

IMPACT OF INTERNATIONAL ORIENTATION ON HR ROLES IN HEALTHCARE ORGANIZATIONS

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ABSTRACT

With the tremendous growth and development in healthcare sector resulted in an emphasis on the alignment of all functional activities of the firm (e.g., finance, marketing, operations, etc.) toward the achievement of strategic objectives. As a result, HR is also gaining importance; its status has risen and regarded as the strategic issue and an important source of competitive advantage in healthcare organizations. The changing HR landscape posed a need to conduct this study which aims to analyze whether the international orientation of the HR department (IO) influences the type of role played by HR managers in Indian healthcare units. After thorough and extensive literature review various significant research constructs are considered in this study and the relationships between them are also explored. The capabilities of Lisrel 8.80 have been used for measuring the structural model. The results of the study confirm that proposed hypotheses are statistically significant and indicate that international orientation has a direct positive relationship with HR roles.

KEYWORDS: *HR Roles, International Orientation, Healthcare Management, Structural Equation Modelling, HRM, Strategic HRM*

INTRODUCTION

Since liberalization, the Indian organizations are dealing with the issues of transformation and growth. The impact of restructuring, the economic transition to an open market, as well as increased competition from internal and external sources, leads to growth in the Indian healthcare sector and also put pressure on the international aspect of HRM.

Research evidence suggests a number of reasons why an understanding of international HRM in healthcare is important in the present context. Firstly, as hospitals increase in number and influence so the role of international HRM in those hospitals grows in significance. Secondly, the effective management of human resources internationally is increasingly being recognized as a major determinant of success or failure in international healthcare management. Thirdly, there is growing evidence that many healthcare companies underestimate the complex nature of HRM problems involved in international operations which fail to develop appropriate human resource strategies for recruiting and managing 'international managers' will be unable to implement their international business strategies effectively (Bartlett et al., 1989; Bartlett and Ghoshal, 1989).

LITERATURE REVIEW

The literature highlights the increasingly vital role of HRM in internationalization strategies of healthcare companies (Brewster & Scullion, 1997; Harvey et al., 1999; Huselid, Jackson & Schuler, 1997; Scullion, 1999; Scullion & Starkey, 2000; Wright and Snell, 1998). Studies have also linked international orientation with the international performance of the firm (Knight, 1997, 2001).

International Orientation

International orientation of HR refers to managers' attitudes towards international affairs and their flexibility to adjust to working with different cultures and also affects the degree of internationalization (Nummela et al., 2004). International orientation of HR managers is regarded as the starting point and an important construct in shaping HR roles in many healthcare organizations. This is also in line with the contention of Pucik (1992) that globalization leads to a more strategic role for HRM as well as to considerable changes in the content of HRM.

Human Resource Roles

As stated above that HR role in Indian MNCs cannot be ignored as it is gaining immense significance academically as well as practically. There are various typologies for HR roles embedded in HRM literature as Tyson (1987) proposed and distinguishes between three types of HR roles as the clerk of works model, the contract manager model, and the architect model. Schuler (1990) claims the following roles to become more prominent in the 1990s: business person, shaper of change, consultant to the organization, strategy formulator, and implementer, talent manager. Storey (1992) also developed a framework, according to his framework there are four roles for HR managers as advisors, handmaidens, regulators and change makers. The typology developed by Ulrich (1997) is by far one of the most popular ones. It also uses two dimensions, people versus process and strategic versus operational, to highlight various HR roles. Therefore, we refer to the typology developed by Ulrich (1997) who also uses two dimensions in order to highlight the following roles by which the HR managers can contribute to add value.

Research Objectives

The primary objective of the study is to empirically examine the role of HR managers in Indian MNCs.

The above objective can be broken down into the following sub-objectives:

- Developing measures of the international orientation of the HR Department (IO), and HR roles (HRR).
- Empirically establishing the unidimensionality, reliability, and validity of the above measures.
- To test a research model evolved from the HRM literature.



