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Examining the Nexus between Strategic Outsourcing and Operational Performance: A Case of the Health Care Industry of the UAE under the Resource-based Economy

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Abstract

Introduction: *The healthcare industry in Abu Dhabi, UAE, faces pressure to enhance performance while managing costs. Strategic outsourcing—cost-driven, focus-driven, innovation-driven, and human resource outsourcing—plays a key role. This study examines their impact on operational performance and the moderating role of information sharing. Theoretical foundations such as the resource-based view and core competency theory provide the study's framework.* ***Methods:*** *A quantitative approach was used, with data collected via a structured questionnaire from 349 randomly selected respondents. Statistical techniques, including descriptive statistics, correlation matrix, normality testing, and cross-tabulation, were applied. A two-step approach—measurement and structural model assessment—was used to evaluate validity, reliability, and hypothesis testing.* ***Results:*** *The measurement model confirmed construct reliability and validity. The structural model showed a significant positive impact of all outsourcing strategies on operational performance. Information sharing moderated these relationships, enhancing their effects.* ***Conclusion:*** *Strategic outsourcing drives operational performance, especially when supported by effective information sharing. The study offers practical implications for healthcare managers to optimise outsourcing. Future research should explore external factors and longitudinal data.*

Major Findings: *The study found that strategic outsourcing—including cost-driven, focus-driven, innovation-driven, and human resource outsourcing—significantly enhances operational performance in the UAE healthcare sector. This relationship highlights the importance of targeted outsourcing strategies as a means to improve efficiency, quality, and service accessibility.*

Keywords: *Health Care Industry, Operational Performance, Strategic Outsourcing, UAE*

1.0 Introduction

In the contemporary business environment, every organisation working in the domestic or international market tries to improve its competitive position against its rivals[1,2]. For this purpose, higher organisational output is much needed while efficiently utilising different financial and physical resources. Meanwhile, the term organisational performance is widely observed in current and past studies[3,4]. In this regard, both financial and non-financial organisational performance measures have been investigated from theoretical and empirical perspectives. Financial performance refers to corporate results that can be measured in monetary terms[5]. In contrast, non-financial performance reflects the quality of products and services provided to customers[6].

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Operational performance indicates the organisation's quality, productivity, and delivery outcomes[7]. In this regard, Barnes[8] has defined operational performance as an organisational capability to reduce the cost related to operational processes, meet order cycle time, improve the material's utilisation with efficiency and effectiveness, and meet the delivery capacity. Both manufacturing and service organisations are susceptible to operational performance. However, it is more significant to manufacturing firms as it captures the title of the effectiveness of the production, high-quality products, and satisfying customers with increasing profit in a stated period[10]. Meanwhile, it is also believed that operational performance results from the effective implementation of total quality management practices within the organisation, along with its key elements.

Since establishing the United Arab Emirates (UAE), the region's health sector has witnessed some remarkable accomplishments in meeting various health-related challenges while keeping pace in the global environment. From its establishment to date, the UAE has been recognised as a region with advanced technologies and resources while providing an appropriate health environment with the core idea to believe that promoting the lives of individuals is the end goal for the focus on national obligations and contributing towards[11]. The health department in the region of the UAE is regarded as one of the most developed in the world, ranking based on several indicators. To achieve consistent success in the healthcare department, the top management is constantly working to adopt and launch many initiatives and projects to promote the local community's health through innovative technologies and service dynamics[11].

Considering the operational performance in both public and private sector organisations, it measures how a company utilises its different resources to achieve its strategic objectives while providing a valuable product or service. Moreover, operational performance highlights the significance of the organization's productivity. In contrast, a higher level of productivity tends to reflect the achievement of more output with less utilisation of the input or organisational resources. The term efficiency is also linked with operational performance, which claims how well various corporate resources like material, equipment, and labour have been utilised in a production process in which the core focus is to minimise waste and optimise the workflows. However, quality is also substantially essential to justify the organisation's operational performance trends, hence regarded as among its critical aspects. Nevertheless, without considering the innovation, it is not logical enough to claim that the firm will achieve higher operational performance and improve efficiency, quality, and customer satisfaction.

Like various other factors, the role of outsourcing in determining the operational performance in both the manufacturing and service industries is not negligible[12]. The outsourcing title indicates different categories, of which the most significant are cost-driven, focus-driven, innovative-driven, and human resource outsourcing. However, one of the most cited rationales for outsourcing is cost saving while maintaining better operational services.

