

Management and Leadership

The key debates regarding management and leadership in
the health sector

1. Introduction

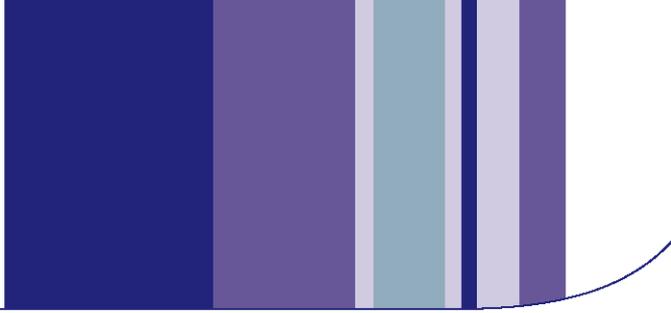
The theme of the quality of management and leadership in the health sector is a recurring one. In recent years the theme has gained renewed coverage as those working in the sector seek to deal with growing demand with limited resources. This call to do 'more with less' is likely to resonate for some time. Commentators are united in their agreement that the sector needs to adapt to change quickly if the quality of care is to be maintained.

This short paper presents an overview of the theme of management and leadership in the health sector. We seek to understand the extent to which managers in the health sector are more or less skilled than their non-health sector counterparts. We also ask whether the health sector has a disproportionate number of managers as is often perceived by the general public. We find that managers in the health sector are amongst some of the highest qualified in the economy. We also present strong evidence that the sector is not over managed if we make comparisons to the rest of the UK economy.

However, there are concerns both within the sector itself and amongst important stakeholders that management and leadership in the sector is not as effective as it should be. This is supported by a number of skills surveys and other indicators, such as staff satisfaction. There is therefore an apparent contradiction where employers are investing heavily in modern management and leadership practices, but continue to be frustrated by the pace of change.

For many, the answer to the contradiction can be found in the highly complex nature of the health sector system. The sector has a large number of big organisations that deliver a complex array of services. The health sector has a wide range of drivers for change pushing the sector in a particular direction. At the same time, managers and leaders in the health sector have to negotiate with a wide range of often influential stakeholders to ensure change can be achieved. The notion of operating strict 'control' in such a complex environment therefore has limited application.

Commentators and policy makers have sought to develop initiatives that help solve this apparent contradiction. We raise two of these in this paper for discussion. The first is the development of clinical leadership initiatives that have sought to enhance the role of clinicians in managerial roles. The second is the growing interest in better engagement between leaders and those who they want to follow them, known as 'followers'.



It is evidence that is no ‘magic bullet’ to improve management and leadership in the sector. Overall, the practice of management and leadership in the health sector is one that is always in a state of continual development and it is possible to see that those initiatives focusing on collaboration may have a significant offer to the sectors future.

We hope the following paper offers an accessible insight into the overall debates around the skills associated with management and leadership in the sector.

2. The importance of managers and leaders to the effectiveness of organisations

Organisations within the health sector are large and complex; it is inconceivable to think that they could function effectively without high quality management and leadership.

Good management is widely acknowledged as key to business success¹. Undoubtedly good management of both people and resources is likely to mean that performance and productivity is higher, managers are however also making important decisions that affect the business and organisation every day.

The effective management of people is of primary concern for the health sector given that the functions that it undertakes are intensive in terms of the human resources required. With somewhere between 60% and 70% of the total NHS budget spent on staffing the effective management of the workforce is paramount to ensuring organisational success.

The importance of leadership in organisations across the health sector is clear, without effective leadership organisations will move too slowly, stagnate and lose their direction. Whenever we have groups of employees working together clear leadership is necessary in order to set a direction for the team, energising and galvanising them to a common goal or purpose.

Supporting both management and leadership is the administrative function. The Kings Fund (2011) highlights that management, leadership and administration are three functions that are interdependent:

“There is no clear cut distinction between these three roles. Without leadership there can be no effective management because the organisation will not know what it is meant to be doing - and without good administration management will be rendered ineffective”

The relationships between the functions of management and generic skills within the sector were explored in our earlier paper '*The nature and impact of skills gaps in the health sector*'

¹ HR Magazine (2009) Business Success Depends on Good Managers, 3rd Dec 2009
<http://www.hrmagazine.co.uk/hro/analysis/1016196/business-success-depends-managers>

3. Are managers in the health sector more or less skilled than in other areas of the economy?

Throughout the UK, the health sector is in the midst of major change as employers seek to achieve more with fewer resources at their disposal. Effective management and leadership will be vital in ensuring that the changes are successful and lead to a better service for patients.