Figure 1: HR Roles Framework by Dave Ulrich

Source: Ulrich, D. (1997). "Human Resource Champions". Harvard Business School

Research Methodology

The respondents were HR professionals mostly senior officials of healthcare companies located in India. The empirical survey data (n=105) were collected in the year 2017 and stem from organizations operating in different branches of industry located in India. The present research is conclusive, descriptive and based on a single cross-sectional design. Quantitative data was generated to attain the research objectives.

Respondents were also asked to mention their designation, experience in terms of years in the present position and total experience in the organization. The instrument utilized a 5-point Likert scale anchored with endpoints labeled as strongly agree (5) and strongly disagree (1). Five-point Likert scale has been commonly used in HR research (e.g. Ahmad & Schroeder, 2003; Cogburn 2005; Khandekar & Sharma, 2005; Khilji & Wang, 2007; Gomez 1988).

Sampling

Sampling Element: Respondents of the study were senior HR managers (one from each firm).

Sampling Unit: Sampling unit for the study were Indian companies having some sort of foreign operations.

Sample Frame: The sampling frame for the study was derived from the ranking of Top 1000 companies in India published in Business Standard (2016)§. The Business Standard ranking of Top 1000 Companies in India served as the initial sample frame. The above list of top ranking companies contained both Indian and foreign companies operating in India. From the above list, Indian companies were shortlisted. 346 Indian healthcare companies were identified.

Top ranking healthcare companies were considered in the present study following other researchers in the area (e.g. Chan et al., 2004; Kydd & Oppenheim, 1990; Rozhan, 1996). Since these are top-ranked organizations, they are expected to have well-established HR departments and roles. Taking such organizations which were high-performing, researchers could assume that proper HRM systems and clear roles do exist (Sheehan, 2005). By following the above rules, it was ensured that the study did not suffer from biases and limitations associated with ill-defined sample frames.

Overall, 109 responses were received. Three questionnaires were incomplete and were discarded. The remaining 105 completed surveys were used to analyze the data and test the hypotheses (40.65 % response rate). Response rates for internet surveys have ranged from as low of 7 percent to as high as 76 percent (Sheehan & Hoy, 1999; Simsek & Veiga, 2001). Consequently, the response rate of 40.65% percent is consistent with studies using the internet and e-mail based surveys.

Sorbom (1993:26) also suggested the following formula to compute the minimum sample size for estimation of the asymptotic covariance matrices:

$$k(k-1)/2 \text{ where, } k = \text{no. of variables}$$

Measures

International Orientation of the HR Department (IO) has been taken as an independent and initial variable in the model which is hypothesized to influence HR Roles. This is in line with the arguments of researchers (e.g. Kakkonen & Antila 2007; Taylor et al., 1996; Yan, 2003). Previously, many researchers have used HR roles as dependent variables in their researches (Antila 2007; Bjorkman et al., 2009; Scullion & Starkey, 2000).

Analysis Plan

Data analysis begins with an illustration of the profile of the respondents and responding organizations. This is followed by an estimation of response rate, non-response error, and common method bias. Thereafter, Structural Equation Modelling (SEM) was deployed using LISREL 8.80. SEM entails two interrelated steps: first, the estimation of the measurement model, which refers to the relationships between latent and observed variables, secondly the estimation of the structural model, specifying linkages between different latent variables (Anderson & Gerbing, 1988; Bollen, 1989).

Measurement model estimates the unidimensionality, reliability, and validity of each construct while structural model involves estimating the relation between independent (exogenous) and dependent (endogenous) variables. The testing of the structural model may be meaningless unless it is first established that the measurement model holds. If the chosen indicators for a construct do not measure that construct, the specified theory cannot be tested (Anderson & Gerbing, 1991).

Thus, the measurement model for each construct was assessed before assessing the structural model. For estimating the measurement model, Confirmatory Factor Analysis (CFA) was used (Shown in Figure 3). The scales were assessed for unidimensionality and reliability.

