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**Extended Abstract**

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**Community as a Critical Component: People Management Model in  
Not-for-Profit Healthcare Organizations**

**Vijayalakshmi C**

Professor, IFMR GSB, Krea University  
[sathya.saminadan@krea.edu.in](mailto:sathya.saminadan@krea.edu.in)

**S Raghu Raman**

Professor, IFMR GSB, Krea University  
[raghuraman.sundar@krea.edu.in](mailto:raghuraman.sundar@krea.edu.in)

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**Abstract**

Attracting and retaining employees is crucial for success of any organization. Competitive compensation system, challenging assignments and rapid career progression are offered as carrots to retain employees in for profit corporate entities. However, small organizations working in not for profit sector lack such resources and hence would have to improvise or innovate ways of attracting and retaining employees. ASHWINI, a hospital run for and by tribal communities in a remote location in India, has tentatively but consciously embarked on a process that emphasizes more on retention of knowledge, skills and abilities than the more difficult task of retaining people. The key feature of talent management at ASHWINI includes creation of a permanent core team of people from the tribal community, who excelled in critical competencies needed to run the community health initiatives and the hospital. To support and sustain the permanent core, ASHWINI has developed a participative culture marked by democratic processes.

**Key Words:** HR practices, Employee retention, talent management, tribal communities, India

# **Community as a Critical Component: People Management Model in Not-for-Profit Healthcare Organizations**

**Vijayalakshmi C & Raghu Raman S**

## **Extended Abstract<sup>1</sup>**

### **I. INTRODUCTION**

Globally, numerous surveys have pointed to the increasing demand for health care services. Estimates suggest that world health care spending will increase an average of 5.2 percent a year between 2014 and 2018 to reach \$9.3 trillion (The Economist Intelligence Unit, 2014). India, which in the last few years has emerged as an important emerging economy, anticipates an average CAGR of 12% in healthcare sector and is expected to become a US\$280 billion industry by 2020 (IBEF, 2015). However, numerous challenges exist in reaching such targets. The most critical of this is the acquisition and retention of appropriate talent in a sector which faces scarcity of trained human resources. For example, World Health Statistics Report (2011) has ranked India 52 among 57 countries facing human resource crunch in healthcare. India has 6 doctors and 14 nurses for every 10,000 population as compared to WHO recommendation of 10 doctors per 10,000 people.

The human resource challenges are exacerbated in particular for organizations that work in rural areas and it results in deficient health coverage. To widen health coverage, in addition to the public health care facilities, small hospitals run by not for profit organizations also cater to the poor and underprivileged in this rural milieu. The literature on HRM in not for profits while cognizant of the importance of human resources still bemoans the scarcity of empirical evidence on how HR practices are managed in such organizations (Akingbola 2006; Rondeau and Wagar, 2001). With this as the backdrop this paper adopts a case study methodology and tries to answer the following questions:

- i. How do not for profit healthcare organizations in rural sector attract and engage its employees?
- ii. What factors contribute to the effectiveness of such talent management practices?

The rest of the paper is structured as follows. We present existing literature on importance of Human capital in health care sector and discuss the significance of the same in rural health care particularly among health care providers in Not for profit sector. We describe our methodology including explaining the reason for

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<sup>1</sup> The authors may be contacted directly for a full version of the paper.

choice of our field site; discuss our findings to present a emergent model of people management in not profit health sector in rural India.

## **II. LITERATURE REVIEW**

Health services are a key knowledge-based industry that operates across the for-profit and nonprofit sectors. These organizations employ individuals who are highly skilled, and produce, distribute and use knowledge and information as their source of competitive advantage (OECD 1996). The current environment however has created a plethora of challenges for managing human resources for most not for profit organizations which predominantly work in rural areas. These challenges could be categorized under three broad sets; external context, rural environment and sector-specific challenges.

Human capital, defined as the composition of a firm's employees' knowledge, skills, and abilities (KSAs) is seen as a critical determinant of its effectiveness (Ployhart, Iddekenge and Mackenzie Jr, 2011). Extant research shows organizations can create firm specific human capital by tightly coupling HR policies and practices to firm specific human capital acts as competitive advantage (Campbell, Coff and Kryscynski, 2012; Ployhart, Iddekenge and Mackenzie Jr., 2011). Though studies on HR practices in the Indian healthcare sector are limited (Maheshwari Bhat and Dhiman, 2007; Sharma and Narang, 2011; Tomar and Dhiman 2013; Srinivasan and Chandwani, 2014 also see Ramani and Mavalankar (2006) for challenges faced in the sector) the existing ones point to certain common features and challenges. Studies show that HR related issues like standardization of nursing tasks, effective compensation and appraisal system have an impact on service delivery (Tomar and Dhiman 2013).

Almost 70 percent of India's population and 75 percent of its workforce are still working and living in rural areas (Institute for Human Development, 2014). Yet, when it comes to healthcare organizations working in rural environment, the most critical challenge they face is availability of skilled manpower. Though there are studies that focus on the impact of individual HR practices, selection, training and compensation on organizational performance (Cunningham 2010; Rodwell and Teo, 2004) not much attention has been paid to studying the role of a bundle of HR practices and other organizational factors that engage and retain employees in not for profit organizations.

With this backdrop these are the following research questions that we attempt to answer in this paper.

- How do not for profit healthcare organizations in rural sector attract and engage its employees?
- What factors contribute to the effectiveness of such talent management practices?

The next section describes the methodology adopted in this study.

### III. METHODOLOGY

We adopted a case study method for conducting this study. Case study is an empirical enquiry that "...investigates a contemporary phenomenon within its real-life context, especially when the boundaries between phenomenon and context are not clearly evident" (Yin, 2004, p. 13).

#### 1. Choice of field site

ASHWINI (Association for Health Welfare in the Nilgiris) is a rural hospital located in a remote village in India, providing comprehensive health care to Adivasis (tribals). Started as a small community health programme primarily targeted at training tribal women on women and child care issues, the programme grew into ASHWINI, comprising of a 20 bedded hospital, 8 Sub-Centres and an important institution owned and managed by the people themselves. RESULTS: EMERGENT THEMES

The key feature of talent management at ASHWINI was the creation of a permanent core team of local people who were trained in critical competencies needed to run the community health initiatives and the hospital. To support and sustain the permanent core, ASHWINI developed a participative culture marked by democratic processes and its senior management demonstrated a renunciatory leadership style.

#### Discussion: Talent Management as People Retention vs. Knowledge Retention

The most important aspect of ASHWINI's model is disengaging people from talent. When firms focus on retention of talent, they focus on retaining people, usually highly paid experts, in their roles. So talent retention strategies are devised to reduce attrition among this critical manpower. Such approaches use compensation mechanisms and employment engagement activities to retain these star performers. These strategies are expensive as salaries need to be hiked continually to retain these talented experts.

Several lessons can be learnt from ASHWINI's model of talent management. Creation and sustaining a committed volunteer pool, renunciatory leadership styles and democratic decision making styles have greater generalizability and applicability across organizations.

Identification of community talent to serve as future leaders is unique to not-for-profit organizations that are actively involved in providing community-based services. This strategy blurs the separation between the firm and its customers. Community customers work along with experts to provide sustained service at a low cost by freeing experts to concentrate on crucial skill-based activities while the community offers its services in operating the firm. This boundary-less co-creation of services between experts and their clients using democratic participatory processes facilitated by renunciatory leadership style may be a unique contribution of ASHWINI's talent management process.

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