and supports curriculum updates in business schools to integrate healthcare strategic management and service differentiation.

VII. CONCLUSION

The study concludes that differentiation strategy plays a pivotal role in enhancing the survival of private hospitals by fostering adaptability and innovativeness. Hospitals that continually innovate and deliver distinctive services can better withstand market turbulence

VIII. RECOMMENDATIONS

1. **Hospital Management:** Management should embed differentiation in core strategic plans. This includes service specialization, digital transformation, and continuous improvement systems based on patient feedback.
2. **Policy Makers:** Introduce policy frameworks that reward innovation, technology integration, and healthcare quality differentiation. Public-private partnerships should be leveraged to support training and knowledge sharing.
3. **Researchers and Academia:** Future studies should develop models linking differentiation with organizational agility, culture, and performance outcomes. Academic institutions should promote healthcare management programs emphasizing innovation and strategy.
4. **Long-Term Strategy:** Hospitals should treat differentiation as a dynamic capability, continuously adapting it to changing environments through innovation, collaboration, and strategic foresight.

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