



LEVEL 7 ASSESSMENT SPECIFICATION



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HKBM7007 – Human Resources Management

Training and Development challenges when

HR team upgrade to International HRM

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Introduction

Going global can be a complex process given the current dynamic business environment. With the differences in economic, cultural, governmental, and market conditions, business expansion plans can vary by location, and they tend to evolve around the strategic needs and management of the company as a result (Evans, 2015). Some companies expand through wholly-owned subsidiary start-ups from scratch, while some of them opt for strategic alliances and partnerships. Effective human resources management (HRM) plays a crucial role in global business expansion (Chron.com, 2011). This essay will analyze the issues, challenges, and impacts of international expansion on training and development. In addition, an analysis of the level of challenges on HRM where corporate internationalize in one additional location or multiple locations will also be covered. UMP Healthcare Holding Limited and Sanford Health are selected for this comparison study due to their size and scale of international human resources management expansion.

Case Study 1: UMP Healthcare Holdings limited

Company background

UMP healthcare holdings limited is one of the leading medical and healthcare providers in Hong Kong. Established in the year 1990, its aim is to provide trusted and affordable services with full spectrum of clinic services. UMP Professional Limited was formed in the year 1996 as a back-office administration entity to manage the corporate medical plan and start hooking up with different insurance companies for the medical card business. UMP become a corporate healthcare solution provider and its B2B business model has increased medical visits significantly thereafter.

Issues – Conflicting business objective of JV in China

UMP was then listed on the main board of the Stock Exchange in Hong Kong on 27th November 2015 with ambitions to expand in China. On 13 July 2015, the joint venture (JV) agreement was entered between UMP Healthcare China Limited, a wholly-owned subsidiary of the Company, and Pinyu to form UMP Phoenix JV. The funding was used to establish the Healthcare Management Model and a medical center network in Beijing. Both companies of this JV were then contributed to the training and recruitment. Polyclinic was in operation in 3 districts in Beijing. Simultaneously, clinic network in one district in Shanghai opened through a wholly owned company, UMP Healthcare China Limited.

The motive of International JV of UMP

UMP expected a significant role to be spent on the recruitment of doctors and other medical staffs for such clinics. To ensure service quality delivery and alignment of customer experience, a standard series of “UMP training” was expected to all new team members. Such customer-centric objective is to cultivate their “General Practitioner” model with a focus of customer service quality by actively listening and responding to their needs, while offering quality service at their convenience. The operation model was designed to facilitate change of patient behavior by diverting some of the hospital visits for specialist consultation to GP/SP network operated in a clinic. (UMP, 2016).

The motive of international JV of Phoenix

On the other hand, Pinyu, under Phoenix, was a healthcare company focusing on over 100 hospital chains in China, more than half were located in Beijing. With this JV, Phoenix expected that those critical illness patients could be referred to their hospital through the new GP/SP clinic network (HKEX news, 2015). That’s described different objectives for both parent companies in this International JV.

Challenge of issues

Without a clearly defined segregation of duties between UMP and Phoenix, making key management decisions became a significant challenge when situation took place. For instance, the JV lacked a mutually agreed approach on the handling of various recruitment, training, and preparation processes. The interim report of 2015 defined that all three clinics in Beijing and one clinic in Shanghai were expected to go live in the first half of 2016. However, the interim report of 2016 mentioned that only the clinic in Shanghai was opened in August and only one clinic in Beijing was opened in November 2016 respectively. (UMP, 2017)(UMP, n.d). This represented that all three clinics in Beijing was unable to meet the scheduled timelines and required financial result, the company in Shanghai almost fulfilled its pre-defined timelines. Therefore, the Shanghai wholly-owned company proved itself as more effective on training and recruitment than its JV. As Belout and Gauvreau (2004) suggests, the success of a project is strongly correlated with management support and trouble-shooting variables.

The root cause and impact

It appears that differences between strategic objectives of both UMP and Phoenix are the root cause of such failure. However, Tarba and Cooper (2016) suggested that strategic and financial variables may not be the only key factors on post-acquisition performance. The main root cause of the problem should be related to non-financial variables. It is suggested that behavioral factors at the individual and organizational levels may hinder the effectiveness of the decision-making process. (Tarba and Cooper, 2016). According to research findings by Ng, Lau, and Nyaw (2007), it is found that trust influences international JV performance in China. Under an inter-partner working relationship, trust may help to

achieve the objective of both parent companies. The culture in China focuses on trust, face, and people connection. Although HK and China are close in a physical location, there is still cultural distance. As such, trust and cultural differences would be the root cause of the ineffectiveness of running various training programs when setting up a management office and clinic center. Both UMP and Phoenix were both suffered from fulfilling their business plan and agenda in this situation.