It is a staple of media reporting to decry the level and competence of management and leadership in the UK's health sector, particularly in the National Health Service. Poor management and leadership are often cited as slowing the pace of reform.

Whilst qualifications can only be used as a proxy for skills it is nevertheless interesting to note that the managerial workforce within the health sector is more highly qualified than in many other areas of the UK economy². Only 15% of managerial and professional staff do not hold a Level 4 or higher level qualification, this compares to an all economy average of 39% across the UK.

The possible reasons for this include:

- The qualifications for entry into clinical professions within the health sector dictate that most professionals are qualified to at least Level 4
- The migration of clinical staff into managerial roles means that a higher proportion of managers hold high level qualifications (however these may not be managerial qualifications)
- Together these also create expectations and a culture within the sector that managers will hold higher-level qualifications at least equivalent to clinical staff.

Ensuring an organisation has highly skilled workers is a necessary but not sufficient condition for raising organisational performance. These skills must also be utilised effectively to match skills to business needs. This is achieved through the use of a range of human resource (HR), management and working practices. These are often described as high performing working practices.

² ONS (2010) Labour Force Survey

UKCES define high performing working as “a general approach to managing organisations that aims to stimulate more effective employee involvement and commitment to achieve high levels of performance”³

Research based on the 2008 UKCES Employer Perspectives Survey⁴ examined the use of 16 practices⁵ linked to high performance working across the UK economy. The findings show that employers in the health sector are more likely than average to adopt the practices measured⁶ with over 50% of the health sector organisations using at least 10 of the 16 practices compared to 30% of organisations in the whole economy.

Evidence suggests that these practices are generally being successfully implemented although there are still areas for further work such as:

- ensuring performance reviews are well structured, provide feedback and set clear objectives;
- creating a culture where staff feel their learning and development needs are supported;
- improving communication and employer engagement.

The evidence therefore shows that managers in the health sector are as highly skilled as managers in other parts of the economy (if not more so). They also have at their disposal a greater range of formal processes and practices aimed at ensuring the skills of the workforce are matched to business need, however the perception that there is some form of ‘management deficit’ in the health sector is widespread.

Latter sections in this paper explore the complexity of the managerial environment within the health sector. This environment which is also at times highly political can also have a systemic impact on the ability of people to manage and lead in the health sector. We now explore the question of whether the health sector is in some senses ‘overmanaged’.

3 UKCES (2010) The 2010 Report, Ambition 2020: World Class Skills and Jobs for the UK.

4 Skills for Health (2009) Key Findings from the 2008 Skills for the workplace: Employer Perspectives

5 Practices included things like; having a training plan, training budget, conducting staff appraisals, formally assessing performance, offering performance bonuses.

6 There were two areas where the health sector scored lower than average but these related to performance related pay.

4. Does the sector have too many managers?

There has long been a prevailing notion that the health sector and the NHS in particular, has too many managers. Over recent years, as part of targeted efficiency savings, there have been well publicised targets to reduce overall management costs (and by implication management numbers) from governments in England, Wales and Scotland⁷.

The Skills for Health UK Sector Skills Assessment 2009/10 presented data from the Labour Force Survey (LFS) that demonstrated that the health sector does not have an excessive proportion of managers compared to the average for the whole economy. The proportion of the health sector workforce that was classed as Managers and Senior Officials was significantly lower than the average across the whole economy (6% in health and 16% in the whole economy).

There exists of course a blurring of boundaries between managerial staff and administrative staff. Indeed the proportion of Administrative and Secretarial staff is higher in the health sector than in the whole economy (14% in the health sector compared to 11% in the whole economy). However if we took the combined total of both managerial and administrative staff the proportions in the health sector remain lower than the whole economy average. If we examine the same data source but for more recent releases of the Labour Force Survey⁸ then we see that despite there being an increase in the proportion of managers in the health sector the levels remain significantly below that found in the whole economy.

