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Financial Performance and Operational Efficiency: A Financial Ratio and Value-for-Money Analysis

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Abstract

Purpose: This study aims to evaluate the financial performance of RS UKRIDA, a private teaching hospital, using financial ratio analysis and the Value for Money (VfM) approach. Evaluation is crucial for assessing a hospital's financial management, considering its dual role as a healthcare provider and an educational institution.

Research methodology: A quantitative descriptive approach was employed, analyzing RS UKRIDA's financial statements (income statement, balance sheet, and budget realization reports) for the 2023–2024 period. Financial ratios assess liquidity, solvency, profitability, and activity, whereas the VfM approach evaluates economy, efficiency, and effectiveness in financial management.

Results: The study found that RS UKRIDA shows efficient budget utilization, but economic and effectiveness aspects need improvement, particularly in budget control and revenue target achievement. Financial ratios reveal weak liquidity and solvency, and negative profitability, though some improvement is observed during the study period.

Conclusions: RS UKRIDA exhibits operational efficiency but lacks financial stability and optimal revenue realization. The combination of financial ratio analysis and VfM provides a comprehensive view, indicating the need for a balanced approach to improve financial performance.

Limitations: The study is limited by its focus on a single institution and its reliance on secondary financial reports, which may not fully capture non-financial aspects of performance.

Contribution: This research offers valuable insights for RS UKRIDA's management to improve financial performance and provides an academic reference for future studies on financial management in private teaching hospitals.

Keywords: *Financial Performance, Financial Ratios, Value for Money, Teaching Hospital, UKRIDA Hospital.*

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1. Introduction

Organizational success is largely determined by management's ability to allocate, control, and optimize resources, particularly financial resources, effectively and efficiently. Sound financial management not only supports operational continuity but also serves as a strategic foundation for achieving long-term sustainability in increasingly competitive environments (Nasution and Sibuea, 2024). This challenge is especially pronounced in healthcare organizations, where financial performance must be balanced with service quality and accountability. Hospitals play a critical role in improving population health while simultaneously operating under significant cost and regulatory constraints.

In Indonesia, hospitals are legally required to deliver high-quality and affordable healthcare services, as stipulated by Law No. 44 of 2009 on Hospitals. Public hospitals and hospital units operating under

the Public Service Agency (BLU/BLUD) framework are granted financial management flexibility to enhance service quality; however, they remain accountable for demonstrating transparent, efficient, and effective use of public resources (Huzaema, Dahlan, & Akbar, 2025; Rorimpandey, Rorimpandey, Siagian, & Malau, 2025).

Therefore, financial performance is a key indicator of hospital sustainability. Healthy financial conditions enable hospitals to maintain service quality, invest in medical technology, and withstand external shocks, such as policy changes and demand fluctuations (Maulana, Alim, & Djasuli, 2024). These challenges became particularly evident during and after the COVID-19 pandemic, when hospitals faced surging patient volumes, resource shortages, and escalating operational costs, highlighting the urgent need for efficiency and accountability in resource management (Arrasily, Minarsih, Hartono, & Daud, 2025; S. Y. Putri, Widajantie, & Wilasittha, 2024).

Hospital financial performance is commonly evaluated using financial ratio analyses, including liquidity, solvency, profitability, and activity ratios. While these measures provide valuable insights into financial health, they often fail to capture how effectively resources are transformed into service outcomes, especially in public and non-profit healthcare settings (Munteanu, Ionescu-Feleagă, Ionescu, Condrea, & Romanelli, 2025). To address this limitation, the value-for-money (VfM) approach has gained prominence as a complementary framework. VfM evaluates performance based on three core principles: economy, efficiency, and effectiveness, thereby extending performance assessment beyond financial results to include budget discipline, operational productivity, and goal achievement (Maulana et al., 2024; Usman, Haeril, Salida, Taufiq, & Nur, 2025).

Empirical evidence increasingly supports the integration of financial ratio analysis and VfM to assess hospital performance. Studies have shown that combining these approaches provides a more comprehensive evaluation of financial sustainability and service accountability, particularly in public-sector and teaching hospitals (Huzaema et al., 2025; Upadhyay & Smith, 2023). International research further confirms that VfM-based assessments strengthen governance and strategic decision-making in healthcare organizations (Benamraoui, Chatzivgeri, Jory, & Ajay, 2024).

