



Management and Health Care Outcomes

We develop a new methodology for measuring management practices in hospitals, and use this in 182 interviews of physicians and managers in public and private hospitals covering 61% of English acute hospitals. We find our management measure is strongly correlated with hospital performance as measured by clinical outcomes (e.g. survival rates from heart attacks) and general operational/financial outcomes. We then examine why management practices vary across hospitals. We find that product market competition, as proxied by the geographical proximity of other hospitals, is positively associated with better management. We instrument competition with the share of nearby politically marginal constituencies, exploiting the fact that in the UK public hospitals (National Health Service) are rarely closed in politically marginal areas. Management scores in publicly owned hospitals are lower than privately owned hospitals and manufacturing. Among publicly owned hospitals management scores are relatively higher in hospitals with greater autonomy from the government (Foundation Trusts) and where managers have more clinical expertise.