

Joint Venture Healthcare System as Common Practice in Developing Countries: Game Changing on Assessing Health Services

Abstract

Background: To explore the essence of game changing on applying joint venture (JV) approach for healthcare system improvement in developing countries. **Methods:** This is cross-sectional study exploring the factors influencing the successful implementation of JV for the healthcare services in low- and middle-income countries (LMICs). The study included: Qatar Statistical Authority, CIA fact book, Ministry of Health Annual Report, Hamad Medical Corporation Annual Report, Organization for Economic Cooperation and Development information, and Qatar's healthcare system history. **Results:** The research indicated that the LMIC healthcare system would benefit from affiliation with leading technology partner for healthcare reform. The findings support the view of LMIC healthcare systems' needs to incorporate joint venture approach in implementing JV concept for process improvement and knowledge transfer to contribute in country economic growth, development, and stability. Current study explored evidence supporting decision maker and management control of JV trends in different ways in comparison with developed countries. JV can also help the organization to share the risk and cost of large capital investment. **Conclusions:** The present study supports observations on expanding the use of JVs as approach for improvement in LMIC healthcare system. The current study confirmed the advantages of JV which include helping businesses grow faster, increasing productivity, and generating greater profits, both parties sharing the risks and costs, accessing new markets and distribution networks.

Keywords: *Developing countries, health care, joint venture, low- and middle-income countries*

Introduction

The increased burden of diseases in low- and middle-income countries (LMICs) cannot be overlooked and noncommunicable diseases are responsible for over 50% of the total worldwide burden of diseases in LMIC.^[1,2]

A joint venture (JV) is a transaction in which two or more firms agree to contribute equity capital to fund as a new company which are created for specific purposes in developed and developing countries.^[3-5] The advantages of joint ventures include: helping cost savings,^[6] appropriateness of assessment of satisfaction and performance^[7,8] businesses growing faster, increasing productivity and generating greater profits, both parties sharing the risks and costs, accessing new markets, and distribution networks. International JV is a great opportunity to cooperate with people from different countries and combine strengths.^[9-12] In healthcare system

under JV aiming potential for collaboration with hospitals and health systems pursuing partnerships in a number of ways.^[13] In fact, JV can achieve increasing their market position, expanding to new markets, having access to new resources, increasing their efficiencies, maximizing economies of scale, driving new revenue streams and growth,^[13,14] although, JV may result outcome as successes or failures.^[15-17]

The objective of this survey is to explore the essence of game changing on process leading to healthcare system improvement in developing countries, investigating main factors effecting the application of JV conception for improvement of healthcare services and delivery in LMIC.

Methods

This is a cross-sectional study questionnaire aimed to investigate how the development of JVs can be performed in the improvement of LMICs healthcare systems. The study included: Qatar Statistical Authority, CIA fact book,

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Ministry of Health Annual Report, Hamad Medical Corporation Annual Report, Organization for Economic Co-operation and Development information, and Qatar’s healthcare system history.

At the same time, broad data were collected from journals, white papers, industry websites, and other sources about JV experience in both developed and developing countries with narrative review of particular experience in healthcare industry. We approached 292 participants and 188 (64.3%) responded from the LMIC healthcare services, such as source of supporter, trader, and expert/consultants. The inclusion based on the knowledge of healthcare services, barriers, needs, and strategic plan for JV healthcare improvement.

Student’s *t* test was used to ascertain the significance of differences between two means of a continuous variable and confirmed by nonparametric Mann–Whitney test. Chi-square test and Fisher’s exact test (two-tailed) were performed to test for differences in proportions of categorical variables between two or more groups. Principal component analysis with varimax rotation and Kaiser normalization was performed to examine the factor

structure of the JV. The level $P < 0.05$ was considered as the cut-off value for significance.

Results

Table 1 gives key factors for JV success and improvement of LMIC healthcare system. As can be seen from this table, developing new skills (72%) and meeting healthcare requirements (72%) were measured as success for JV. Meanwhile, satisfaction with the overall JV performance indicated as 70% expected, 19% better than expected, and 1% worst ($P < 0.001$).

Table 2 presents satisfaction level with the JV agreement process. As can be seen from this table most were very satisfied, satisfied, and not satisfied ($P = 0.189$).

Table 3 shows the key factors reflecting company’s commitment related to JV. As can be seen from this Table, responses often and very often reflected significance differences between parent company commitment on JV ($P < 0.001$).

Meanwhile, the JV performance activities, as compared with initial expectations at the time the business venture was formed, were as follows: cost control (77%), business climate (80%), management capability (81%), technology transfer (69%), need for parent involvement (85%), customer service (81%), interpartner trust (85%), interpartner cooperation (85%), interpartner cooperation (4%), and achievement of strategic aims (77) ($P < 0.001$).

Table 4 presents exploratory factor analysis using varimax rotation for the elements of trust concerning Partner Company. The analysis based on the 21 items produced four factors with Cronbach’s alpha’s for the underlying factors were 0.81, 0.85, 0.87, and 89 which the figures are greater than 0.70, which is a very good indicator of reliability.

