

Leadership and Employee Performance: A Case Study of Aravind Eye Hospital

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Introduction

In the recent past, the topic of leadership has gained popularity in the management of organizations and employees. Gradually, the traditional concepts of personnel administration have been replaced by human resource management, with a special emphasis being given to the integration of different leadership styles in the improvement of employee performance. Indeed, a good leader must be a good diagnostician and should be able to appropriately adopt to different situations in the workplace (Iqbal, Anwar & Haider, 2015). These scholars explain that how and when these leadership styles are used depends on the decision making power of employees, how empowered they are and the amount of directions they require. In addition, poor leadership is characterized by lack of proper direction and lack of appropriate use of strategic styles in the management of an organisational duties (Gabzhalilov, 2015). Therefore, good leadership goes a long way in the achievement of an organisation's goals and objectives. To this end, this essay analyses the relationship that exists between leadership and employee performance, with a special focus on Aravind Eye Hospital as a case study.

Aravind Eye Hospital Macdonalisation

According to Krishnan (2015), India holds approximately one third of the blind population in the world, with more than two hundred million people needed eye-care in the country. He explains that more than 80% of the cases can be corrected by surgery and appropriate medication and, thus, Dr. Govindappa Venkataswamy (Dr. V) created the hospital to address this problem. Dr. V revolutionized the country's field of eye care and built the institution to allow individuals inflicted by Cataracts to get the much needed help. Using the profits generated from 40-50% of the paying clients, Aravind hospital provides *cost-free or at cost*,

high-quality services to the ‘non-paying’ poor patients, accounting for 50-60% of them (Maurice, 2001). It is worth noting that the hospital offers same quality of services to both kind of patients, and it has been offering high-quality eye-care for the last 41 years.

Role of Dr. Govindappa Venkataswamy in Aravind’s Success

Dr. V can be said to have entrepreneurial quality, one of the categories that *Ashoka*, a non-profit organization, uses to evaluate social entrepreneurs (Bornstein, 2007). Bornstein explains that individuals with entrepreneurial quality work to change or improve an entire field and not just a section of something. Such people want to take part in problem solving by putting their ideas into action. In other words, they go beyond expression of ideas and actually take part in their execution. Throughout his work at Aravind Hospital, Dr. V has demonstrated this ability by standardizing the procedures of cataract surgery not only in India but throughout the field. Furthermore, he has seen to it that the institutions trains doctors in other parts of the world (Perrini & Vurro, 2006). It is also worth mentioning that Dr. V carried out more than 100,000 successful eye surgeries by himself, demonstrating his willingness to execute his idea (‘Govindappa’, 2009).

How Aravind boosts efficiency

Dr. V has improved the efficiency in Aravind Eye hospital by employing four major strategic imperatives. The first one is having a singular vision, that is, to eliminate blindness through cataract surgery. Secondly, the hospital adopts a hybrid business model whereby the cash flows received from paying clients is used to subsidize the services offered to the needy. Through this model, the hospital develops specialty services alongside the cataract care and surgery. Furthermore, the institution’s ability to create a high-end ophthalmic care helps it to attract as well as retain qualified doctors (Rangan & Thulasiraj, 2007). The third strategic

imperative is creation of a high-volume, low-cost and high-quality business model. Krishnan (2015) indicated that the cost of a cataract surgery in America averages to \$3000 U.S. dollars while Aravind provides the same surgery at such a low cost as \$50 U.S. dollars (Krishnan, 2015). The last strategy imperative strategy employed by Dr. V is reaching out to the underserved individuals. Through outreach programs, the hospital has been able to create demand given the highly fragmented customer base.