UKRIDA Hospital, a relatively new private teaching hospital in Indonesia, faces dual challenges: maintaining high-quality healthcare services while ensuring financial sustainability amid intense competition and the dominance of public health insurance schemes. Despite its strategic role in medical education and service provision, empirical evaluations of its financial performance remain limited, particularly those that employ an integrated analytical framework. Against this backdrop, this study aims to comprehensively evaluate the financial performance and operational efficiency of UKRIDA Hospital by integrating financial ratio analysis with the Value for Money approach. This study seeks to contribute to the literature on public sector and healthcare financial management while offering practical insights for hospital managers and policymakers to enhance financial accountability, efficiency, and long-term sustainability.

2. Literature Review

2.1 Signaling Theory

Signaling theory provides a foundational explanation of how organizations communicate private information to external stakeholders under conditions of information asymmetry. Originating from Spence (1973), this theory asserts that managers possess superior information regarding organizational performance, risk exposure, and future prospects compared to investors, creditors, and regulators. To reduce uncertainty, managers deliberately transmit signals through observable and credible actions, most notably financial disclosure and performance indicators.

In corporate and public sector contexts, financial statements, budget realization, and performance metrics serve as strategic signals that convey managerial confidence and organizational viability. High-quality, transparent financial reporting functions as a positive signal that enhances stakeholder trust and organizational legitimacy (Fathi, Mohammadin, & Azarbayjani, 2025). Conversely, weak financial

outcomes or inconsistent disclosures may generate negative signals, leading to adverse market or stakeholder reactions (Ahn, Cho, & Cho, 2025).

Empirical evidence demonstrates that effective signaling significantly influences firm value and stakeholder perception, particularly in sectors characterized by high uncertainty and intensive resource utilization, such as healthcare (Huang, Hu, Wang, & Wang, 2025; Upadhyay & Smith, 2023). Failure to convey credible signals may cause a misalignment between intrinsic organizational values and external evaluations, resulting in inefficiencies in resource allocation and governance outcomes. Accordingly, signaling theory provides a robust theoretical lens for understanding how financial performance and accountability mechanisms shape organizational valuation and sustainability.

2.2 Firm Value

Firm value reflects the market's holistic assessment of an organization's current performance and future potential. It represents investors' expectations regarding cash flow generation, risk management and long-term growth prospects (Danielson, 2025). A higher firm value signals strong managerial capability and enhances shareholder wealth while strengthening organizational resilience. According to Gunawan and Elshinta (2025), firm value is closely linked to stock prices, which aggregate the publicly available information. Sustained profitability, efficient asset utilization, and stable earnings growth are positive signals that reinforce market confidence.

Commonly used proxies for firm value include the Price-to-Book Value (PBV), Tobin's Q, and Price Earnings Ratio (PER), each capturing distinct valuation dimensions (Oranefo & Egbunike, 2023). Recent empirical studies confirm that financial performance variables, such as liquidity, leverage, and profitability, exert a significant influence on firm value, although their effects vary across institutional and sectoral contexts (D. D. Putri & Hidayat, 2025; Suroso & Sufiyati, 2025). In healthcare organizations, firm value is increasingly shaped not only by profitability but also by efficiency, accountability, and service effectiveness, reinforcing the relevance of integrated performance evaluation frameworks.

2.3 Value for Money Concept

Value for Money (VfM) is a comprehensive performance evaluation framework that emphasizes optimal resource utilization to achieve maximum outcomes. Widely applied in public and quasi-public organizations, VfM extends beyond cost minimization by integrating quality, outcomes, and accountability considerations (Reynilda & Renal, 2025). The VfM framework is structured around three core dimensions: economy, efficiency, and effectiveness. Economy focuses on acquiring inputs of appropriate quality at minimal cost, efficiency examines the relationship between inputs and outputs, and effectiveness assesses the extent to which organizational objectives are achieved (Maulana et al., 2024).