Turning towards the economy of Abu Dhabi, UAE, it is observed that the health ministry (DoH) has taken various initiatives to improve its health facilities for the residents. In this way, DoH has adopted outsourcing facilities for different operational activities. More specifically, DoH has focused on managing hospitals from other management schools in Asia, North America, and Europe. It is stated that management style and related strategies play a significant role in improving efficiency and effectiveness in different hospitals and healthcare units[13]. This would justify the argument that outsourcing is under significant attention of the DoH, Abu Dhabi, whose primary focus is to derive some fruitful outcomes.

2.0 Literature Review

2.1 Cost-Driven Outsourcing and Performance

Considering the nexus between cost-driven outsourcing and performance outlook, existing literature has provided mixed evidence for various firms in both public and private sector organisations. For example, Blumenberg *et al.*[14] affirm that outsourcing effectively influences the cost-saving strategy. However, it cannot provide any significant outcome towards the productivity and profitability of the organisation. One of the major reasons for the influence of outsourcing on productivity and performance outlook is that outsourcing is a long-term phenomenon for which it is not easy to generate meaningful results in the short run.

Elmuti[15] examines the effect of outsourcing strategy on organisational performance for fast-moving consumer

goods in Kenya. In this regard, their study has taken into account the three major types of outsourcing: cost-driven, focus-driven, and innovative-driven, with their impact on organisational performance. With the help of descriptive research design, and took samples from 90 employees working in the fast-moving consumer goods industry. Data was collected through a questionnaire approach where correlational and regression analyses were applied. The findings of the study have provided evidence that cost-driven, focus-driven, and innovation-driven outsourcing have a significant role in organisational performance. More specifically, cost-driven outsourcing leads to a lower level of organisational performance and a higher level of operational efficiency, both in the short and long run. On the other side, innovation-driven outsourcing largely depends on cost control, primarily focusing on core competencies.

H1: There is a significant impact of cost-driven outsourcing on the operational performance of the healthcare industry in the UAE.

2.2 Focus Driven Outsourcing and Performance

The term focus-driven outsourcing helps the organisation outsource specific activities to external partners while focusing on the core business operations. In this regard, focus-driven outsourcing is not limited to some specific areas but has a broader perspective. Considering the literature on the nexus between outsourcing for focusing on other functional areas and business performance, diversified studies have been observed. For instance, Kotabe and Hooley[16] share a similar argument, which asks how the degree of outsourcing in different activities of the organisation influences financial performance. Their study considered a sample of manufacturing firms in the Netherlands during 1995-1998. Meanwhile, their study has provided some theoretical and empirical grounds to argue how the outsourcing factor affects the financial performance of selected manufacturing firms.

Isaksson and Kotabe[17] claim that outsourcing is the strategic use of external resources traditionally handled by the internal staff while utilising different physical and financial resources. Although the principal aim of outsourcing is to work for a higher level of financial performance, very few studies have considered the economic dimension of the performance. Their study explores the role of outsourcing in manufacturing firms while taking the sample from small and medium enterprises working in Sweden. It is stated that outsourcing helps focus on the core business operations while hiring outside partners to perform some routine tasks or operational outlook. With the help of principal component analysis, four major outsourcing strategies have been observed: primary, accounting, support, and back-office activities. However, contrary to expectations, no outsourcing strategy is followed with a significant linkage to the financial performance of selected firms in the Swedish economy.

H_2: There is a significant impact of focus-driven outsourcing on the operational performance of the healthcare industry in the UAE.

2.3 Innovation-Driven Outsourcing and Performance

Different researchers have also investigated the term innovation-driven outsourcing and performance in the literature. More specifically, innovation-driven outsourcing is a business strategy to transfer some parts or the entire innovation process or technology to an external party. In this regard, the research work of Blumenberg *et al.*[14] has considered the outsourcing dynamic in information technology providers and its association with knowledge sharing and performance. It is stated that during the outsourcing process, knowledge sharing plays a significant role in the outsourcing performance. Richard *et al.*[18] have examined the dynamic association between outsourcing, performance, and e-commerce outlook. It is stated that in the highly competitive market, various manufacturing firms are going to outsource either for their components or finished products because of a lower-cost strategy. Meanwhile, during the period of last decade, a significant growth has been observed in different economies entitled as the United States and Japan, where companies are constantly going for an outsourcing strategy while developing more relations with the supplier too. However, various drawbacks are also linked to different outsourcing strategies. Their study has provided evidence that there is an inverted U-shaped association between outsourcing and performance factor, where the role of e-commerce is something that cannot

be neglected. Rivero[19] claims that outsourcing, like information technology, is a strategic usage of various external resources under which different activities are being performed by outside parties, which internal staff members normally perform. By using a well-managed outsourcing facility, business firms can achieve a better position in the market. His study has examined the association between outsourcing and organisational performance. The study findings confirm that successful outsourcing is a good tool for achieving a higher level of organisational performance.