Table 1: The key factors for JV success and improvement of LMIC healthcare system (n=188)

| Important factors for JV success | Ranking % | |
|----------------------------------|-------------------------|----------------|
| | Least/average important | Most important |
| Minimize risks | 60 | 40 |
| Lowering costs | 48 | 52 |
| Creating new skills | 28 | 72 |
| Obstructing competition | 96 | 4 |
| Providing healthcare needs | 28 | 72 |
| Creating new technologies | 64 | 36 |
| Trust between partners | 17 | 83 |

Chi-square $P < 0.001$

Table 2: The satisfaction level with the JV agreement process (n=188)

| Governance aspects | Level of satisfaction % | | |
|---|-------------------------|-----------|----------------|
| | Not satisfied | Satisfied | Very satisfied |
| Protection of intellectual property (IP) | 36 | 40 | 24 |
| The ownership of new IP developed by the JV | 35 | 35 | 30 |
| Resolution/disagreements among JV partners | 24 | 38 | 38 |
| Confirmation of work plan performance among JV partners | 27 | 43 | 30 |

Chi-square $P = 0.189$ (not significant)

Table 3: The key factors reflecting company’s commitment related to JV (n=188)

| Parent company commitment | Frequency | | | |
|---|-----------|-----------|-------|------------|
| | Never | Sometimes | Often | Very often |
| To ensure expectation from JV | 10 | 13 | 48 | 29 |
| To increasing levels of assistance to JV | 6 | 33 | 39 | 10 |
| To support with managerial resources on a long term, expatriate basis | 10 | 26 | 35 | 29 |
| To increase the scale of operations | 10 | 23 | 48 | 19 |
| To view common situation | 19 | 35 | 39 | 6 |

Chi-square $P < 0.001$

Table 4: Factorial analysis of the elements of trust related to the partner company (n=188)

| | Factor Loads | Eigen value | % Variance explained | Cumulative percent | Cronbach's Alpha |
|--|--------------|-------------|----------------------|--------------------|------------------|
| Key success factors for successful joint venture | | 3.57 | 15.28 | 61.50 | 0.81 |
| JV formal constitution | 0.75 | | | | |
| Structure of governing bodies | 0.77 | | | | |
| JV strategic agreement | 0.80 | | | | |
| Confidence between partners | 0.83 | | | | |
| Reciprocal action between staffs | 0.63 | | | | |
| Communication between JV companies | 0.60 | | | | |
| Partner capable and committed | | 10.95 | 12.20 | 64.84 | 0.85 |
| Rely on partner to do their part | 0.73 | | | | |
| Partner capable and competent | 0.79 | | | | |
| Partner knowledgeable about JV | 0.82 | | | | |
| Partner makes sensible JV decisions | 0.67 | | | | |
| Partner to abide by JV management | 0.63 | | | | |
| Partner committed to JV success | 0.65 | | | | |
| Partner deceives | | 3.40 | 10.24 | 69.63 | 0.87 |
| Partner prepared to deceive | -0.68 | | | | |
| Partner present facts that look good | -0.79 | | | | |
| Partner alter facts to get what they want | -0.81 | | | | |
| Partner promise even if cannot do them | -0.73 | | | | |
| Partner cares | | 3.81 | 9.76 | 76.42 | 0.89 |
| Partner honest and truthful in dealings | 0.67 | | | | |
| Partner make sure company not damaged | 0.72 | | | | |
| Partner cares and responsibility | 0.74 | | | | |
| Partner looks out for company's interests | 0.82 | | | | |
| Partner is on company's side | 0.88 | | | | |

Discussion

The current study aimed to assess the impact of quality in affiliation with experience of foreign international partner JV and accordingly reducing the risk of environmental uncertainty. The most important determining JV issues for partners are: trust, composition of governing bodies, strategic compatibility, formal structure, interaction, and communication between partners. This is confirmative with previously reported studies.^[3-5,8] The new forms of coordination, including association and close cooperation between companies, influence how tasks should be designed and practiced.^[16]

The most important factor regarding JV success for the improvement of LMIC healthcare approach was 72% related to the developing new skills and meeting healthcare needs activities. These cover strengths, weakness, gaps, and opportunities in healthcare system.^[18] Further, the trust between partners is essential; in this study, 83% was considered as high degree of trust between partners which is considered important for mutually constructive relationship. This is supported with the previously reported study.^[11] This approach can normalize the relationships between firms, reduces complex agreements, permits information exchange, and reduces transaction costs.^[17] About 73% indicated their satisfaction was expected. This is in line with the previous studies which reported that

more than half of their companies' JVs met or exceeded expectations.^[19-21]

Several studies support the idea that partners are willing to establish partnership with foreign firms to enhance their competitive position, transfer technology, expand to foreign markets, benefit from new sources of finance and the government's financial incentives, and learn new management practices.^[19-21] Further, the effects of technology transfer on the local companies' corporate and human resource performances are not sufficient yet^[22,23] (Yin and Bao 2006). Furthermore, in most JVs and much more in developing countries culture aspect and political environment plays a critical role in the JV success.^[24-26] Currently, hospitals and health systems are rapidly increasing using joint ventures to meet multiple goals, such as providing high-quality care, expanding services, dividing risk and greater profit.

Conclusions

The current study showed that the primary priority in LMICs has been moved more toward the need for development in the quality and efficiency of health services. Factors influencing JV in healthcare services and quality can be improved by leadership, strategic planning, education and training, effective management, allocated availability of human and financial resources, employees

and processes, collaboration, and cooperation among providers. Overall, the current study confirmed advantages of joint venture include helping businesses to grow faster, increasing productivity, and generating greater profits, both parties sharing the risks and costs, accessing new markets, and distribution networks. The results suggest International JV contributes to country growth and stability.

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Conflicts of interest

There are no conflicts of interest.

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