UMP's approach on problem resolution

On 15 December 2016, management from UMP decided to introduce a new strategic partnership with NWS holding limited to take over both Beijing and Shanghai business of UMP. Under this partnership agreement, UMP was delegated to work on the development of financial and human resources of its corporate healthcare solutions business model and clinic management (Bloomberg, 2016). Under the control of UMP's parent company, its management of such HK-based company partnership can ensure HR issues are addressed by following company's decision-making processes and in line with its strategic direction. With the proper handling of the cultural distances in such foreign direct investment, cultural harmony was achieved, trust was rebuilt, and achieved a win-win situation for all participants as a result. (Sciencedirect.com, 2015)

Whole-owned company take more control through public-private partnership

UMP set up GOLDTM training center in Shenzhen since 2019 to capture this enormous business opportunity of the in mainland China by bringing Hong Kong-style family doctors to their doorsteps. The training program was designed by a team of Hong Kong family doctors and aimed to train the doctors in the mainland by aligning their professional

knowledge and service capability with a standard established in HK and practiced it in the Greater Bay Area (GBA). UMP entered a public-private partnership (PPP), which is characterized by offering public services and facilities with a share of investments, risks, rewards, and responsibilities for the benefit of both the private sector and the government. (HealthManagement.org, n.d.)

Since then, the local governments of several cities in mainland China showed interests in adopting UMP's GOLD™ training programs to enhance the service quality of their local primary care. The launch of the program took place during the outbreak of COVID-19.

UMP successfully upgraded to IHRM by setting up a professionally recognized training program with a partnership with the local government in China. HR played an important role on improving the performance outcomes during this health sector reform, especially on the quality and productivities of the health workforce in low-income locations. (NICA, 2013).

Recommendations to UMP

Working on cross-culture distance and trust can help resolving issues in the long term. Tarba and Cooper (2016) proposed that the creation of a communication climate is vital to promoting an effective integration. UMP should consider revisiting the training strategy by sending executive as an expatriate to lead the business operation in Beijing and Shanghai. To maximize expatriate performance, pre-departure training should be offered to ensure key competence in building trust in China organizations. (J. Hurn, 2014). This is a way to ensure the business development needs are well covered in both Beijing and Shanghai by aligning business strategy as set out by the parent company of UMP.

Secondly, UMP China seized this golden opportunity to introduce telemedicine through virtual care platform (Hong Kong Means Business, 2020). Based on this technology platform, it is suggested to apply AI to measure the performance of doctors undergoing telemedicine. The performance of the trained doctor could be measured and integrated into big data and HR platforms for further analysis.

Thirdly, some of the GOLDTM training should be conducted through teleconference and extended to different remote cities in Beijing and Shanghai to leverage to increase the number of doctors to adopt Hong Kong Style GP practice. Computerized training data and performance data are useful for the identification of connection between training and profitability (Hansson, 2007).

Case study 2: Sanford Health

Sanford Health started from its root in the hospital in Sioux Fall in 1893 with the vision of expanding internationally since 2007. It is now a non-profit integrated healthcare provider with 45 hospitals and 289 clinics in US and thousands of providers around the world. Its goal is to improve the human condition through pursuing growth and innovation including world clinics, research and genetics.

Issues: International expansion training and development required in developing countries

Sanford Health started Sanford World Clinic in 2007 with Denny Sanford donating USD400 million. During the first decades of international expansion (2007 – 2016), the company expanded its network in Ghana, China, Germany by setting up a working board of directors

to oversee the whole process through partnership. As such, their largest exposure has been focused on developing countries, Ghana and China. Similarly, Sanford exercised public-private partnership (PPP) with the local government, as compared with UMP. Besides, Sanford has sent lots of pediatric residents, nurses and physicians to learn and support in these two developing countries, Ghana and China (Schwan, 2016).

Challenge of Issues

Sanford's purpose is to make an impact in people's lives and their ambition of growth was not for yielding real financial results. There is a lack of proper and systematic training which could help the company to achieve better financial results.

The root cause and impact

Sanford's learning journey within an organization is to create opportunities for their medical students, physicians and other staffs as well as learning the challenges of delivering healthcare in the rest of the world, while UMP was just focus on China. They have based on knowledge sharing to enable their partners to meet their objectives. (Modern Healthcare, 2018). Professional deployment abroad in Sanford only relied upon on-the-job learning, in contrast to UMP's multi-disciplinary approach of service improvements.

Many of the corporates often ignored or planned their international training poorly, while they should understand the importance of it (Shen, 2005). Desharnais's (1990) survey revealed that over 50% of US companies operating abroad did not provide pre-departure training. Shen (2005) also mentioned that one of the reasons western MNE did not undergo training was because they thought that technical skills are the only ones needed to carry out assignments abroad. The root cause of the problem is the self-awareness of the training

demands that just happened in Sanford's IHRM. They have never thought that training could help changing the corporate's performance for the better.