Vicente[20] considers the role of outsourcing new technologies toward integrative capabilities and organisational performance. It is observed that the firm can achieve better and new technologies from the market through outsourcing. However, one of the most crucial points is that although firms can attain better technologies from the market, such technologies may not guarantee higher organisational output. His study considers resource- and knowledge-based views as theoretical underpinnings while exploring the relationship between outsourcing and performance factors. The study findings indicate that higher dependency and reliance on outsourcing may reduce the firm's capability of learning by doing, application of tacit knowledge sharing, and internal investment, hence impeding the integrative capabilities and performance in the market.

H_3: There is a significant impact of innovation-driven outsourcing on the operational performance of the healthcare industry in the UAE.

2.4 Human Resource Outsourcing and Performance

Researchers, policymakers, and similar individuals have shown keen interest in examining HR outsourcing and its linkage with the organisational performance outlook. In this regard, Abudaqa *et al.*[21] have focused on the association between HR outsourcing and organisational performance. It is claimed that organisational use of outsourcing impacts performance dynamics. For this purpose, HR outsourcing, measured through training and payroll, has been considered to examine its effectiveness towards organisational performance. Initially, the authors assume that the linkage between HR outsourcing and performance is different for all organisations. Data

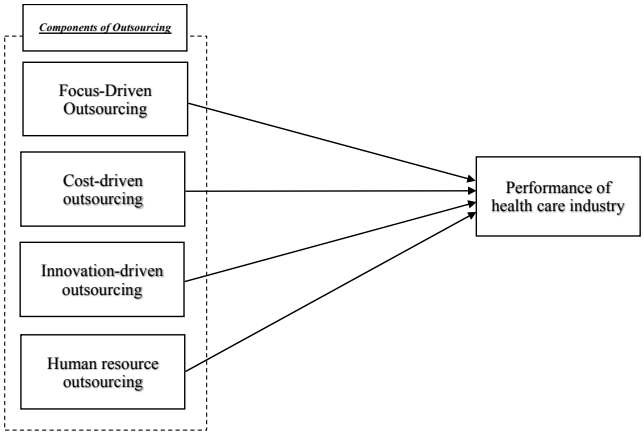


Figure 1. Research framework of the study.
Source: Author Developed

were collected from 94 manufacturing organisations, where the empirical results confirm that payroll and training as an outsourcing component impact the firm's performance. However, the moderating effect of firm size is observed as inclusive. Butler and Abudaqa[22] examine the HR outsourcing and the market and operational performance outlook through administrative HR functions. Considering the archival financial data while controlling for the endogeneity and the outsourcing decision optimality. The findings show that the equity capital market responds positively to the client firm announcing HR outsourcing, specifically those serving in the service sector. However, the further empirical findings show that suboptimal outsourcing is negatively linked with operating performance as measured through return on assets.

H_4: There is a significant impact of HR outsourcing on the operational performance of the healthcare industry in the UAE.

3.0 Research Methods

Abudaqa *et al.*[22] defined the population as "potential respondents" chosen to be studied. The plausible explanation of the population is varied. In the research world, the population is the segmentation of people driven by the same characteristics, which are understudies[23]. Similarly, it is a pool of people who are the research's centre of attraction and potential respondents[24]. Furthermore, the population can be defined as individuals

or organisations (Unit of Analysis) with standard features and characteristics that are understudied[23]. Similarly, the population is a group of people, individuals or objects that researchers want to target and explore to conclude the research. The claim is original and significant research, the population of the study plays a major role, allowing the researcher to set boundaries of postulate research or target audience.

The current study focuses on the healthcare sector of the UAE. As per the latest data available from the Ministry of Health and Prevention, there are a total of 157 hospitals working in the entire region of the UAE. Out of which, 53 are public sector, and 104 are entitled as the private sector. Moreover, it is observed that the nature of the questionnaire is primarily linked with the data collection from the top-level management, so the study is entirely focusing on all those individuals who are entitled under the top control of the hospitals, so regarded as the study population. More specifically, in terms of the organizational structure of the health industry, it is found that top management includes the Board of Directors, CEO, General Manager, Executive Director of the Financial and Support Service Sector, Executive Director of the Information Sector, Executive Director of Allied Health Services Sector, and Executive Director of the Medical Services Sector[24]. So all of these individuals have been regarded as the study population.