In hospital management, VfM is particularly salient due to the high operational complexity and fiscal constraints. Applying VfM enables healthcare organizations to enhance transparency, improve decision-making, and balance financial sustainability and service quality (Huzaema et al., 2025; Usman et al., 2025). International evidence confirms that VfM evaluations provide meaningful insights into hospital efficiency and governance performance.

2.4 Organizational Performance

Organizational performance refers to the extent to which an institution achieves its strategic objectives through the effective and efficient deployment of resources. Performance encompasses both outcomes and behaviors that contribute to goal attainment within a defined period (Aguilera, De Massis, Fini, & Vismara, 2024). In public and healthcare organizations, performance measurement plays a critical role in ensuring accountability, service quality and continuous improvement. Performance indicators serve as managerial tools for evaluating operational success and informing strategic adjustments in the hospitality industry. Sam, Haliah, and Kusumawati (2024) emphasize that performance measurement integrates financial and non-financial dimensions, linking resource inputs to outputs and societal outcomes.

2.5 Conceptual Framework Development

2.5.1 Budget Realization and Financial Performance

Budget realization represents the degree of alignment between planned and actual expenditures and revenues. In public-sector organizations, accurate budget realization reflects fiscal discipline, accountability, and managerial competence (Sofyan, Nurjaman, & Joharudin, 2025). Deviations from budget plans may indicate inefficiencies, weak control mechanisms or environmental shocks. In hospital settings, effective budget realization supports operational continuity, cost containment and service delivery. Chege, Mwenja, Kiambati, and Mbugua (2020) argue that consistent budget execution enhances organizational effectiveness by minimizing waste and ensuring timely resource availability.

2.5.2 Financial Ratio Analysis and Performance Evaluation

Financial ratio analysis remains a fundamental tool for assessing an organization's financial health. Key ratios, including liquidity, solvency, profitability, and activity, offer insights into short-term viability, long-term stability, income generation, and asset utilization (Septiana & Sidharta, 2025). Empirical studies demonstrate the relevance of ratio analysis in evaluating healthcare performance. Sariyani and Saputri (2025) finds that private hospitals maintain profitability despite liquidity pressures, while Rorimpandey et al. (2025) highlight the usefulness of ratios in assessing public hospital financial resilience. These findings underscore the analytical value of financial ratios in supporting evidence-based decision-making.

2.5.3 Integrating Financial Ratios and Value for Money

Integrating financial ratio analysis with the VfM framework enables a more comprehensive evaluation of the organizational performance. While financial ratios capture financial outcomes and positions, VfM emphasizes how efficiently and effectively resources are transformed into societal value (Rodrigues and Carvalho, 2023). Recent studies have confirmed the superiority of this integrated approach. Huzaema et al. (2025) demonstrate that VfM enhances financial accountability in public hospitals, while Owusu and Garr (2025) show that combining VfM with financial metrics yields deeper insights into hospital efficiency and sustainability. Accordingly, applying both financial ratio analysis and VfM provides a theoretically robust and empirically grounded framework for evaluating post-pandemic financial performance and resource management effectiveness in healthcare organizations.

3 Methodology

3.1 Research Setting and Object

This study examines the financial performance and operating efficiency of Universitas Kristen Krida Wacana Hospital (RS UKRIDA), a private Type C teaching hospital managed by Universitas Kristen Krida Wacana. The unit of analysis is the hospital as an organization, with observation focused on annual financial and operational records for fiscal years 2023 and 2024. RS UKRIDA was selected because teaching hospitals typically face dual pressures: maintaining service quality and supporting clinical educationwhile simultaneously ensuring accountable and prudent financial management. Accordingly, this study evaluates performance using (i) conventional financial ratio analysis and (ii) a value-for-money (VfM) framework that emphasizes economy, efficiency, and effectiveness.

3.2 Study Design

This study adopts a descriptive–evaluative quantitative design based on a documentary analysis of audited (or formally issued) financial statements and institutional budget realization reports. A descriptive design is appropriate because the objective is to profile the hospital's financial condition and performance trends rather than to test causal relationships or predict outcomes (Ghozali & Ratmono, 2017; Gudergan, Moisescu, Radomir, Ringle, & Sarstedt, 2025).