Under the leadership of Dr. V, Aravind Eye Hospital cross trains the workforce. To ensure that doctors and other health practitioners focus on the critical tasks of the institution, surgery and diagnosis, Aravind is highly endowed with technicians and nurses. Furthermore, the institution reduces costs by recruiting and training women from local communities. These women serve as technicians and they take up to sixty percent of the hospital's workforce. It is also worth noting that these technicians and nurses are cross-trained to enable them to perfect a huge number of routine tasks. Another cost-reduction strategy employed by Dr. V in Aravind Eye Hospital is in-house manufacturing. Initially, the intra-ocular lens used surgery procedures used to account for a \$100 fixed cost. In 1992, as a good leader, Dr. V created a manufacturing facility that manufactured those lens. As a result, the hospital benefited with a 90% fixed cost reduction from \$100 to \$10 (Krishnan, 2015). It is, therefore, evident that Dr. V was a good leader who guided and employed strategic actions to further the growth of the hospital.

Dr. V also developed a technology to assist in outreach. The hospital strongly relied on outreach programs to increase awareness and consequently increase demand for its services. Therefore, it started using telemedicine-driven vision centers and eye camps to source patients in the main hospital. Indeed, these vision centers acted as mobile diagnostic centers that employed telemedicine technology that enables doctors to diagnose and evaluate a huge number of patients.

Therefore, it is safe to state that this was one of the ways in which the hospital increased efficiency.

Leadership theories on employee performance

In his theory 'Fiedler leadership contingency model theory', Fred Fiedler explains that effective employee performance significantly depends on the leader's ability to offer direction in different situational factors such as their capabilities, behavior, preferred style and the competency of employees. He proposes that leaders should be fast to adopt the style that best fits the current situation to ensure that employee performance is constantly stimulated. He adds that leaders should continually guide employees and share knowledge with them to ensure that they become experts in maintaining quality. Since the situation will determine the functions that the leader carries out, this means that it will also affect the functions that are performed.

The Economic Times (2010) commended Aravind's confidence and trust on its human resources, "In all facets of employee life at our institution, human resources play a significant role from recruitment to retention. Therefore, instilling the appropriate culture and values is the major responsibility of the human resources team." Employees follow the directions of their leader and with a leader such as Dr. V, employees are constantly motivated to give their best. This brings another important element when it comes to employee performance, that is, employee motivation. These two elements go hand in hand since the latter goes a long way in improving employee performance.

There are three types of leadership styles namely authoritarian, democratic and participative. Authoritarian leaders are those who give orders or directions and expect obedience without argument. In this leadership style, the directions are given without explanation on why the directions are so. Here, the leader has the all decision making powers and they tend to have

unrealistic demands, use of excessive punishment and are highly competitive. Clearly, this is not the leadership style employed at Aravind Eye Hospital. Indeed, the success of organizations led with this leadership style highly depends on the intelligence and abilities of the leader. Should the leader be unreasonable and unwise, such an organisation cannot escape failure.

Aravind employs a democratic leadership style, which is the best kind of leadership. Here, the leader asks for opinions from employees and they are left to make decisions independently. However, Dr. V made some independent decisions but they were for the greater good of the hospital. He was a good leader in that the decisions he made gave positive results and played a significant role in the growth of the institution. However, employment of this leadership style requires numerous considerations in that the employees must have proved to be mature and to be acting on the best interests of the organization, not their own. The organisational culture that Dr. V created in the institution ensured that employees knew they were acting for the benefit of millions of blind people.

The leadership style at Aravind Eye Hospital can best be said to be a participative leadership style. According to Fiedler's theory, this style allows employees to be part of the decision making process. Here, the participative leader seeks opinions from employees and uses this information, together with his knowledge, to make informed decisions. The employees are allowed to debate and even propose changes to the institution's policy, and are constantly updated about future plans. Iqbal, Anwar & Haider (2015) state that the participative style affects the employees positively since they feel empowered to do their work. Furthermore, they feel confident when making decisions.

Conclusion

Leadership plays a significant role in determining the effectiveness of employees in an organization. With good leadership, employees feel confident in what they do and they feel that they have a duty towards the achievement of the organization's goals and objectives. At Aravind hospital, Dr. V has been instrumental in the success of the institution by leading by example and often consulting other employees for advice. Dr. V identified the need of millions of Indians and took an initiative to provide 50-60% of those patients with *low-cost* and even *no-cost* medical care using the 40-50% of the profits received from the paying patients. Over the years, the institution has been growing under his leadership, clearly demonstrating that leadership plays a significant role in enhancing performance.

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