Additionally, the detailed information further clears that, on average, the total number of stated individuals in the top management is ten members, who can be regarded as the study population. So, the total population under the present study is 1570 (157*10), out of which the sample is finalised. The current research leverages arguments from the Krejcie and Morgan[25] sampling techniques, arguing about the core selection of the model and population size. Figure 2 provides the layout for the Krejcie *et al.,*[25] suggestions for the sample size selection based on the given population size. It is stated that if the total size of the population (*N*) is up to 1600, the sample size will be 310. As the population of the present study is 1570; therefore, the size of the sample is regarded as 310. A questionnaire has been developed through various items extracted from the existing literature for the variables of interest. For measuring operational performance, three dimensions entitled efficiency performance, quality performance, and accessibility performance have been considered from the research work of Abudaqa *et al.*[26]. Seven items have been considered from the research work of Abudaqa *et al.*[27] for measuring cost-driven outsourcing.

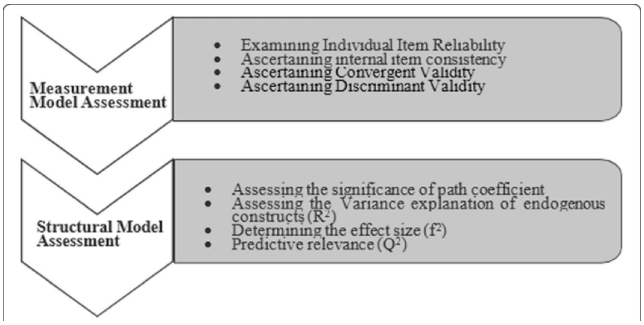


Figure 2. Two-step approach as adopted under smart PLS. Source: Abudaqa *et al.,* 2023

Meanwhile, focus-driven outsourcing has been measured through seven items as extracted from the research work Hooley *et al.*[16]. The measurement of innovation-driven outsourcing is conducted through six items based upon the theoretical suggestions of Abudaqa *et al.*[27]. Besides, human resource outsourcing and information sharing have been measured through four and seven items based on the research work of Alblooshi *et al.*[28] and Abudaqa *et al.*[29], respectively. Figure 2 provides the methodological context as adopted for the present study.

4.0 Results and Discussions

Table 1 provides the outlook for the data filtration and response rate.

4.1 Demographic Analysis

This section presents the demographic details of the respondents of this research study. SPSS software was

Table 1. Data filtration and response rate

Questionnaire	Frequency	Percentage
Returned	386	89.77
Unreturned	44	10.23
Total Distributed	430	100
Missing Cases	16	4.15
Outliers Detected	12	3.11
Unusable Cases	09	2.33
Usable for Analysis	349	90.41

used for this study's demographic analysis, which consists of Age, Gender, Qualification and experience, which can be observed in Table 2. A total of five demographic factors were asked in the demographic part of the questionnaire. There were 349 valid responses considered for analysis purposes. There was a total of 271 male respondents, which were 77.7% of the total respondents, and the rest of 78 were female, which was 22.3% of the total. It indicates that the percentage of chosen respondents has different ratios. The second demographic factor was Qualification/ Education, which consists of 3 categories, *i.e.*, respondents having a qualification of 14 years, respondents having a capability of 16 years, and those having a qualification above 16 years. Only those respondents were chosen in this study who had a qualification of 14 years and above. There were 106 respondents having an education of 14 years, which was only 30.4% of the respondents. Similarly, 106 respondents had a capability of 16 years, which was 30.4% of the total respondents. Moreover, Dominant respondents have qualifications above 16 years, which was 137, which was 39.3% of the total respondents. The third demographic factor of this study was working experience, wherein 99 respondents have working experience of less than 3 years, meaning that 28.4% of respondents have working experience between 0 to 3 years. 122 respondents have working experience over three years and less than 5 years, which was 35% of the total respondents. Furthermore, the working experience of 128 respondents was above 5 years, which reflects that 36.7% of the total respondents. The fourth demographic factor was the age of the respondents. Age is categorised into 4 groups, *i.e.*, 20-25, 26-30,31 to 35 and above 35 years. There were 40 respondents who fell between the ages of 20-25, which is only 11% of the total respondents. Similarly, 76 respondents were aged between 26-30, which is 21.8% of the total respondents. Dominantly, 165 respondents of this study are lying in the age group 31 to 35, which is 47.3% of the total. Moreover, the total respondents having an age above 35 was 68, which is 19.5% of the total respondents. This indicates that the maximum number of respondents is 31 to 35. The detailed demographic analysis is illustrated in Table 2.