GFI of more than 0.90 or even 0.8 for the model suggests that evidence for unidimensionality exists (Joreskog & Sorbom, 2002). The factor loadings should be statistically significant. Item loading retention rules indicate that item loadings

should be more than 0.3 (Hill & Petty, 1995; Tinsley & Tinsley, 1987) and at least three items should load on each factor (Bawa, 2004; Tansey et al., 2001). All the research constructs are found to be unidimensional.

Measurement items remaining after these analyses were subjected to different types of construct validity (i.e., convergent, discriminant validity). Once the measurement model was validated, the researcher proceeded to the second step i.e. estimation of the structural relationships between latent variables of the conceptual research model. The standardized path coefficients of the structural model were estimated to test the research hypotheses.

RESULTS

The respondents of the study were HR specialists (one from each firm) with 42% of them occupied senior-level positions with considerable experience. The responding organizations represent a cross-section of industries; belonging to both public and private sectors all of them are from Indian origin. Thus, the profile of respondents and responding firms were found appropriate for a study on the role of HR managers during the internationalization process.

The study received 40.65 % response rate (90 responses out of 805 companies contacted), which is relatively high as compared to similar researches. In addition to response rate, the item completion rate was 96.8 %. Response and Non-response biases were not detected, hence, responses were considered as appropriate and representative of those surveyed. Common method bias was not found to exist despite the fact that responses to all items in the questionnaire were provided by a single respondent.

Table 1: Fit Indices of the Study Scales

Scale	GFI	NFI	NNFI	CFI
IO	0.90	0.91	0.92	0.94
SP	0.92	0.93	0.73	0.93
AE	0.85	0.89	0.85	0.94
EC	0.89	0.93	0.99	0.95
CA	0.81	0.84	0.67	0.86

The items in each scale after ensuring unidimensionality were then subject to further tests of reliability and validity. Indicator reliability for most indicators was found to be acceptable (>0.50) in light of the recommended values. Scale reliability was measured in three ways i.e. Cronbach's coefficient alpha, construct reliability and variance extracted measures. All four scales exhibited acceptable scale reliability as assessed by different methods. Various forms of construct validity i.e. convergent and discriminant validities were also assessed evidence of all forms of validity were found in the study.

The structural model was examined to test the hypothesized conceptual relationships. The structural model included the study constructs viz. International Orientation (IO) as an independent variable, and HR Roles viz. Strategic Partner (SP), Administrative Expert (AE), Employee Champion (EC), and Change Agent (CA) as dependent variables.

To begin with, the role of control variables was initially assessed in the hypothesized relationships. For the present study, three dimensions of organizational characteristics were deemed to be control variables viz. sector (manufacturing/service), ownership (public/private sector), and size of the company (number of employees). None of the control variables were found to be significantly correlated with the study variables; hence none of them was included in the structural model. The structural model is given in figure 3.