Skills for Health has also undertaken comparative analysis using LFS data of the independent and private sectors workforce composition and found that there is little if any difference in proportion of managers and senior officials between the two.⁹

There is therefore strong evidence that the UK's health sector is not 'over-managed' in comparison to other sectors of the UK economy.

⁷ The reductions for each country were outlined in the 2011 UK Sector Skills Assessment for the Health Sector, Skills for Health 2011.

⁸ LFS (2010), 4 quarter average shows that 7% of the health sector are Manager and Senior Officials (15% in the whole economy) and 14% of the health sector are Administrative and Secretarial staff (11% in the whole economy).

⁹ Review of Independent Health Sector Employment and Skills 2012 (Skills for Health) Forthcoming

Further support of this is provided by The Kings Fund (2011) in their publication *The Future of Leadership and Management in the NHS*. They looked in-depth at multiple data sources examining the issue of management numbers in the NHS and concluded that:

“There is no substantive evidence that the NHS is over-managed. There is appreciable evidence that it is under-managed”

We have so far explored the issues of the relative qualification levels and the number of managers in the health sector. Section five which follows explores the effectiveness of management in the health sector.

5. How effective is management and leadership in the health sector?

Despite the high level of qualifications found within the health sector, management and leadership skills are an area which is continually highlighted as in need of improvement.

Indeed the latest 2011 UK Employer Skills Survey¹⁰ highlights that 35% of health sector employers with skills gaps identify strategic management skills as lacking in the existing workforce, and in need of improvement. Strategic management skills were only cited as lacking in 19% of employers with skills gaps across the whole economy. Health sector employers believe that they have more issues related to a lack of strategic management skills than employers in other parts of the economy.

Graeme Martin¹¹ writing in a recent Skills for Health commentary, highlights several indicators unique to the NHS that signal improvements in management and leadership practice are required. These include:

- A large-scale survey of 9000 staff in the NHS in England (IPSOS/Mori, 2008) provides some evidence to suggest that staff within the NHS experience a lack of effective management. It reported low agreement with the statements 'I understand my role and where it fits in', 'I feel fairly treated with pay, benefits and staff facilities' and 'senior managers are involved with our work'. The research concluded that staff did not feel they helped to provide high-quality patient care to any significant extent, and that these last three factors were important causes of this problem.

In October 2009 the Care Quality Commission surveyed almost 290,000 employees in England, asking for their views of working in the NHS (fifty-five percent responded). The survey concluded¹²:

- Over 90% of NHS employees reported working in teams but only 40% reported their teams to be effective.

¹⁰ UKGES (2012) UK Commission's Employer Skills Survey 2011: UK Results

¹¹ Martin Greame (2009) Do we need a leadership 2.0 in health care? Tomorrow's workforce, commentaries on the future of skills and employment in the UK's health sector

¹² For full results please see

<http://www.cqc.org.uk/aboutcqc/howwedoit/engagingwithproviders/nhsstaffsurveys/staffsurvey2009.cfm>

- Only 45% of all staff felt that healthcare professionals and managers worked well together; only a quarter of staff felt their managers involved them in important decisions and only a third felt that managers involved staff in important decisions.
- On organisational engagement with their Trusts, only a third of staff were satisfied with the extent to which their Trust valued their work, half believed their Trust communicated aims clearly, and only 44% felt their Trusts were committed to helping staff achieve work-life balance.

Evidence of managerial effectiveness in the health sector shows that the majority of employees are effectively supported, but there are still a significant minority of employees with managers that are not managing effectively. This suggests there are inconsistencies in how management practices are implemented across organisations. It also suggests that there is some gap in communication between senior managers and employees.

If we link this with other studies of management satisfaction the implications for employers in the sector are clear. HR Magazine (2009)¹³ conducted a global survey of 22,000 employees, they found that employees who were satisfied with their manager reported a much higher intention to stay with the organisation than those who were dissatisfied. Those who rated their manager as 'good' also felt that they had a more promising future with the organisation.

Employees in the study with effective managers also had three to four times higher engagement scores than those who work for managers they regarded as ineffective. The issue of employee engagement is discussed later in this paper in the section entitled *Engagement as a means of improving management and leadership*.

