

# Role of HR and Operations in New Product Development for Hospitals of 2 Tier Cities of India

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## ABSTRACT

New product development essentially depends on proper market research, a clear cut understanding of Consumer needs and the changing behavioural patterns of the customers. This has to invariably depend on the competitive market, availability of various products and various requirements addressing the scope of improvement. Thus new product development has become a buzzword in Hospital sector, in order to enable their marketing profiles, scale up at an easier pace. This in turn requires collaborative efforts of various departments in the Hospital. Since Hospitals are man power intensive, we need to tackle and train the personnel accordingly, along with the internal marketing profiles. The department of operations has to keep pace with the defined quality standards as per the requirements of Accreditation bodies along with regular cost saving exercises. Besides, the role of finance department is always crucial. It is necessary for all the departments to coordinate with each other along with the Top management in order to do the resource planning and appropriate decision making. Department of marketing is seen inappropriately promising, which leads to overall embarrassment in service provision. This study has focused on various factors including casual approaches of various departments in the prominent Hospitals of Tier 2 City in India.

**Key Words:** *Stakeholder, Health care Organizations, Hospital Industry, Competitive Edge, intangible, prompt and caring, interactive marketing, Clinical Meetings.*

## INTRODUCTION

In this competitive era, Hospitals are facing tough competition particularly in tier 2 cities, where the Health care Organizations have mushroomed up without proper market research and marketing attributes in Hospital Industry.

In order to achieve the 'Competitive Edge (Garvin, D. A. (1988). Hospitals are coming up with pre-defined products at competitive prices, promising quality services (Vu, Travis. (2021) in patient care. Such product development in service industry has moreover been witnessed in Finance, Tourism etc. where the product attributes and the benefit to the stakeholder are fixed and usually assessable in monetary terms. The operational part is again often standardized and thus assessable. Settlement of the issues arising therein, also largely happen to be monetary or related to tangibles. Products offered for the services in Hospital<sup>1</sup> are a mixture of tangibles, which may be easily assessed, along with the intangible and unpredictable Medical/Surgical Services and their varied outcomes.

The scene of the hour necessarily demands Accreditation of Hospital Organization (Husseini, M., Pavlova, M., Ghalwash, M. *et al* (2021) and conformance of the quality standards as prescribed by the Accreditation bodies. Thus the products offered to the customers are expected to be conforming to the High order Ethical, Medical standards and to the service standards prescribed by the accreditation bodies. The conformance part is executed by the department of operations and since the Hospital Industry is manpower intensive (Hiestand, D. L. (1966)., where the results can only be assured by the highly educated, well trained Health-man-power, experienced enough to deal with and tackle the variations witnessed in responses that are expected in human body. Although technology helps to an utmost extent, it is the "Man behind the machine" that matters in Medical science.

## OBJECTIVES

1. To study the existing marketing profiles of the Hospitals and related product development strategies therein
2. To explore the significance of the Department of Operations and Department of Human Resources in New product development (Başog˘lu, A. N., Daim, T., Işkın, B., Aydınog˘lu, B., & Öztürk, M. (2012)

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<sup>1</sup>Wozniak, Thomas A., "Product line management for hospitals : literature research and feasibility study for St. Patrick Hospital Missoula Montana" (1994). Graduate Student Theses, Dissertations, & Professional Papers. 8866. <https://scholarworks.umt.edu/etd/8866>

3. To establish the commitment of Top Management in Service definition (Mannan, Zahed & Akter, Shahina. (2020). and development ensuring the Quality compliances
4. To suggest the modification in job profile (Lee, C. C., & Chen, C. J. (2013). of concerned employees to achieve the commitments

### **RESEARCH METHODOLOGY**

Essentially the research is “Exploratory Research” involving the three concerned departments and top management. The respondents are Top/Middle level managerial personnel and the executing employees who face day to day consequences of the ill-fitting product promises, if any.

#### **Sample profile and Data Collection**

Population under study was decided on judgment basis as: Among 325 Hospitals in the city a sample size of 25 Multispecialty Hospitals having an average of more than 60% bed occupancy were considered for the study. All of them agreed to participate.

Stratified sampling with judgment was used

Each hospital with 12 respondents under the following strata were interviewed through structured interview, making a questionnaire and leading questions asked casually thus ensuring minimum bias.

- a. CEO/COO/Director
- b. Manager: Operations, HR, Marketing, and Finance
- c. Junior managerial Personnel of Operations, HR, and Marketing departments
- d. Executive personnel of above 3 departments

### **ANALYSIS**

Given the null hypotheses, closed ended questions for the same and the leading questions, statistical analysis was done, using ANOVA.

### **FOLLOWING ARE THE STATISTICALLY PROVEN RESULTS:**

The Human Resource function of the Hospital organizations, takes its own decisions, which are, either not dependent on the requirements of other departments, or are so adamant/streamlined that other departments have to adjust with them.