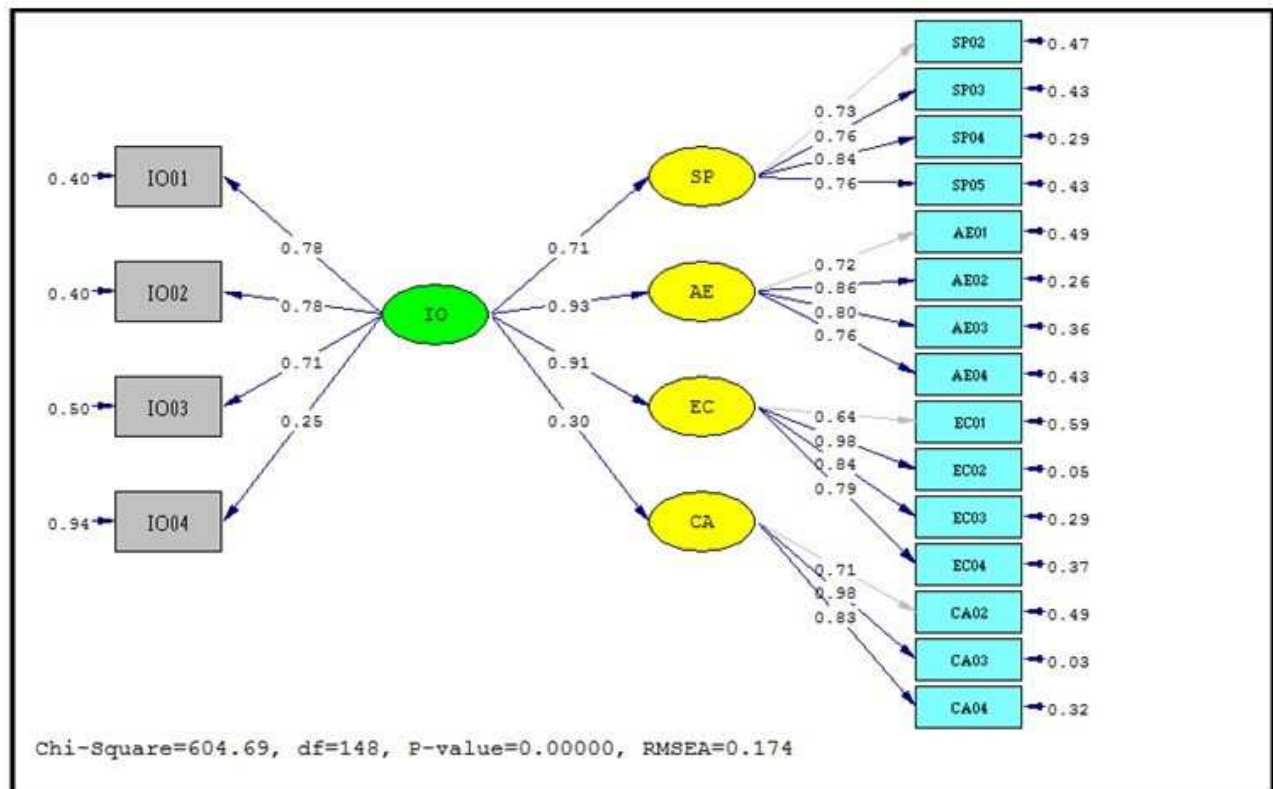


Figure 2: Showing Structural Model for all Research Constructs

However, model shows a good fit with the data and regard all four hypotheses related to IO stand accepted, which shows that HR roles in Indian MNCs are strongly influenced by International orientation.

DISCUSSIONS

The study was conducted to explore the HR manager's role in the Indian healthcare sector and further delves into analyzing the influence of International Orientation (IO) of HR managers on these roles, thus it is evident from the findings that international orientation of HR manager is an important construct and it affects all four HR roles proposed in Ulrich's model of HR roles, therefore all four hypotheses stand accepted. The path coefficients for all the four roles are greater than .30 shows direct positive relationship of international orientation with these roles, implies that international orientation affects HR roles, the clues of which are already there in the literature (see Brewster & Scullion, 1997; Harvey et al., 1999; Huselid, Jackson & Schuler, 1997; Pucik, 1992; Scullion, 1999; Scullion & Starkey, 2000). Secondly, it can also be implied that internationally oriented HR department tends to play more strategic roles as the path value of the Strategic Partner role is high as compared to non-strategic roles. Conclusion

CONCLUSIONS

The model shows good fit, the path values from international orientation to HR roles seems strong, suggesting a strong relationship between these research constructs, which implies that internationally oriented HR department tends to play a more strategic role in Indian healthcare units.

§*Business Standard*, India's leading business newspaper, provides latest news on stock markets, investing, companies, industry, banking, finance and economy-an independent research house-annually publish rankings of companies in India.

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