There is evidence of concern regarding the effectiveness of managerial skills within the health sector. Employers recognise that strategic management skills are in need of improvement. This belief is also supported by evidence from staff satisfaction surveys. This concern regarding managerial effectiveness prevails despite the comparatively high qualification levels within the managerial workforce, and the high numbers of high performing working practices implemented in the sector.

This suggests that there are other factors relevant to working in the health sector which impact on management and leadership. The following section discusses the complex nature of the health sector and explores the impact that this might have.

¹³ <http://www.hrmagazine.co.uk/hro/analysis/1016196/business-success-depends-managers>

6. Management and leadership in the context of a complex environment

The effectiveness of management and leadership is intimately linked with the complex environment within which the health service in the UK operates. There can be no doubt that managing within any large organisation has its own inherent complexities. Work which is delivered through teams and groups requires the complexities of the group to be managed; the importance of management therefore increases rapidly as the size of the organisation increases. In large organisations management have the additional responsibility of not only ensuring that the right mix of technical skills are deployed but also that the workforce can and are working effectively with each other.

The health sector has the added complexities of the need to engage with numerous and sometimes powerful stakeholders across the sector. These stakeholders include professional bodies, royal colleges, regulators, politicians, patient groups, local authorities, trade unions etc. Decisions made within the health sector are also often subject to scrutiny by government, the public and the press. There are few other sectors in the economy where decisions have to be achieved in such a consensual way and are open to such public scrutiny.

The complexity of managing within the health sector is highlighted in a recent study by the NHS confederation, who provide the following comment of a chief executive who arrived from the private sector¹⁴:

“It’s not particularly a lack of dedication that’s the problem’ – to me, it’s the business with the NHS that completely dumbfounded me when I got here, about how long it takes to get a decision because the NHS is such a consensual organisation..... occasionally I have to remind myself that anyone looking in for the first time who doesn’t know it wouldn’t have done it like that. And yet knowing because it’s about hearts and minds – you don’t hit people over the head, you don’t have all the levers, it’s still a unionised environment; it’s politically highly sensitive in the profile of the NHS. It just means there are so many different constituencies you have to manage and work with, and views to take on board, that it just takes time to do things. So I think maybe a difference between how I am in the NHS and how I was in the private sector is knowing that I have to play a much longer game. I can’t deliver things as quickly as I would have done; it really does take time to work it through.”

¹⁴ NHS Confederation (2007) The Challenges of Leadership in the NHS; London pp7

Martin (2009) underlines this experience of leaders in the NHS who, because of the complexity they are surrounded by, find it difficult to achieve change. He cites recent studies on senior managers by Blackler¹⁵, although conducted some time ago; the insights continue to have resonance in today's NHS:

“... rather than being given the scope to help lead the reforms of the NHS, chief executives were treated as little more than conduits for the policies of the centre. The interviews illustrate how undermined and demoralized many of them came to feel.”

The complexity of the environment often means leaders in the health sector are dealing with an increasing range of intractable problems. Kellerman¹⁶ describes these problems as ‘wicked’. These ‘wicked’ problems are defined as being difficult or impossible to solve because of incomplete, contradictory and sometime changing requirements. The term ‘wicked’ refers to their resistance to resolution caused by complex interrelationships where solving one aspect of the problem may create other unintended problems.

Managers within the health sector therefore operate within a difficult environment; the complexity of stakeholders and the nature of the problems that they often face can make effective management difficult. This complexity can slow the pace of decision making; it can mean that solutions proposed will invariably be unpopular with one or more stakeholders and it can mean that sometimes there are no ‘winners’ in the decisions that have to be made.

The following sections of this report examine some of the ways in which the sector has tried to make management and leadership more responsive to the complexities of the environment through developing clinical leaders and improving employee engagement.

¹⁵ Blackler, F.H.M (2006) Chief executives and the modernisation of the English National Health Service, Leadership, vol 2, 5-30. Cited in Martin (2009) above

¹⁶ Kellerman, B (2008) Followership: what is it, how it happens, why it matters, Boston: Harvard Business School, Cited in Martin (2009) above

7. Developing Clinical Management and Leadership

Developing clinical leadership and involving clinicians in the management function has been seen as a key strategy over the last forty or so years for improving the efficiency and effectiveness of healthcare in the health sector.

