

# **Organizational structure in the healthcare system: some evidences from the Italian strategies on mergers and integrations**

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**Topic of the panel session:** Comparative analysis of health care systems

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**Background:** The healthcare sector has undergone significant downsizing, driven by economic, political, and demographic factors, requiring increased efficiency in the provision of health services (Fleury 2006; Powell Davies 1996). In this context, policy makers have started to adopt strategies of consolidation of multiple organizations into multi-institutional arrangements aiming at increasing organizations' competitiveness, and enhance efficiency, effectiveness and quality of care delivery (Hernandez, 2000).

Considering the budget constraint and the rising movement that has been questioning the sustainability of the national healthcare system, the Italian healthcare sector has recently adopted merger and integration choices, while such experiences have been promoted in other countries (e.g. UK, Canada, Sweden, Portugal and US) for the last 30 years. Given the increasing number of merger and integration practices, literature has started to deepen both the consequences, and the advantages and disadvantages emerging from those.

Advantages are related to the achievement of economies of scale due to the centralization of services (Conrad and Shortell, 1996), or to a more efficient use of resources (McClenahan, 1999; Garside, 1999). In addition, advantages are related to a better supply of health services at local level and to the development of specialized professional teams (Fleury, 2006).

However, studies have questioned the goodness of those effects (Goddard and Ferguson, 1997), because these positive outcomes have not been fully demonstrated (Gillies et al. 2006). Literature has provided also evidences of the negative effects of mergers and integrations in terms of delays in services implementation, differences in organizational culture, internal conflicts, resistances, and reduced savings compared to what expected (Davies and Nutley, 2000; Roald and Edgren, 2001). Consistent to this, studies have demonstrated that the major effect of integration in terms of savings is related to administrative costs, rather than clinical ones (Hutchings et al 2003). For which concerns mergers, in particular, these advantages are related to the reduction of top management positions (Garside, 1999).

Moreover, literature has reported how employees involved in such practices experience high levels of stress due to the uncertainty in their activities that frequently follows those strategies (Davies and Nutley, 2000). Furthermore, mergers and integrations have been frequently not accompanied by the implementation of additional services, i.e. those referring to primary care, which may reduce the access of patients to the acute care services (Jarman, 1993).

It emerges that these practices have the potential to generate positive consequences, but their results depend on a series of factors. For instance, McClenahan (1999) reported that the achievement of positive results require time after mergers and integrations. In addition, literature reports that fewer

difficulties emerge when services belonging to the same organizations are integrated, rather than the case in which different organizations merge or integrate (Fulop, 2012). Further, the successful implementation of such practices is related to the extent to what strategies are communicated to employees and diffused in the organizations, as employees' motivation can strongly affect the success of those (Garside, 1994). Consistent to this, bottom-up strategies have been found more successful than top-down approaches that generate lower employees' involvement and reduce the probability of collaboration and cooperation (Glendinning, 2003). Otherwise, there is a risk that professional leave the organization, with consequences in terms of loss of human capital (Graebner, 2004).

Following the international trend, since 2000s both at regional and local level Italian policy makers have made attempts to revise the healthcare model, aiming at exploiting the full potential of synergies among organizations (Di Novi et al., 2017). In this sense, different experiences have been done in different context. From the discussion above it appears that the investigation of the effects of such mergers and integrations is challenging, as it relies on the type of services involved, the adoption of strategies for employees' involvement, the timing of the process and to contextual factors that are case-specific.

Further, at the best of our knowledge, scarce literature can be found with reference to the experiences that in the Italian context have lead to the diffusion of mergers and integrations. It appears evident the importance of deepening the topic, providing an extensive overview of the experiences and the strategies adopted in different Italian regions.

**Objectives:** Given the above premises, this paper presents a comparative case study (Eisenhardt 1989) focusing on two Italian regions that have undergone through mergers and integrations of healthcare organizations in the last decade. The cases are analysed from the perspective of both top managers and professionals working in the organizations, to deepen the strategies leading the implementation from the top management point of view and the actual perception that employees have about the processes.

**Methodology:** Data were collected through semi-structured interviews and triangulated through a revision and evaluation of electronic material (Bowen, 2009). The latter mainly comprehend documents that have been found on the regions and local organizations' institutional websites: national and regional norms and laws, organization' statutes, institutional reports, agreements between organizations, minutes of meeting, and other manuals.

**Expected results:** This research analyses how the different regions considered have driven the patterns of merges and integration of healthcare organizations. It then explores the consequences of the different strategies implemented and the state of the art of the integration processes in the contexts object of study, considering the perceptions of employees and the diffusion of such strategies to them. Thus, the paper discusses the main drivers for the implementation of mergers and integrations, and the strategies that are more bearer of benefits in this sense. Therefore, this paper contributes in theory shedding light on the determinants of mergers and integration in healthcare, according to both top managers and employees. It also contributes in practice providing policy makers with suggestions about the actions to be taken for the successful implementation of mergers and integration practices.

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