3.3 Data Sources, Population, and Sample

Population in this study comprises all RS UKRIDA financial and budget documents relevant to performance evaluation for 2023–2024 (e.g., statement of financial position, income statement, cash flow if available, and budget/realization reports), as well as supporting operational summaries required to interpret efficiency and service delivery. The sample includes a complete set of accessible annual documents for 2023 and 2024. Because the study uses the full available dataset for the defined

period, the sampling approach is effectively a total enumeration (census of documents). Where specific components are unavailable, the analysis is restricted to indicators that can be computed consistently across both years to maintain comparability (Gudergan et al. 2025).

3.4 Operationalization of Variables and Measures

3.4.1 Value for Money (VfM) Indicators

VfM evaluates whether resources are managed according to the "3Es" (economy, efficiency, effectiveness). In hospital settings, VfM complements ratio analysis because it links resource use to budget discipline and target attainment, not merely accounting outcomes (Lombi, Haliah, Nirwana, & Oemar, 2022).

1. Economy (Economy Ratio)
   Assesses whether spending is controlled relative to the budgeted inputs.

$$\text{Economy Ratio} = \frac{\text{Actual Expenditure}}{\text{Budgeted Expenditure}} \times 100\% \pm$$

   Lower values indicate better economy (subject to service standards and minimum quality requirements).

2. Efficiency (Efficiency Ratio)
   Assesses how efficiently expenditures generate revenue (or outputs where measurable).

$$\text{Efficiency Ratio} = \frac{\text{Actual Expenditure}}{\text{Actual Revenue}} \times 100\%$$

   Lower values indicate a higher efficiency.

3. Effectiveness (Effectiveness Ratio)
   Assesses the degree to which revenue targets are achieved.

$$\text{Effectiveness Ratio} = \frac{\text{Actual Revenue}}{\text{Targeted Revenue}} \times 100\%$$

   Values near or above 100% indicate strong effectiveness in meeting targets.

3.4.2 Financial Ratio Indicators

To evaluate financial conditions and performance, this study computes four standard dimensions widely used in healthcare financial management: liquidity, solvency, profitability, and activity/asset utilization (Batrancea, 2021).

3.4.2.1 Liquidity

1. Current Ratio (CR)

$$CR = \frac{\text{Current Assets}}{\text{Current Liabilities}}$$

2. Quick Ratio (QR)

$$QR = \frac{\text{Current Assets} - \text{Inventories}}{\text{Current Liabilities}}$$

3.4.2.2 Solvency/Leverage

1. Debt-to-Equity Ratio (DER)

$$DER = \frac{\text{Total Liabilities}}{\text{Total Equity}}$$

3.4.2.3 Profitability

1. Return on Assets (ROA)

$$ROA = \frac{\text{Net Income}}{\text{Total Assets}}$$

2. Return on Equity (ROE)

$$ROE = \frac{\text{Net Income}}{\text{Total Equity}}$$

3. Net Profit Margin (NPM)

$$NPM = \frac{\text{Net Income}}{\text{Revenue}} \times 100\%$$

3.4.2.4 Activity/Asset Utilization

1. Total Asset Turnover (TATO)

$$TATO = \frac{\text{Revenue}}{\text{Total Assets}}$$

3.5 Data Collection Procedures

Data were collected through document retrieval and verification procedures, including the following:

1. Compilation of annual financial statements and supporting notes for 2023 and 2024
2. Compilation of budget and realization reports for the same period
3. Reconciliation checks across statements to ensure internal consistency (e.g., matching revenue totals, consistency of ending balances)
4. Coding of the required line items for ratio computation in a standardized spreadsheet template

3.6 Data Analysis Strategy

The analysis was conducted in four stages.

1. Data preparation and standardization
   Financial statement line items are standardized into comparable categories across years to avoid classification bias.
2. Computation of ratios and VfM indicators
   All ratios (CR, QR, DER, ROA, ROE, NPM, and TATO) and VfM indicators (economy, efficiency, and effectiveness) were computed for each year using consistent formulas and units.
3. Descriptive and comparative evaluation
   The findings are summarized using tables and trend comparisons (2023 vs. 2024). Interpretation is conducted using established financial management guidance for healthcare organizations and financial statement analyses (Batrancea, 2021).
4. Integrated interpretation
   The results of the ratio analysis and VfM were triangulated to provide a comprehensive assessment. For example, a hospital may appear "efficient" under VfM but still show weak profitability if margins remain constrained or show acceptable liquidity while experiencing long-term solvency pressures.