This trend has most recently culminated in the creation of a National Leadership Council in England in 2009, coupled with similar initiatives in the devolved Scottish, Welsh and Northern Irish NHS systems. As a recent report by the Kings Fund (2011) has argued:

Leadership development needs to extend 'from the board to the ward'. One of the biggest weaknesses of the NHS has been its failure to engage clinicians – particularly, but not only doctors – in a sustained way in management and leadership.

The need to develop clinical leaders is predicated on the perception that non-clinical managers lack the necessary levels of legitimacy to challenge and change clinical practice, which is seen as a necessary condition for delivering better quality, safer and more cost-effective services. It is also seen as a principal means of 'regaining control by sharing control' through incorporating powerful professional groups such as doctors into the decision-making process. This shared control and decision making is seen as more likely to smooth the way to change and reform.

Yet despite a long history of following such a strategy, government ministers, health sector managers and a substantial number of senior clinicians themselves still talk in terms of a leadership deficit in the health sector.

Incorporating clinicians, especially doctors, into management coalitions has itself proven to be difficult. There is substantial evidence that some doctors regard health sector managers as under-qualified and lacking the skills to provide direction to clinicians (Dickinson & Ham, 2008¹⁷). There is also the issue, for some clinicians, that they may feel that by moving or developing into a management position they are crossing a line and moving away from their profession of choice.

¹⁷Dickinson, H. & Ham, C. (2008) *Engaging doctors in leadership: review of the literature*. NHS Institute for Innovation and Improvement / Health Services Management Centre, Coventry.

Managers can also view clinicians as somewhat naïve failing to understand the complex realities and financial restraints involved in running organisations in the health sector, including the pressures managers face from politicians, other service providers and patient interest group. As a result, the relationship between managers and clinicians can sometimes become characterised by fixed and opposing positions.

Promoting the movement of clinicians into leadership and management positions within the health sector will continue to be of importance to employers. More recently the concept of distributed or shared leadership has emerged within the sector. This approach is contingent on the involvement of multiple stakeholders (including managers, clinicians, professionals and patients) working collaboratively and undertaking leadership tasks for the achievement of organisational goals. It is easy to see why such an approach would carry favour within the sector as it sits comfortably with the movement to increasing levels of multi-disciplinary and multi-agency teamworking.

Some commentators argue that shared or distributed leadership in the context of the health sector is not without limitation or difficulties. Locke (2002)¹⁸ argues that teamworking does not always enable creativity and innovation to flourish. At a time of great change in the sector employers will need to work harder to harness the expertise of their workforce in order to push forward with radical change.

The theme of clinical leadership will undoubtedly continue to be popular within the sector. It could however be argued that there are some long-standing cultural issues within the sector that have historically acted as barriers to enticing clinicians into managerial and leadership positions. This may be something that some employers within the sector may need to address in order to deliver more effective sustainable change in the future.

The prominence given to GPs as commissioners in the new NHS structures in England could act as a catalyst for changing the perceptions of clinicians and managers and shaping clinical leadership in the health sector in the future.

The following section explores the theme of employee engagement which, in the case of distributed or shared leadership, raises a potential issue for the sector regarding the willingness of staff to identify themselves as active participants in decision making.

¹⁸ Locke, E.A. (2002), 'The leaders as integrator: the case of Jack Welch at General Electric', in Neider, L.L., Schriesheim, C. (Eds), *Leadership*, Information Age Publishing, Greenwich, CT, pp.1-22

8. Engagement as a means of improving management and leadership

We have seen that there are a range of factors that make the issue of management and leadership in the health sector more challenging than in other areas of the economy. Much of the focus on poor management is concerned with the effectiveness of the NHS; however, the NHS remains a valued part of the UK's infrastructure. In addition, when international comparisons are made, the NHS continues to be relatively cost effective¹⁹. It is also clear that in most comparable societies, political concerns are a feature and challenge of management and leadership.

This has led many commentators to explore the potential benefits of improving employee engagement. This more holistic approach, taking into account engagement, may unlock the potential for higher-quality management and leadership in the sector.

Many commentators have sought to formulate how better engagement with all levels of employees, combined with authentic messages about the limitations of what they are seeking to achieve, are valuable and can help employees understand the pressures and circumstances that managers and leaders are attempting to work within.

These last points resonate with a model of engagement widely proposed in the public sector.