Any decisions made by the department of operations are not free and final but they have to adopt an ad hoc mechanism depending on the requirements of other departments and rethink over their plans and execution profiles from time to time.

Marketing department may be required to make changes in their decisions or execution of decisions of strategic advantage at any moment of time when the requirements of other departments may not be fulfilled and it may not be feasible to deliver, as it is promised in the market.

The decisions of Top management are inert to the requirements of various departments and are required to be followed in word and spirit, or as a policy matter.

Department of human resources is solely responsible to plan for the training needs and impart trainings wherever required. The department of marketing is not (except in a few organizations) authorized to plan the trainings according to the requirements and/or time constraints of the department

Scheduled communication and meetings are not observed. This also points towards ad hoc or contingent style of management mostly prevalent in the hospitals of city.

The results of certain hypothesis are worth mentioning as such:

**H<sub>0</sub>** There is no significant difference in the perception of various departments, as per the concern/commitment of the Top management is concerned, regarding planning and implementation of strategies, as per the promises made in the market

#### ANOVA TABLE

Source of Variation	Sum of Squares	Degree of freedom	Mean Squares	F-Value
Between Samples	0.7395	03	0.2465	F=0.257/0.2465=1.045
Within Samples	16.49	64	0.257	
	17.2295			

F- Critical (64, 03) at 0.05 level of significance = 2.76

Since the Calculated value < Critical Value, this H<sub>0</sub> is not rejected.

Thus, with regard to planning and implementation of the strategies, as per promises made by the marketing department, the perception of various departments, viz. Human resources, Marketing, Operations and Top Management is almost the same as far the concern / commitment and contribution of Top Management is concerned.

Looking to the data, it is clearly evident that the concern, commitment and contribution of the top management is “as and when needed”, also the Top management seems proactively involved in certain cases.

**H<sub>0</sub>** There is no significant difference in the perception of various departments, as per the implementation of marketing strategies is concerned

## ANOVA TABLE

Source of Variation	Sum of Squares	Degree of freedom	Mean Squares	F-Value
Between Samples	038.0212	03	12.673	F= 12.673/08.6053 =1.045
Within Samples	550.7442	64	08.6053	
	588.7654			

F- Critical (64, 03) at 0.05 level of significance = 2.76

Since the Calculated value < Critical Value,

H<sub>0</sub> is not rejected.

This shows that: During the implementation of marketing strategies, various departments concerned have a similar perception regarding role of each other and no extra or absolute preferences regarding one or another are usually being observed.

**H<sub>0</sub>** There is no significant difference in the perception of various departments, as per the concern of various departments to help in improving the performance of Hospital and improving the policies (Part5 Q8, 9, 10, 11&12)

## ANOVA TABLE

Source of Variation	Sum of Squares	Degree of freedom	Mean Squares	F-Value
Between Samples	692.75	03	230.916	F=299.34/230.916 = 1.2963
Within Samples	19157.76	64	299.34	
	19850.51			

F- Critical (64, 03) at 0.05 level of significance = 2.76

Since the calculated value < Critical Value,

H<sub>0</sub> is not rejected.

This infers that: The heads of various departments have similar perception regarding the concern of these departments in helping to improve the performance of hospital and improving the policies for future guidance. In other words, each department, at its own, realizes that not only their own department, but all the related departments have a particular “concern” to synergize and make

the management practices better and more conducive for improvement of performance, quality, and competitive advantages.

### **LACK OF PRE-IMPLEMENTATION COORDINATION:**

Although the responses in the given direct questions say that there are cordial relations between the three departments

The decisions of department Heads of marketing are affected a lot by the requirements of other departments. Although departments of HR, operations as well as the top management feel that the promises made by department of marketing are adequately fulfilled in the hospital but 42% of the marketing managers are against the view and feel that the promises made by their department are not adequately catered with.

HR department keeps employee deployment, training and development in its hands and department of marketing does not have a full free hand to deploy a few employees for specific care of customer. So also, 18-20% Marketing Managers do not get specifically trained man –power always.

While making decisions at the levels of department &/or organization, all departments prefer consulting the Top management and their own departments while Top Management prefers talking to finance, the most.

The preference then goes (second choice) to Operations & HR but not marketing (<30% prefer consulting with marketing) before decision making.

Lack of coordination is reported too often during the pre-implementation phase by 12% of HR & 18% by marketing departments in Hospitals.

But occasional pre implementation Chaos is reported. 71% of Top Managers, 58% of Operation Managers, 41% HR & 41% Marketing Managers agree that pre implementation exercises need improvement

Top management itself feels (>65%) that scarcity of pre implementation time embarrasses the Management professionals too often.

Marketing department (41%) feel that embarrassment should not be very often due to lack of pre implementation time while,

HR department is the least embarrassed amongst all the departments.

