

Hospital efficiency in tanzania a case of Muhimbili National Hospital

Threza Louis Mtenga

Masters of Arts (Economics)

University of Dar es Salaam, College of Social Sciences, 2006

This study evaluates the technical and scale efficiency of a sample years in Muhimbili National Hospital using the non-parametric techniques of data envelopment analysis (DEA) and ratios. The findings indicate that there is a marked variation of performance in each year within the hospital. Over the study period, MNH registered an average CRS TE score of 0.934 and an average VRS TE score of 0.983. DEA has demonstrated that 69.2 percent of the sampled years the MNH ran inefficiently; and they need to either reduce their input or increase their outputs in order to become efficient. In most of the years, the hospital operates at non-optimal scale, with increasing returns to scale dominating in about 46.2 percent of the years evaluated. If in the inefficient years the hospital were to operate as efficiently, efficiency gains in terms of reduction in recurrent expenditure would amount to about Tshs. 441,159,770. This amount can cover the costs of upgrading service quality where necessary. This could go along in alleviating some of the health problems in this country. These results indicate the potential to improve quality of the hospital without injecting additional resources. This is important given the financial constraints on social sector investment in Tanzania. It is also concluded that the new management has had a positive impact on the hospital's efficiency performance. The recommendation is that policies that eliminate scale problem and promote the specialization of staff in their areas of expertise should be given priority in the hospital. Finally, it is desirable to replicate this study on a large scale, covering all types of hospitals (public and private) so as to assess the extent of the problem and its causes, thereby maximizing possible efficiency savings.