Kellerman (2007) has described a staff typology he refers to as 'responsible followership', based on level of engagement. These are:

- Isolates - Isolates are completely detached, scarcely aware of what is going on around them and do not care about leaders or respond to them. However, by being passive they provide tacit support to status quo.
- Bystanders - Bystanders disengage from the organisation, watching from the sidelines almost as an observer. They go along passively but they offer little active support.
- Participants - Participants care about the organisation and try to make an impact. If they agree with the leader they will support them. If they disagree, they will oppose them.

¹⁹ Davis, Schoen and Stremikis. (2010). Mirror, Mirror on the wall. How the Performance of the UK Health Care System Compares Internationally.

- Activists - Activists feel more strongly about their organisations and leaders and act accordingly. When supportive, they are eager, energetic, and engaged.
- Diehards - Diehards are passionate about an idea a person or both and will give all for them. When they consider something worthy, they become dedicated.

According to this model the most desirable category of 'followership' is the Activists and therefore the challenge of leadership will be to instil this form of followership in their employees, reinforced by high-quality engagement. Models of employee engagement are becoming more popular amongst all sectors of the economy; there are now a range of master classes available to managers in order for them to develop the skills to more effectively engage with their staff.

Evidence from leading commentators demonstrates that the debates surrounding management and leadership are more complex than simply being about qualifications, numbers of managers or the initiatives available to them. Organisational needs are constantly changing and therefore management and leadership practice is constantly evolving.

Although employee engagement is made up of many things, there is one core component that managers need to hold above all others; employees need to feel that the organisation is genuinely interested in them, only then will employees actively engage with the goals of the organisation²⁰. The current challenge for the health sector is in part, therefore, to develop strategies that engender 'followership' through high quality leadership and engagement.

²⁰ Professor Ivan Robertson writing for The Guardian Website. The importance of employee engagement in difficult times. 3 May 2012. <http://www.guardian.co.uk/public-leaders-network/2012/may/03/importance-employee-engagement-difficult-times>

9. Closing remarks

The issue of management and leadership is a key area of debate for all sectors of the economy and in this respect the health sector is not unique. Management and leadership skills are a critical area for development across the whole economy, the evidence that effective management and leadership improved organisational performance is clear.

The quality of management skills is also essential for a sector during a time of great change. In the context of the NHS there is the added complexity and elements of stakeholder management and sometimes intractable problems that require managers to draw on skills that include forward planning, stakeholder management, and negotiating.

Developing effective leadership skills is also a key area for development in the sector. The sector is in the midst of significant structural change but for many organisations within the sector change is inevitable as they strive for continuous improvement. The ability to lead this change with a clear focus and direction will be vital for the sector and those that use it.

The evidence presented here demonstrates that managers in the health sector are in fact more highly qualified than in other areas of the UK economy. Managers within the sector also have a wide range of high performing working practices at their disposal to help them drive the performance of the workforce and organisation forward. There is however a prevailing view from employers, politicians and the wider public that a deficit in management skills exists within the sector.

The reasons for this deficit are not clear; however we propose that, in part, this is due to the complex nature of the health sector and the sometimes intractable problems that managers face. Any deficits in management are also potentially exaggerated by the intense scrutiny that decisions in the health sector are open to. There are few other sectors of the economy that have to make their decision making so public.

Whilst the continued management and leadership development of individuals is important, there may also be a need for the sector to overcome some of the 'systemic issues' associated with managing and leading in the UK's health sector. Including a propensity of many to identify primarily with their professional groups and occupations rather than the ambitions of the organisations for whom they work.

A priority for the sector, identified within the 2012 Sector Skills Assessment for the Health Sector is for managers to develop a means of better engaging with employees in order to understand their motivations and then demonstrating how these connect with the ambitions of the organisations. In developing such approaches, the engagement techniques would need to facilitate and encourage the most desirable forms of 'followership' from all employees in the health sector. If successful, such an approach could help employers make quick and effective changes to the organisation and working practices as well as increasing employee motivation and commitment.

Managers and leaders within the sector will continue to seek collaborative and creative solutions to what are difficult and pressing issues. Introducing innovative solutions to the sector is not without risk and managers and leaders within the sector need to be free to make the best decisions they can based upon the information that they have without fear. This will remain a challenge for managers in the sector because of the intense scrutiny that their decision making is open to.

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