4.2 Assessment of the Measurement Model

The constructs' internal consistency, reliability and validity were assessed in the first step of the measurement assessment model. Firstly, factor loadings of items of all the constructs were measured to ensure the internal consistency of the constructs. Rivero *et al.*[19] proposed that the factor loadings of all constructs should be greater than 0.7 to establish the internal consistency of the constructs. Table 3 demonstrates that the factor loadings of all items are greater than 0.7, showing that each item explained the latent variable more than 0.7, which depicts the high internal consistency. Convergent validity is a concept in which an indicator used to measure each latent variable

Table 2. Demographic analysis

Variables	Categories	Frequency	Percentage	Cumulative %
Gender	Male	271	77.7	77.7
	Female	78	22.3	100
Education	14 years	106	30.4	30.4
	16 years	106	30.4	60.7
	above 16 years	137	39.3	100
Working experience	Between 0-3	99	28.4	28.4
	Above 3 years and less than 5 years	122	35	63.4
	5 years and above	128	36.7	100
Age	20-25 years	40	11.5	11.5
	25-30 years	76	21.8	33.2
	31-35 years	165	47.3	80.5
	above 35 years	68	19.5	100

Table 3. Constructs reliability and validity

	Items	FL	Alpha	rho_A	CR	AVE	VIF
Efficiency performance			0.814	0.823	0.889	0.728	
	EP1	0.833					1.708
	EP2	0.855					1.919
	EP3	0.871					1.793
Quality performance			0.892	0.893	0.925	0.755	
	QP1	0.888					2.131
	QP2	0.884					2.926
	QP3	0.889					2.699
	QP4	0.813					1.905
Accessibility performance			0.868	0.869	0.938	0.884	
	AP1	0.942					2.430
	AP2	0.938					2.430
Cost-Driven Outsourcing			0.896	0.896	0.918	0.618	
	CDO1	0.815					2.817
	CDO2	0.841					3.167
	CDO3	0.792					2.466
	CDO4	0.813					2.326
	CDO5	0.814					2.273
	CDO6	0.784					1.967
	CDO7	0.624					1.311
Focus Driven Outsourcing			0.840	0.851	0.879	0.512	
	FDO1	0.721					1.633
	FDO2	0.559					1.423
	FDO3	0.785					2.172
	FDO4	0.793					2.260
	FDO5	0.671					1.637
	FDO6	0.731					1.900
	FDO7	0.725					
Innovation-driven outsourcing			0.954	0.954	0.962	0.784	
	IDO1	0.915					2.650
	IDO2	0.903					2.300
	IDO3	0.865					2.181
	IDO4	0.874					3.436
	IDO5	0.885					3.705
	IDO6	0.883					3.707
	IDO7	0.872					2.150
Human Resource Outsourcing			0.928	0.931	0.946	0.778	
	HRO1	0.848					2.592
	HRO2	0.931					2.200
	HRO3	0.897					2.024
	HRO4	0.884					2.412
	HRO5	0.848					2.300

Note = CR = Composite Reliability, AVE = Average Variance Extracted, EP = Efficiency Performance, QP = Quality performance, AP = Accessibility Performance, FDO = Focus Driven Outsourcing, IDO = Innovative Driven Outsourcing, CDO = Cost Driven Outsourcing, HRO = Human Resource Outsourcing

should be related to each other based on the theoretical support from past research (Vicente *et al.*, 2011). In this study, we adopted two criteria to determine the convergent validity, i.e., Composite Reliability (CR) and Average Variance Extracted (AVE). According to Rivero *et al.*[19], the CR and AVE of constructs should be equal to or greater than 0.7 and 0.5. In this study, CR and AVE of all of higher-order and lower-order constructs are more significant than 0.7 and 0.5, respectively (Tables 3 and 4). Hence, convergent validity has been established.

Discriminant validity refers to the degree to which each construct and distinct and unique from other constructs in the model. "The notion is that if two or more concepts are unique, then valid measures of each should not correlate highly"[23]. The criteria to determine the discriminant validity of constructs were proposed by Abudaqa *et al*[24]. According to this, the square root of the AVE of each construct in the model must be higher than the correlation of the same construct with other construct values underneath it. Table 5 shows that the square root of the AVE of each construct is greater than the diagonal values below it, which indicates that the construct with other constructs. Therefore, the discriminant validity of the construct is established.