Most of the Operations Managers are also quite comfortable with the situation.

### **THE RESOURCES:**

Infrastructure, equipment, consumables, manpower etc. are not a barrier to smooth functioning of hospital and its coordinated management.

### **COMPENSATION FOR CUSTOMER CENTERED ACTIVITIES:**

Regarding the compensation of the work-man-hours, spent for customer centered activities, the general opinion goes in favor of providing overtime to the employees, rather than liberalizing the work schedules, duties or replacing the manpower for the time being. This creates a gross apprehension of employee stress, overwork to earn more, fatigue and unrest.)

### **INTERNAL AND INTERACTIVE MARKETING:**

Internal and Interactive marketing are in principle favored by all the three core managerial departments as well as the top management

Pre implementation Communication after promising of new packages & plans seems to be improper since most of HR operation managers believe that it is absolutely necessary for marketing people to inform, what they are promising but most of the marketing people do not consider it necessary to inform H R & operations departments.

SOPs are the standard means of work execution.

### **COMMUNICATION BETWEEN THE DEPARTMENTS, IN ORDER TO PLAN THE PACKAGES, CONFORMATION OF THEIR FEASIBILITY AND EXECUTION PLANS:**

Department of Operations does not conduct regular meetings with other two departments regarding customer preferences or employee stress. However, difficulties and changes in departmental requirements are properly communicated by managers of Operations, HR and marketing to the other concerned departments.

### **THE ORIENTATION & STYLE OF THE MANAGEMENT:**

The Orientation & style of the Management & its attitude towards the employees bears significant effect over the synergistic activities in Hospital scene.

Moreover authoritative style of Management is being evident in hospitals. Managers and Executives are mostly called for conducting the Inter departmental Meetings. The employee & supervision staff is given least preference (Although work flow is considered to be according to employee preferences by all the 3 departments & top management everywhere).In case if revision/ reconsideration of workflow is desirable in favor of employees, *only suggestions* are invited from the employees & final decisions are taken by the management to define or redefine the flow of activities. Most of the work procedures, is basically Quality/ Total quality focused as required by the accreditation bodies, Department of Marketing does not have a free hand (unless it checks the feasibility with other

departments.) to decide a plan or package for customer (based on its own market research). This is a healthy sign of synergy However, the departments are flexible enough to allow the department of marketing to deploy a few personnel for customer centered activities.

### **CONCERN FOR CUSTOMER, SERVICE QUALITY, & DEPARTMENTAL LIBERTY/ MANAGEMENT FLEXIBILITY**

Regarding the attribute of service delivery, most of the hospitals favor the provision of customized services Most of the HR managers & top management have a divided opinion among “prompt & caring” and prompt but spending time with the patient & building long lasting relationships, the former getting more weight-age than the latter( i.e. interactive marketing gets less weight-age.)But most of the Marketing & Operations departments only favor the former (i.e. prompt and caring) attribute &not the one in which, employee has to practice ‘interactive marketing. The concept of interactive marketing, hence, is yet to develop.

Customer feedback is used as the mainstay to plan the customer centered activities, but the practical difficulties of the marketing personnel are usually overlooked

### **SUPPORT OF TOP MANAGEMENT AND AUDITS:**

All departments believe that inadequacy of Top Management support is observed, only at occasional events or never. In order to identify the lacunae or short comings in service delivery, most of the departments & Top Management of Hospitals, prefer, Time bound Audits &/or Proactive Auditing profile.

### **INFERENCES**

The exercise in hospitals is different from that of the product Industry, where the product development is a task of research about Market requirements, needs and demands that are prompted to design and development, operational feasibility then the manpower training and in turn financial feasibility finally it comes to the Top Management approval before floating the product/customized product into market

In Hospital Organizations, the products are generally prompted by the department of Marketing which, further, after approval of Finance, is sanctioned for marketing by the Top Management.

The feasibility of execution is assumed on the basis of available resources and the services yet being rendered and the track record of previous successful stories.



The compliances on the basis of required quality standards and the quality check points are defined by the department of Operations. The service patterns usually fall short of resources and the lack of trained health-man-power, thus the shortfalls of quality compliances registered, reflect in the Clinical Meetings, Hospital Audits and such places retrospectively. This also affects the customer feedback.

Inmost of the cases, the workman hours are saved, leaving the employee base over- worked, that too in stressful situations. Training need assessment is usually not discussed with the ground level workforce. So there happens to be a gap between what is needed and what is delivered to enhance the patient handling skills.

Soft skills for handling the situations with patients & attendants, the need to address their view and situations falls deficient, thus affecting the rating of services during feedback exercises.

