

Does hiring more NHS managers make hospitals perform better?



[Miqdad Asaria](#), [Alistair McGuire](#), and [Andrew Street](#) explore the relationship between management and public sector hospital performance. They find no evidence of association either between quantity of management and management quality, or directly between quantity of management and any of the measures used to measure hospital performance. They nevertheless explain why

these findings do not imply that the number of NHS managers should be reduced or spending on management further curtailed.

NHS managers are often described in the media as expensive, unnecessary, and obstructive ‘[pen pushers](#)’ distracting clinical staff from their patients by creating administrative burdens and diverting resources away from patient care. So should NHS hospitals be run like private companies, led by prominent managers driving efficiency gains and [competing](#) for business? This idea appears central to the [latest government plans](#) for NHS hospitals in England to be run according to the ‘[academy schools](#)’ model that has been rolled out in the education sector in recent years with [mixed results](#).

We investigated whether increased investment in management by hospitals is likely to unlock performance gains. To do so, we assessed whether the performance of NHS hospitals was related to how many managers they employed and how much they paid them. We [found](#) that hospitals that hired more managers or spent more on management did not perform any better or worse than those that had fewer managers or spent less on management. However, this is less a reflection of poor management and more likely due to the restrictions that NHS managers face in performing their roles.

In theory, organisations that are better managed have staff that are more motivated and are more successful in pursuing the goals of the organisation. For private sector organisations, [the evidence](#) appears to support the theory. Private sector managers are employed by owners or shareholders primarily to improve profitability. When these organisations want to do better, they look to attract better managers and make them work harder by offering them generous financial incentives. Senior managers are well-paid, and often there is a large pay gap between them and other staff in the organisation. Managers are granted authority over staff, allowed to make hiring and firing decisions, given considerable autonomy in their day-to-day decision making, and encouraged to take risks where these promise future financial rewards for the organisation.

NHS managers are not particularly well-paid as compared to managers working in the private sector or even relative to other staff in their own organisations. Additionally, there are not very many hospital managers relative to the size of the operation. Whilst [11%](#) of staff are employed in management roles in the economy overall, only 3% of staff are employed in management roles in NHS hospitals. In addition, unlike private companies, NHS hospitals do not have owners or shareholders and are not focussed on maximising profits. Instead, they pursue multiple, sometimes conflicting, objectives. Managers have limited authority within the hospital where clinicians have significant influence over the key decisions about what the hospital does and how it goes about doing it.

Moreover, central government plays a significant role in regulating NHS hospitals and in determining what they should be doing. Consequently, rather than focusing exclusively on improving performance, NHS managers spend most of their time performing administrative functions, ensuring regulatory standards and meeting government requirements. Risk-taking by managers is largely discouraged with the managerial task being to ensure that things run smoothly.

Taken together, this means that managers in NHS hospitals have very different roles to managers of private sector organisations. This raises the question of what influence managers have on hospital performance.

The impact of management on hospital performance

[Our study](#), funded by [The Health Foundation](#), looked at all 129 non-specialist acute NHS hospitals in England for the financial years 2012/13 to 2018/19. We assessed whether there was a relationship between managerial input and hospital performance in the English NHS. We counted number of managers employed in each hospital using [Electronic Staff Record](#) (ESR) – a comprehensive dataset capturing data for all 1.4 million employees on the NHS payroll. The ESR also records pay scale, from which we calculated how much each hospital spent on managers. We measured the quality of management using upon information in the NHS staff survey. This is the largest workforce survey in the world, built on the responses from approximately 500,000 staff per year, in which staff answer a series of questions about the quality of management in their organisation. Recognising that NHS hospitals are tasked to pursue multiple objectives, we constructed five measures of hospital performance, capturing financial performance and measures of timely and high-quality care.

We found that hospitals that had more managers or spent more on management were not rated as having higher quality management in the staff survey, nor did they have better performance. The implication being the overall hospital performance is dictated by clinical actions and behaviour, while hospital management is focused on administrative tasks ensuring regulatory constraints are met. The number of managers in each hospital was largely determined by the administrative tasks that needed to be fulfilled, with the scope of management circumscribed to these well-defined tasks. Similarly, there was limited variation in the remuneration of NHS managers, hospitals being constrained in what pay packages they can offer. These factors left little room for exceptionally good managers to shine or exceptionally bad managers to do much damage to overall hospital performance.

Does this mean that managers do not matter?

Whilst our study found that hospitals that employed more managers or spent more on management did not see better performance, this does not imply management does not matter. In fact, there are very convincing [studies](#) that show better managed hospitals do perform better. What our study does suggest however, is that in public sectors hospitals where the management role is highly constrained, the way to achieve better managed hospitals is unlikely to be by hiring more managers or paying them more. Other [studies](#) of NHS hospitals have also found spending on management to be unrelated to performance. There are however other measures that have been shown to improve hospital performance through improving management quality directly rather than trying to do so by increasing the number of managers. These include [hiring clinicians](#) as managers and encouraging [good management practices](#) in existing managers. Any significant increase in investment in management would require a substantial restructuring of the constraints that hospitals operate under in order to have an impact on hospital performance.

Our study does not imply that the number of managers employed in NHS hospitals should be reduced or spending on management further curtailed. Rather our findings suggest that NHS hospitals probably employ exactly the number of managers they need in order to run hospitals in the way required to meet the centralised, regulatory requirements of the NHS.

Note: the above draws on the authors' [published work](#) in *Fiscal Studies*.

About the Authors



[Miqdad Asaria](#) is Assistant Professor in the Department of Health Policy at the LSE.



[Alistair McGuire](#) is Professor of Health Economics in the Department of Health Policy at the LSE.



[Andrew Street](#) is Professor of Health Economics in the Department of Health Policy at the LSE.

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