The measurement model of the higher-order construct was assessed as shown in Table 4. OP is the higher-order construct comprised of three lower-order constructs, *i.e.*, AP, EP and QP. Measurement analysis of the higher-order construct was evaluated. Firstly, factor loadings of lower-order constructs are above the threshold value. Similarly, Alpha, rho_A, and CR have values above the threshold value, demonstrating the Higher-order model established as tabulated in Table 4.

4.3 Assessing the Structural Model

The R^2 values of 0.25,0.50, and 0.75 are weak, moderate, and substantial. In this study, the coefficient of determination of Operational Performance is 0.842, which indicates that 84.2% variance in organization performance happens because of an exogenous variable, as shown in Table 6.

Table 4. Measurement Assessment of Higher-Order constructs

Constructs	Items	FL	Alpha	rho_A	CR	AVE
Operational Performance			0.859	0.866	0.914	0.780
	AP	0.910				
	EP	0.862				
	QP	0.876				

Table 5. Fornell-Lacker criterion

	AP	CDO	EP	FDO	HRO	IDO	QP
AP	0.940						
CDO	0.503	0.786					
EP	0.686	0.448	0.853				
FDO	0.710	0.560	0.728	0.716			
HRO	0.795	0.401	0.604	0.618	0.882		
IDO	0.794	0.405	0.702	0.689	0.712	0.885	
QP	0.705	0.409	0.625	0.592	0.710	0.717	0.869
OP					0.883		

Table 6. Coefficient of determination R2

Construct	Coefficient of determination R^2
Operational performance	84%

Table 7. Predictive relevance Q2

Construct	Predictive Relevance Q^2
Operational performance	0.641

4.3.1 Predictive Relevance of the Model

Predictive Relevance refers to whether a model has predictive Relevance or not. This study's predictive Relevance was examined using Stone-Geisser's Q^2 value. In this study, the predictive Relevance of the model was assessed by using a blindfolding technique in which the default missing value of the omission distance is 7 (Hair *et al.*, 2019) if the value of Q^2 is greater than 0, it illustrates the predictive Relevance of the model. In this study, predictive Relevance is established as all values of Q2 greater than 0 demonstrate predictive Relevance as described in Table 7.

4.3.2 Testing the Direct Relationship

The hypothesis testing was carried out using a bootstrapping technique, with a resample of 5,000 bootstraps (Hair & Sarstedt, 2019). Table 8 presents the testing of direct relation hypotheses. Hypothesis 1

Table 8. Results of the structural equation model

Hypotheses	Relationship	Beta Coefficient	SD	tvalue	pvalue
H1	CDO -> OP	0.084	0.030	2.912	0.004
H2	FDO -> OP	0.236	0.034	6.881	0.000
H3	HRO -> OP	0.279	0.044	6.312	0.000
H4	IDO -> OP	0.343	0.036	9.561	0.000