In most of the cases, department of operations is not ready for the services, however since services in Hospital Industry cannot be denied as per rules, substandard services may lead to either litigations, bad fame to the Hospital and above all frustration and de-motivation of Marketing Managers and personnel Management Heads agree that the Coordination between Department of operations,that of personnel and the Marketing is extremely essential besides the top management's willingness and allocation of funds guided by finance department in time.

### **SCOPE FOR IMPROVEMENT**

The following recommendations have emerged in furtherance of analysis and interpretation of data:

#### **COMMUNICATION**

It is highly recommended that, the communication between the three core management functions be formalized. Meetings on regular basis and fixed frequencies should be scheduled, so that, all the departments be prepared with their own databases to disclose the information when required. Various departments will thus be able to satisfy their queries and be satisfied and knowledgeable.

This data base can be used for the future improvement of hospital performance. Agenda for the meetings should be decided and informed. Topics for discussions should essentially have the content of production and delivery of service and its quality improvement.

The Department of Marketing should inform all the changes in the market and its potential repercussions on the business. All this should be well explained in the meetings.

The Department of Human Resources should inform all the changes in the work, work conditions, remuneration, training and development, availability and requirement of manpower and such other related matters at least. All this should be well explained in the meetings.

The Department of Operations should inform all the changes in the resources, process and procedures, costs and returns, management expectations and such other related matters. All this should be well explained in the meetings.

The Top Management should inform all the changes in management expectations, goals, policies etc. along with the difficulties faced by various departments and their solutions and such other related matters. All this should be well explained in the meetings.

Contingent matters and problems can be discussed in the meetings as supplementary agenda. Informal communication should prevail in the organization with maintained good inter and intra departmental relationships.

Written communication should take precedence over verbal, particularly in the areas of strategic advantage

### **SYNERGISTIC APPROACH**

Feasibility studies, through research in all the related departments should run through the ready data bases, DBSS, HIS, or departmental database, before planning and finalizing a product or service package to be available for marketing.

Written down Policies should be made regarding, which communication should be formal.

Formally or informally, every department must be ready to provide the required information when demanded by the other related departments.

Departments of operations, marketing and human resources should take collective decisions.

Once the products and service packages are marketed out, the departments should function synergistically so as to ensure the conformance of the promised quality, that may be equivalent to, or better than, the standards of quality laid down by the organization.

## **MANAGEMENT FUNCTION AND MANAGERIAL STYLE**

Customized operations besides the SOPs should also be used, as per the competition, market demand and such other factors.

Participative management is the need of the hour, it should fairly be used, taking into consideration the employee demands, but involving the able personnel in decision making, like defining/redefining the workflow etc.

Besides the authoritative and compulsive attitude in core technical (medical) areas, where life of the patients may otherwise be at stake, the management should adopt a liberal attitude so that the employee stress may not become a problem.

Employees must be satisfied, not only in monetary terms but for their other needs so that they are able to cater for the customer with full effectiveness.

## **INTERNAL AND INTERACTIVE MARKETING**

Internal marketing of the products and packages should be well ensured, so that the employees are able to persuade the customer as per his/her needs.

Training for the interactive marketing and such other factors should be imparted by the department of marketing depending on the results of marketing research. If the department of human resources is the only authority in the organization to impart training, the facts and requirements of the marketing department should be clearly communicated to the said department. The department of human resources should ensure the availability of trained manpower in time. This again requires a synergistic approach, where, the department of human resources and operations will make the human resource free for the purpose, deploy other resources for training and development, or make them available through the top management and get the task done in specified period.

Liberty should be exercised on the part of department of operations and human resources, when department of marketing needs a few employees for customer related activities. The personnel, even otherwise, must be liberal enough to be empathetic to the patients and spare some time with them in order to establish long lasting relations with them and establish customer loyalty.

## **THE TOP MANAGEMENT FUNCTION**

Top management should take special initiatives to resolve the conflicts, if any, that may arise between the departments and ensure a smooth unbiased communication between the departments, synergy and thus timely & smooth delivery of quality services.

All departments should realize each other's stake, in decision making, product design and development, planning and execution of the services and contribution to quality.

Thus the departments should be empathetic to each other, realizing difficulties, helping and synergizing, to produce the best possible outcomes in term of Cost, Quality, Service and Speed.

## CONCLUSION

Hospital Sector in the developing tier 2 cities is witnessing a competitive thrust, leading the organizations to revisit the strategies and plans and organize the activities of various departments therein to ensure customer satisfaction, rather, delight. The marketing has become package based and the products in terms of the services rendered in their packages have become quite diverse but precise in themselves. They are essentially required to be perused and discussed elaborately between managerial and execution personnel, their feasibility assured and with the final check for funds and resource allocation should be clear with the approval of Top Management in order to avoid the deficits in services as promised to customer along with the standards defined by accreditation agencies. This era is thus hightime to scale up the marketing profile of Hospital Industry with full intra organizational, information, transparency and approval of the related workforce along with top management.

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