What impact has managerialism had on a New South Wales Area Health Service?

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Abstract

In a perfect world, the health public sector would be completely efficient and effective. In reality, managers, policy-makers, politicians, academics, public sector employees and business representatives are constantly searching for new ways to orientate the public sector towards being more cost-effective, accountable, results- and outcome-orientated, task-specific and better organised and structured. In New South Wales (NSW), this has been most apparent in endeavours to bring about a change towards the philosophy of 'new managerial thinking' or corporate management. This paper explores the hypothesis that managerialism has significantly influenced the culture of the New England Area Health Service (NEAHS) and its relationship with its staff. To test this hypothesis, between 1996-1997 a self-administered questionnaire survey form was sent to a sample of the NEAHS staff across all work sites and all levels. It is concluded that during this time, the organisation was struggling with change management issues and the successful implementation of managerialist philosophy and its elements as evidenced by staff confusion, doubt and 'cultural shock'.

The New England Area Health Service

In 1996 the NSW Minister for Health announced the formation of eight rural Area Health Services through the amalgamation of 23 District Health Services. This decision enabled the rural Area Health Services to have the same administrative structure as their metropolitan counterparts and to be better positioned to implement major reform processes and managerial responsibilities. The NEAHS covers an area of approximately 98,000km_, an area larger than the state of Tasmania. It provides a comprehensive range of services to 180,000 people who reside in the twenty Local Government Areas of the New England Tablelands, the Western Slopes and Plains and Great Dividing Range of Northern New South Wales. In 1996-1997, the NEAHS employed some 2285 staff in 22 public hospitals, community health centres, mental health and public health facilities. It had an annual budget of $150 million, a 12-member Board of Directors responsible to the Minister of Health, a Chief Executive Officer responsible to the Board of Directors, and a 5-member Executive team responsible to the Chief Executive Officer for the various operational divisions.

The NEAHS is a young agency. In many ways, this has confined the study's focus and may have skewed the research findings. On the other hand, the advantage of having studied the NEAHS at this time is that many of the managerial ideas and concepts emanating from the organisation have remained unchanged since the time of Health Districts. From the outside, there appears to have been little physical impact upon the majority of staff and their positions and the health facilities that they occupy of the change to the Area Health Service. Furthermore, an examination of the literature indicates that there has been a lack of systematic research into examining the impact of managerialism upon an Area Health Service, especially into the experience of rural Area Health Services.

Literature review

The adoption of managerialism by the Australian (and international) public sectors has not been an easy process. Much of the controversy appears to arise out of the degree to which change has taken place and a concern for what has occurred internationally. In the case of NSW, health policy over the last 10 years has been strongly focused on procuring long-term, modest, well-planned and innovative change in a highly politicised portfolio. The widespread adoption of private sector or market rationality principles inside the public sector has had a varying but considerable impact on many characteristics of organisations such as the overall structure, identity, direction and jargon used. Bryson (1996, pg. 362) suggests that managerialism has implied a focus on "technocratic matters and formal structures with management techniques cast as value free". However, according to other authors, managerialism is far broader than this. Authors like Hemstritch (1995), Bartos (1995), Alexander et al (1994) and Metcalfe and Richards (1984 in Hede, 1991, pp 31-34) suggest that it involves a 'major cultural change within the public sector towards new management values'. Such managerial values include the encouragement of initiative and an entrepreneurial spirit, flatter and more flexible organisations, an emphasis on team work rather than individuality, managing for results, management by objectives, letting the managers manage, doing more with less, focusing on outcomes and results, the loss of job permanency in exchange for contracted employment, program budgeting, internal trading, encouraging risk management, the division of programs from the principles of the organisation, and the valuing of market forces.

Yetman (1987, pp 339-53), Hartle (1985, pp 341-51) and Considine (1988, pp 4-7) describe the adoption of managerial principles by the Australian public sector as similar to a 'cultural revolution'. The authors link this assertion with a number of key changes that have taken place, namely in the jargon used, public sector managers copying their private sector counterparts' sense of orientation and requirements, and the adoption of new tools of management to engender accountability inside the public sector and between the public sector and the community. Fundamental to this change process, Sinclair (1989, pp 382-383) argues that 'organisational commitment to cultural change is necessary if change is to succeed. It requires the adoption of a process requiring strong leadership, resources and the recognition that a new culture is being forged from the bottom to the top of the organisation.' It is argued by Weller et al (1993), Considine (1990, pp 166-178), Sinclair (1989, pp 382-397) and Painter (1988, pp1-3) that, without this, public sector employees experience a sense of 'cultural shock'.