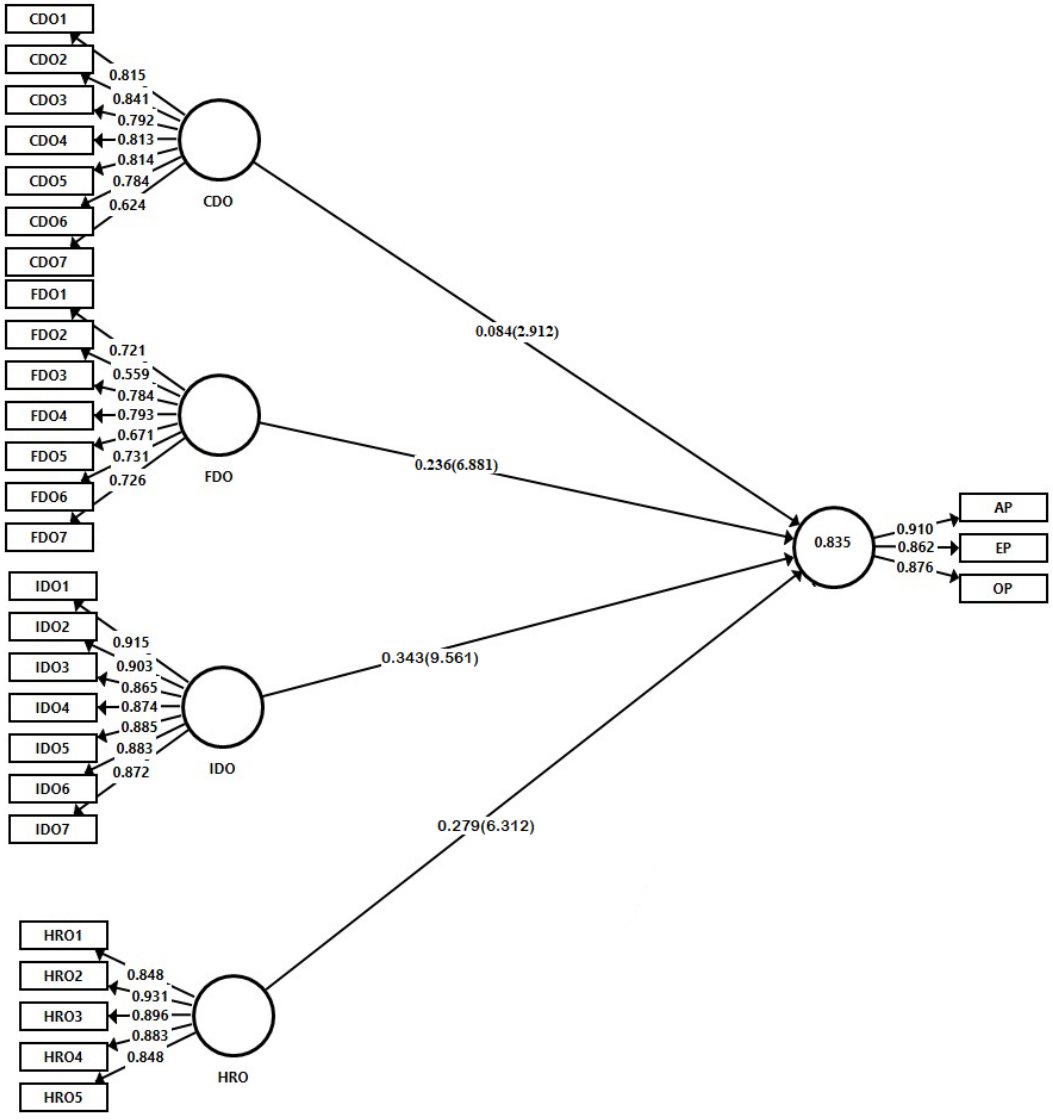


Figure 3. SEM output, Source: SmartPLS Software output

proposed that there is a significant impact of cost-driven outsourcing on performance. The finding reveals a significant and positive impact of cost-driven outsourcing on performance (β = 0.086, tvalue = 2.921, p = 0.004). H2 proposed that there is a significant impact of focus-driven outsourcing on Operational Performance. The result of H2 reflects that there is a significant and positive impact of focus-driven outsourcing on the Operational Performance (β = 0.236, tvalue = 6.881, p = 0.000). Hence, H2 was accepted. H3 proposed that there is a significant

impact of HR outsourcing on Operational Performance. Result of H4 reflects that there is a significant and positive impact of HR outsourcing on Operational Performance (β = 0.276, tvalue-6.321 p = 0.000). Hence, H3 was accepted. H4 proposed that there is a significant impact of innovation-driven outsourcing on Operational Performance. The result of H4 reflects a significant and positive impact of innovation-driven outsourcing on Operational Performance (β = 0.341, tvalue = 9.561, p = 0.000). Hence, H4 was accepted.

5.0 Discussion

5.1 Positive Impact of CDO on OP

The study finds a positive effect of CDO on OP, which aligns with prior studies (Vicente)[19]. When executed correctly, CDO has several positive effects on OP. Among the benefits are cost savings, higher efficiency, access to specialised skills, more focus on core capabilities, and improved flexibility and scalability. The potential for cost savings is one of the key advantages of CDO. Organisations can drastically cut operating expenses by outsourcing non-core activities to third-party partners. External suppliers frequently benefit from economies of scale, specialised infrastructure and cheaper labour costs in other countries. They can offer services at a lesser cost than in-house operations, resulting in significant savings for the organisation[21]. These cost savings can improve profitability and free up resources for other strategic initiatives, thus boosting the organisation's financial performance.

5.2 Positive Impact of FDO on OP

The positive relationship between FDO and OP is well-established and supported by empirical research (Weigelt *et al.*, 2009). This positive relationship can be explained in several ways. To begin with, FDO frees up resources so businesses can focus on what they do best, developing and showcasing the unique skills that give them an edge in the marketplace. By contracting with outside vendors with expertise in areas where an organisation lacks in-house expertise, that company can reallocate its time, money and other resources into initiatives to help it stand out from the competition. With a sharper concentration on what they do best, businesses may boost performance and solidify their standing in the market[23].