Effective financial results could not be achieved without proper training. Nearly USD1 billion was contributed from Denny Sanford over the past decade, which was used on Sanford Helath's international transformation (Sanford Health News, 2018). It is by far exceeded his initial contribution of USD 400 million made in 2007. This means that the company is not financially profitable, impacting both the company and Denny himself.

Sanford approach on problem resolution

To address the growing demands of Sanford International starting from 2016, new board of directors are onboarded. The board met semi-annually with one meeting in its home country in Sioux Falls and the other one at one of the Sanford international sites (Schwan, 2016). Besides, Sanford implemented Workday in 2017 (Workday Blog, 2017). As such, a more holistic view of the employees, doctors, nurses in both US local and international staffs could be managed in this single platform. It serves as a platform for IHRM to have a better understanding of their international employee profiles and training needs.

Recommendations to Sanford

Workday can facilitate training planning by leveraging and identifying the geographical shortage of healthcare professionals, such as China & Ghana. Training planning could then be aided by the analysis of geographical migration plans of healthcare workers (NICA, 2013). Training should be strengthened for healthcare professionals deploying to China and Ghana. Imitating UMP's deployment of GOLDTM, training strategy should put an emphasis on continuous improvement of the service quality on healthcare professionals, fostering a culture

of lifelong learning, rather than merely focuses on providing initial training to new hires or partnerships (NICA2013). Despite Sanford's multi-location, the training centre should be setup in regional scale and conducted online, as compared to UMP focus only on GBA China.

Besides, setting up a regional training department can help providing training for pre-departure and post-arrival to healthcare professionals and their families. Pre-departure training should include topics on cultural awareness, language, and orientation for the multiple overseas environments. All these measures will help the expatriate perform better (Shen, 2005). Online training should also be provided to doctors and nurses for continuous professional improvement.

On the other hand, training results should be systematically captured back to Workday. HR analytics could provide summary of data about training demand to management for further analysis and future improvements.

Summary of the proposed solutions for both UMP and Sanford

	Short term (6 months)	Mid term (one year)	Long term (2 years)
Actions	Professional training through teleconference	Management & Expatriate Training	Create HR platform with data analytics
UMP	Extend GOLD training to other locations in China. <u>Stakeholder expectation:</u>	Expatriate training should be offered to reduce culture distance in Beijing and Shanghai. <u>Stakeholder</u>	Apply AI on training and performance evaluation. Use HR system to capture results. <u>Stakeholder expectation:</u>

	UMP senior executive expects to adopt “UMP Training” to do business in China Pros: Platform already in place; Expected synergy with HK style GP business model Cons: Regulatory issues need to address to ensure the same training could be conducted in remote cities	<u>expectation:</u> UMP senior executive expects to have effective business operation in Beijing and Shanghai Pros: Expatriates perform better in China with cultural sensitivity Cons: Not many expatriates are required under UMP scale. It may not be cost-effective	UMP senior executive expects to measure how training could link up with profitability Pros: More transparent to management summary and decision on training Cons: Additional cost to build up HR system
Sanford	New online training: <u>Stakeholder expectation:</u> International colleagues are benefits from continuous learning; Pros: Critical mass occurred; Many	Expatriate training: <u>Stakeholder expectation:</u> Senior executive awareness of the necessary skills other than professional skills in multiple locations	Extend Workday for better HR Analytic <u>Stakeholder expectation:</u> Senior executive obtained better financial results as a result of better training and planning for resources Pros: Platform already there; Easy to manage

	colleagues are benefitted Cons: Need executive buy-in for global HR team	Pros: Critical Mass: Senior Stakeholders perform better abroad Cons: Additional costs	Cons: It takes time to align the HR process for different countries
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Conclusion

HR challenges are inevitable in global expansion of enterprises. International training and development is undoubtedly one of the most important subjects of IHRM. To ensure service excellence and continuous service quality improvement, it is crucial for leaders to make their training and development plans in the short, medium, and long term.

The studied example shows how a corporate has been ignoring pre-departure training for its expatriates. This should include training on improving cultural awareness, language, and business environment orientation. However, most corporations are not aware of the importance of this. Both companies, UMP and Sanford, are missing out on this area. Other components should include technical training. The above mentioned case studies show that it is especially useful to conduct healthcare-related training in developing countries. The way of training could be done via teleconferencing, to broaden the scope of audiences and maximize the benefits to all parties concerned. Finally, having a comprehensive HR system can help capturing training records and identifying potential training needs that link up to the improvement of financial performance. This is to ensure the corporate could maximize the

return of investments and maintain a sustainable business that benefits all the stakeholders in the long run.

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