

Impact of culture and different organisational structures on delivering efficiency

MBA in healthcare finance

The first intake of learners have now completed their MBAs in healthcare finance. As part of their final assessments learners are required to complete a consultancy project on an aspect of healthcare finance. These projects have provided valuable research on a range of topics, which may be of interest to others.

BPP University developed the MBA in healthcare finance in response to the scale of the financial and operational changes in the NHS. Financial acumen alone is no longer enough. There is now an increasing need for professionals who understand the need for quality of service and people management in addition to financial information. Graduates of the HFMA advanced higher diploma in healthcare business and finance are eligible for entry onto the programme. Further information on the range of HFMA qualifications in healthcare business and finance can be found on the [HFMA website](#).

The healthcare consultancy project is one of three modules completed in the final year. The HFMA provided non-academic support to learners, supplementing that provided by BPP. Some learners received a bursary from Future-Focused Finance.

Projects covered a range of topics such as: the role of the finance in integrated care; the impact of culture on the delivery of financial savings; organisational mergers; and high utilisation patients. Six projects were successfully completed in January 2020. Over the next few weeks we will publish a summary of a sample of these projects, alongside a link to the full healthcare consultancy project.

This summary, along with the full project, sets out research that may be useful to other NHS finance professionals. It does not represent the views of the HFMA.

The first project in our series was written by Elizabeth Hall, Directorate Manager for Women's and Children's Services at Countess of Chester Hospital NHS Foundation Trust. It looks at the impact of culture arising from different organisational structures on the delivery of financial savings and efficiencies.



Does the culture arising from a hierarchical structure in an organisation improve the delivery of financial savings and efficiencies, in comparison to that from a flat or horizontal structure?

Aim

The aim of this project is to assess the impact the structure of an organisation has on its culture and whether it improves or inhibits the delivery of financial savings and efficiencies. The research aims to consider whether a flat structure is better or worse than a hierarchical structure and therefore give an insight as to how struggling NHS organisations may structure themselves in the future.

This research could be useful for organisations looking to understand what skills they need their workforce to have and the best way to lead teams. This is important as NHS organisations will always need to make the best use of the resources they have and NHS employees have reported a reduction in their health and wellbeing. This research could be helpful for organisations that are currently not delivering savings or for senior managers who want to redesign their organisations.

Background

Research has shown that award winning organisations have one thing in common: a strong organisational culture. The culture of an organisation can loosely be described as how it operates. Culture typically passes down through organisations and can have a significant influence on how people behave. In comparison, the structure of the organisation provides a framework from which the culture can spread. It gives a framework to decision-making, performance, key activities and management so that the whole organisation is working to achieve the goals and objectives set out.

There are a number of different theories on organisational structures and their relative strengths and weaknesses. This exploratory research looks at whether the structure, and the related culture of an organisation, can help with delivering efficiency savings. In particular, does a hierarchical structure drive a culture that improves the delivery of savings or does it impede it?

The research methods used included a review of the literature, an online questionnaire, some face to face interviews and a review of finance training materials. The interviews and questionnaire included members of various staff groups to ensure a representative sample.

Key findings

The research has shown that organisations such as those in the NHS, where patient safety is essential, do need some formal structure and process for decision-making. Rules are beneficial if there is linked accountability, but there should not be unnecessary processes wrapped around the rules.

The findings of the research show that people operating in a hierarchical structure feel it creates a bureaucratic culture where the focus is on rules and procedures. It also supports a culture of blame. This is disempowering for the people working in it, inhibits creativity and prevents beneficial change. Organisations that are much flatter also have their issues. People are always trusted to be correct, so there is a lack of challenge and control. This would not be suitable for the NHS, instead a combination would be better, with clear finance training, clear and consistent rules and the application of them, and a structure without unnecessary bureaucracy.

The challenge for the NHS is balancing the rules and procedures needed to protect patients with enough autonomy and empowerment. Participatory management – which brings together empowerment, change management and an element of bureaucracy – would give this, but it does require a significant change in thinking. Employees would have freedom and responsibility to make their own decisions and utilise the financial resources in a way that they see fit. Strong financial management support is essential here though so that the finance function are providing training and that employees are utilising the resources available to them. The senior management need to hand over trust to the rest of the workforce and ensure everyone has access to the correct tools. Relationships need to be strong and there should not be a fear of blame around ideas that may fail.

It must be recognised that there will be other variables in relation to the success of saving schemes – the overall organisational financial position, payment contracts and the types of patients presenting but a financial gap doesn't happen overnight and there is always an element of financial decision making that ends up affecting the financial bottom line. If good decisions are stifled or there is only top down decision making with people more removed from the frontline, it seems apparent that it will adversely affect the financial position.

Recommendations

This research has provided a number of recommendations:

- Make finance training shorter, more accessible and potentially mandatory. It could become part of the induction process or there could be refreshers for those employees working in the organisation for a long time. An e-learning module would make it even easier for people to access. This would mean people understand the consequences of financial decision-making and can use this knowledge to make more informed decisions.
- Incentives for delivering improvements or efficiencies may motivate people further. This does not necessarily need to be a financial reward. Sometimes recognition and a thank you is enough, but organisations should explore what they can offer that would suit their organisation.
- Levels of authority could be reduced to speed up decision-making. This does not mean removing all forms of authorisation. It means trust those who know their areas to make decisions that are value for money and best for patients. As long as they have been given the correct tools to do so, employees should be trusted to take a risk.
- There needs to be clarity around the role of finance – are they top of the structure in a command and control setting or are they an advisory function to assist with improvements? The latter is preferential, so finance teams need to increase the uptake on training and building relationships with the clinical teams. This synergy will result in a positive working relationship and clinical staff will be more willing to work on efficiencies.
- Remove the blame culture from the NHS and embrace mistakes by openly learning from them.

[Read the full research project here.](#)

About the HFMA

The Healthcare Financial Management Association (HFMA) is the professional body for finance staff in healthcare. For nearly 70 years, it has provided independent and objective advice to its members and the wider healthcare community. It is a charitable organisation that promotes best practice and innovation in financial management and governance across the UK health economy through its local and national networks.

The association also analyses and responds to national policy and aims to exert influence in shaping the wider healthcare agenda. It has particular interest in promoting the highest professional standards in financial management and governance and is keen to work with other organisations to promote approaches that really are 'fit for purpose' and effective.

The HFMA offers a range of qualifications in healthcare business and finance at undergraduate and postgraduate level and can provide a route to an MBA in healthcare finance. The qualifications are delivered through HFMA's Academy which was launched in 2017 and has already established strong learner and alumni networks.

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