5.3 Positive Impact of HRO on OP

The study shows the positive effect of HRO on OP. Research and empirical evidence also suggest a positive relationship between HRO and OP[24]. This positive relationship can be explained in several ways. Firstly, HRO can lead to cost savings and improved financial performance. Organisations can reduce the costs associated with maintaining an internal HR department by outsourcing specific HR functions or activities to external vendors. External vendors often have specialised expertise, resources, and economies of scale that allow them to deliver HR services more efficiently and at a lower cost[26]. This cost reduction can positively impact an organisation's bottom line, enabling the allocation of resources to other strategic initiatives or improving overall profitability.

5.4 Positive Impact of IDO on OP

IDO positively affects OP, which aligns with prior researchers' findings[27]. The relationship between IDO and OP has been a subject of interest and research in strategic management and innovation. Empirical evidence and theoretical frameworks suggest a positive relationship between IDO and OP. IDO allows organisations to tap into external sources of knowledge and expertise. External vendors or partners often bring fresh perspectives, specialised skills, and diverse experiences. Outsourcing innovation-related activities allows organisations to access a broader knowledge base, cutting-edge technologies, and industry best practices that they may not have internally[29]. This external knowledge infusion can stimulate creativity, generate new ideas, and enhance the organisation's ability to innovate. Ultimately, this improves OP by fostering product or service differentiation, increasing market competitiveness, and driving growth.

6.0 Conclusion and Policy Implications

This research examines the nexus between strategic outsourcing and operational performance in the health care industry of the UAE. The empirical findings through the two-step approach state that the selected dynamics of strategic outsourcing have a significant and positive impact on the operational performance in the UAE healthcare industry. Based on the findings, the following contributions have been provided.

The theoretical contributions of the current study can be expressed in several ways. Firstly, the study has considered four factors of outsourcing: cost-driven outsourcing, focus-driven outsourcing, human resource outsourcing, and innovation-driven outsourcing in the healthcare sector of the UAE. The stated variables have been selected after conducting a detailed review of the literature in recent and past years. For this reason, the research framework proposed and tested under the present study has been recognised as the first theoretical contribution. Secondly, the academic literature related to the stated topic of interest has also been missing from the regional consideration of the UAE.

For this reason, it is quite questionable whether the earlier studies can be expanded theoretically in the UAE's health sector, which is entirely neglected in modern and past literature. This study has also covered the regional context of the UAE; therefore, it also contributes to the theoretical literature in the same region. Thirdly, a detailed review of the existing literature confirms that it is lacking in discussing strategic outsourcing and operational performance, specifically in the healthcare industry. This is because most of the earlier studies focused on the manufacturing sector. In contrast, only a few have covered the service industry but neglected the health care sector based on the primary data. Thus, the current research focused on the healthcare industry through collecting the data with the help of a questionnaire approach, which is not under researchers in the literature to date.

Based on the theoretical discussion and empirical findings, the current study provides the following policy suggestions for various stakeholders linked with the hospital industry.

The empirical findings of the present study show a significant and positive impact of cost-driven outsourcing on the operational performance of the healthcare industry. For this reason, it is suggested that hospital management and the health department consider the significance of such outsourcing factors in leading towards better operational performance. However, for achieving better and consistent results, it is highly recommended that hospital management and the health department conduct a thorough cost analysis to identify areas where outsourcing can provide remarkable benefits without compromising the quality and facilities provided. For this purpose, it is further suggested that the administration needs to consider both direct and indirect cost factors while going for the strategic outsourcing. Meanwhile, the management of the healthcare industry needs to be determined, and the strategic objectives need to be achieved through cost-driven outsourcing. This indicates that the key areas where the outsourcing is required need to be determined first, followed by setting the performance metrics while focusing on the realistic cost reduction targets in the long run. In terms of focus-driven outsourcing, the relative decision makers in the hospital industry are suggested to first identify the core/functional areas which need major attention for improved operational performance. For this purpose, it is suggested that hospitals need to outsource areas of secondary importance, like maintenance, food services, and other minor day-to-day administrative tasks. However, one cannot neglect the role of communication between the hospital management and the strategic partner of outsourcing. Moreover, the study further suggests that policymakers in the healthcare industry also need to focus on promoting HR and innovation-driven outsourcing to achieve higher operational performance in the long run.

Although this study has several contributions and practical implications, a few limitations are also linked to it. For example, this study has only considered the role of strategic outsourcing in the operational performance of the healthcare sector. It entirely neglects the other determinants of operational performance, like quality control, process efficiency, financial management, customer satisfaction, supplier management, inventory control, technological advancement, management leadership style, workplace environment, organisational citizenship behaviour, strategic alignment, supply chain management, green organisational practices, and various other factors. Future studies should consider these variables for a better theoretical framework and generalisation of the findings.

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