Testing the Cultural Shock: interviewing the NEAHS Staff

To test what impact, if any, managerialist reforms have had upon the NEAHS, self-administered questionnaires were sent to a sample of the entire NEAHS staff population. To ensure representativeness, all work sites and levels of staff were sent the questionnaire. The questionnaire was designed around a two-part response of nine closed attitudinal questions with a four-point forced choice format, where participants were made to select a positive or negative answer. This prevented respondents from providing a middle response all the time. However, the disadvantage is that it prevented respondents in providing an 'unknown' answer and therefore may have caused them not to provide a more truthful response. A considerable amount of time was spent in the wording, layout and trialing of the questionnaire to reduce bias.

The questionnaire comprised an introductory statement about the purpose of the research being undertaken and issues of confidentiality and anonymity, demographic questions, factual and opinion questions, a closing statement thanking participants for taking part, and return instructions. It was circulated to staff over a six-week period.

Results

At the time of distributing the questionnaire (by mail) it was anticipated that a high refusal or rejection rate would induce a low response rate of around 10%. However the response rate was 34.56%. The reason for the high response rate may indicate an interest by staff in the (managerialist) changes that have been taking place in their workplace and the high level of anonymity associated with the questionnaire.

Of the two demographic questions, the first asked participants what type of work they did. The result was reflective of the overall NEAHS mix. The second question asked participants of the place of their work based on a 5-point selection (for example, Hospital, Community Health and Area Management). Then respondents were asked to answer ten factual/opinion questions. Seven of the ten questions asked respondents to give their opinion on various statements made to test their attitudes and thoughts about the impact of health care reform and cultural change upon their work environments. Respondents were given a number of statements and asked to select from four possible answers: Strongly Agree, Agree, Disagree and Strongly Disagree (see Table One). The results were then analysed using the SPSS statistical software package.

The results of Question One through to Question Six suggested that the understanding and uptake of managerialist elements by staff was mixed. Two of the three next sets of questions asked respondents to give their opinion to questions with a broad range of available answers to select from. Respondents were encouraged to select as many or as few responses as they liked and to incorporate their own response. In the coding of answers, it was assumed the answer was 'No' where no response to an answer was given (Table 2). The results suggest that the six values with the highest 'yes' response rate were: paper-work orientated, focused on doing more with less resources, patient/customer/client focused, committed to improvement, rule bound and team work orientated. However the six answers with the highest percentage values were 'no' responses. They were no to private business like, innovative and creative, conservative/conventional, encourages a 'workaholic culture', people orientated, and 'other'. Of the 'other' answers given, respondents predominately focused upon dissenting values of the organisation's management style as being: outdated and opposed to open communication and staff consultation. In effect, these results suggest that (like the responses given in Questions 1 to 6), staff had a mixed understanding of and uptake in implementing managerialist philosophy and elements. This may be linked to a lack of organisational commitment to educating staff about the organisation's commitment to implementation.

However, when respondents were asked in Question Nine "How would you best describe the communication channel within the Health Service" the response was not so clear, with only a slight majority feeling that the communication channel was top-down and not bottom-up or both. In the final question, respondents were asked to select at least one response to "What does health care reform mean to you?" (see Table 3). The five values with the highest response rate were cutback, more paperwork, stressful change, more people in hierarchy and accreditation. Of the 'other' answers given, respondents principally focused upon negative aspects of change management and the impact that it has had upon the organisation's culture - for example, lack of information being circulated to educate staff about health care reform, stress and a strong focus on accountability.

Conclusion

This study represented a snapshot of an organisation still in transition. The questionnaire responses (despite the likely bias' that may have occurred in the research process) suggest that the organisation is still grappling with change management issues and the successful implementation of managerialist philosophy and elements in its early years of life. As a consequence, there appears to be much confusion and doubt by staff about the current structure of the organisation and its new future. This was most notably evident in the reporting of a loss of morale and stress or 'cultural shock'. It is suggested by Considine (1990), Sinclair (1989) and Painter (1988) that this 'cultural shock' is due to the poor manner in which the change process had been managed, a lack of organisational and staff understanding of and ability to implement managerial principles, the new intense economic management and efficiency focus by the organisation and the primary differences that exist between the private and public sectors.

