



## Hospital Mergers: Managing Staff Expectations to Sustain Job Satisfaction



Hospital mergers began in the UK in the late 1990s to deal with underperformance. Despite their prevalence, there is a lack of research on how such organisational changes affect job satisfaction levels and potentially compromise the quality of healthcare services provided. A recent study about the impact of hospital mergers on employee satisfaction aimed to assess the impact of NHS hospital mergers between financial years 2009/10 and 2011/12 on staff job satisfaction and to identify factors contributing to satisfaction.

The findings, reported in *Human Resources for Health*, show that hospital mergers have a small, transient positive impact on staff job satisfaction in the year immediately before and after merger approval. This might explain the stagnation of healthcare service quality after a merger. As staff job satisfaction is positively correlated with healthcare quality, a higher job satisfaction and a rise in quality may ensue if staff expectations of the benefits of a merger are met.

### Methodology

This was a secondary data analysis using multiple data sources. Data on staff job satisfaction were obtained from the annual NHS Staff Survey. The composite job satisfaction was a simple average of satisfaction scores in eight areas: recognition for good work, support from managers, support from colleagues, freedom to choose their own method of working, the amount of responsibilities given, opportunities to use one's abilities, the extent to which the employer values one's work, and the level of pay. Each area was rated based on a 5-point Likert scale, with 1 representing very high dissatisfaction and 5 representing very high satisfaction.

A list of mergers was compiled using data provided by the Cooperation and Competition Panel (CCP) and the Department of Health (DH). Other sources of data included the NHS Hospital Estates and Facilities Statistics, the NHS 'Quarter' publication, official reports from health service regulators, and individual hospitals' annual accounts. Only full mergers of acute and mental health hospitals were analysed.

Propensity scores were generated using observable factors likely to affect merger decision to select three comparable hospitals for every constituent hospital in a merger to act as a control group. All merger decisions within the study period were made by the CCP. Hence, three types of variables likely to influence the CCP's decision were used to generate propensity scores: time varying variables, non-time varying variables and demand.

Time varying variables were bed numbers and annual financial surplus/deficit, each averaged over two years prior to merger approval (except a constituent hospital for which only single-year financial data was available) to minimise accidental matching of chronically troubled hospitals with those experiencing transitory problems. The

non-time varying variable included the status of the hospital (teaching, mental health and Foundation Trust). Demand for acute hospitals was proxied by the mortality rate of the population to which actual health services was provided, estimated by weighting the population mortality rate of the PCTs in proportion to the share of services provided by the hospital to each of them.

A difference-in-difference (DID) was estimated between baseline (three years before merger approval) and each subsequent year up to four years post-merger, controlling for work environment, drivers of job satisfaction, data year, type of hospital and occupation group. Staff satisfaction three years prior to merger approval was used as the baseline because it was most likely to be free from any effect due to anticipation.

## **Results and Discussion**

There were nine mergers during the study period. Only job satisfaction scores 1 to 2 years before (0.03 to 0.04 point) and one year after merger approval (0.06 point) were higher ( $P < 0.01$ ) than baseline. Robustness tests produced consistent results with one small difference – the DID estimator at two years before merger approval was no longer statistically significant, possibly because the control hospitals were less similar to the merged hospitals ( $\geq 0.1$  difference in propensity score) relative to those selected for the main analysis ( $\leq 0.015$  difference)

Assuming other conditions were equal, an increase in autonomy, staff support, perceived quality and job clarity ratings would increase job satisfaction scores. Higher job satisfaction scores were also associated with being classified as medical, dental, management or administrative staff and working in a mental health trust.

The differential anticipation effect of mergers on different occupation groups has been discussed in Corrigan et al. As managers and administrative staff are likely behind the planning and execution of a merger, they might perceive a higher chance of success and ensuing resource savings. Meanwhile, medical and dental staff might view a merger as an opportunity to improve their professional standing and to share good practice. Such optimism may be absent among nurses and other health professionals.

## **Conclusions**

Hospital mergers have a small, transient positive impact on staff job satisfaction immediately before and after a merger. This is associated with autonomy, staff support, perceived quality, job clarity, being in a medical, dental, management and/or administrative role and working in a mental health trust. However, the increase in job satisfaction scores is not sustained and returns to the baseline level within one year.

While the small magnitude of improvement may not substantiate any drastic policy change, the analysis indicates that continuous staff engagement after a merger and effective management of staff expectations may help to increase and sustain job satisfaction during the merger process.

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