In the literature, this change process is argued as being part of an overall philosophical shift towards private sector management values and style. The questionnaire results suggest that there have been problems in this shift in the organisation's inability to effectively manage and resource the change process. This is evidenced by the NEHS not having secured the full commitment of its staff. From this study it is suggested, that an 'whole- of-organisational' approach is required that aims to better educate staff about and involving them in the organisation's shift towards managerialism. Perhaps by adopting this approach staff may develop an increased sense of loyalty towards the organisation and an understanding and acceptance of the managerial reform agenda. In sum, it appears essential that if change is to be successfully and readily implemented, Area Health Service's (and perhaps any public sector organisation) need to ensure that cultural change management is valued just as highly as the introduction of managerialist values and elements are within the operation of the organisation.

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Table 1: responses to questions 1-7

Question	Value Label	%	Other Statistics
Each Question was initiated by:- to what extent do you agree with the statement:			
1 "I am very involved, in the decision-making that occurs in my workplace"	Strongly Agree	11.8	Mean: 2.66
	Agree	28.6	Median: 3.00
	Disagree	40.6	Std Dev: 0.92
	Strongly Disagree	18.7	Skewness: -0.22
	Missing/Non response	0.2	
	Valid no. of responses	99.8	
2 "I am expected to do more in my job with less resources"	Strongly Agree	35.5	Mean: 1.89
	Agree	41.2	Median: 2.00
	Disagree	19.9	Std Dev: 0.81
	Strongly Disagree	2.6	Skewness: 0.49
	Missing/Non response	0.8	
	Valid no. of responses	99.2	
3 "Health care means working out what people's needs are against what the Health Service can afford to provide"	Strongly Agree	17.6	Mean: 2.28
	Agree	46.0	Median: 2.00
	Disagree	23.1	Std Dev: 0.89
	Strongly Disagree	10.8	Skewness: 0.39
	Missing/Non response	2.6	
	Valid no. of responses	97.4	
4 "The restructuring of rural Health Services will bring about positive changes"	Strongly Agree	5.7	Mean: 2.63
	Agree	38.3	Median: 3.00
	Disagree	35.5	Std Dev: 0.82
	Strongly Disagree	14.6	Skewness: 0.11
	Missing/Non response	5.9	
	Valid no. of responses	94.1	
5 "Morale and motivation within the Health Service is currently very high"	Strongly Agree	0.8	Mean: 3.18
	Agree	16.0	Median: 3.00
	Disagree	46.4	Std Dev: 0.72
	Strongly Disagree	35.1	Skewness:-0.41
	Missing/Non response	1.8	
	Valid no. of responses	98.2	
6 "The Health Service's organisational structure is becoming less hierarchical and less flatter"	Strongly Agree	2.6	Mean: 2.94
	Agree	24.3	Median: 3.00
	Disagree	45.0	Std Dev: 0.78
	Strongly Disagree	24.1	Skewness: -0.24
	Missing/Non response	4.1	
	Valid no. of responses	95.9	
7 "My job always involves knowing about the Health Service's strategic direction, performance targets and plans/policies"	Strongly Agree	9.3	Mean: 2.59
	Agree	35.1	Median: 3.00
	Disagree	39.8	Std Dev: 0.84
	Strongly Disagree	13.4	Skewness: -0.6
	Missing/Non response	2.4	
	Valid no. of responses	97.6	

Table 2: responses to question 8 ("How would you best describe the Health Service's values")

Value Label	Percentage	
	No	Yes
Private Business Like	97.3	2.7
Conservative/Conventional	91.9	8.1
Committed to Improvement	70.4	29.6
People Orientated	90.9	9.1
Paper-Work Orientated	41.0	59.0
Encourages a 'workaholic culture'	82.8	17.2
Innovative and Creative	97.0	3.0
Rule Bound	74.6	25.4
Patient/Customer/Client Focused	69.2	30.8
Team Work Orientated	77.7	22.3
Focused On Doing More With Less Resources	45.4	54.6
Other	93.7	6.3

Table 3: responses to question 10 ("What Does Health Care Reform Mean to You?")

Value Label	Percentage	
	No	Yes
Cut-backs	41.6	58.4
A Performance Agreement	87.4	12.6
Contracted Employment	91.1	8.9
Flexible Work Practices	92.3	7.7
Achieving Results	78.3	21.7
A Greater Division Between What The (NSW) Department Of Health And The Health Service Does	86.4	13.6
A Focus On Outcomes And Health Gain	75.9	24.1
Stressful Change	65.9	34.1
Accreditation	68.6	31.4
Strategic Planning	82.1	17.9
Meeting National / State Goals And Targets	82.4	17.6
More People In Hierarchy	66.7	33.3
The Development Of Districts /Areas	76.5	23.5
More Paper-Work	49.7	50.3
Quality Improvement	79.7	20.3
Greater Community /Public Involvement	80.1	19.9
Other	92.5	7.5