3.7 Validity, Reliability, and Trustworthiness (Document-Based)

Because the study relies on archival documents rather than perception-based instruments, quality assurance is established through:

1. Source credibility (use of formally issued financial statements and internal budget reports)
2. Computational reliability (double-checking formulas, cross-year consistency checks)
3. Analytical transparency (explicit definitions of each metric and consistent thresholds across years)

3.8 Ethical Considerations

This study uses institutional financial documents. If any data are non-public, confidentiality is maintained by reporting results in aggregated form and avoiding disclosure of sensitive proprietary line items beyond what is necessary for academic reporting.

4 Results And Discussion

4.1 Results of the Study

This section reports the financial performance and operational efficiency of RS UKRIDA for 2023–2024 using two complementary approaches: financial ratio analysis (liquidity, solvency, profitability, and activity) and the Value for Money (VfM) framework (economy, efficiency, and effectiveness). The analysis is based on the hospital's statement of financial position (balance sheet), income statement, and budget realization data for 2023–2024 period. Because the financial statements are unaudited, all interpretations should be read as provisional and subject to revision once the audited figures are available.

4.2 Financial Ratio Analysis

4.2.1 Liquidity Ratios

Liquidity ratios assess the hospital's short-term capacity to meet obligations as they fall due and to sustain day-to-day operations without distress financing. This study uses the current and quick ratios.

4.2.1.1 Current Ratio (CR)

Table 1. Presents the current ratios for 2023–2024.

Account	2023	CR 2023	2024	CR 2024
Current Assets	5,715	0.06	5,741	0.05
Current Liabilities	99,390		118,262	

In 2023, the CR of 0.06 indicates that the hospital held only IDR 0.06 of current assets for every IDR 1.00 of current liabilities. In 2024, the CR declined to 0.05, signalling a further weakening of short-term liquidity. In practice, a current ratio far below 1.0 suggests high liquidity risk, limited working capital, and potential constraints in meeting short-term obligations without restructuring liabilities, accelerating collections or obtaining external funding. If the benchmark current ratio is 2.0, as commonly used in general corporate analysis, RS UKRIDA's liquidity position is substantially below the benchmark and is categorized as weak. However, it is important to note that liquidity benchmarks may vary across industries; healthcare institutions often have different cash cycles and reimbursement structures. Even so, a CR close to zero remains a critical warning sign.

4.2.1.2 Quick Ratio (QR)

The quick ratio excludes inventory to focus on the most liquid of the current assets.

Table 2. Quick ratio (in IDR million)

Account	2023	QR 2023	2024	QR 2024
Current Assets	5,715	0.33	5,741	0.48
Current Liabilities	99,390		118,262	
Inventory	4,304		3,890	

The reported QR values (0.33 in 2023 and 0.48 in 2024) imply that RS UKRIDA could cover only 33% (2023) and 48% (2024) of its short-term obligations using liquid assets, excluding inventory. This indicates a constrained liquidity buffer and reliance on continued cash inflows (e.g., receivables collection) to meet obligations.

4.2.2 Solvency Ratio

Solvency indicators evaluate long-term financial stability and the extent to which the organization is funded through debt versus equity.

4.2.2.1 Debt-to-Equity Ratio (DER)

Table 3. Debt-to-equity ratio (in IDR million)

Account	2023	DER 2023	2024	DER 2024
Total Liabilities	99,390	-124%	118,262	-115%
Total Equity	(80,422)		(103,066)	

The DER was negative in both years because equity was negative (accumulated deficits exceeded contributed capital). This is a serious structural issue: negative equity implies that a hospital's liabilities exceed its assets and that the institution is operating with a high-risk capital structure. In such a condition, the DER is less informative as a performance ratio and should be interpreted as a signal of financial distress rather than a leverage strategy. From a managerial perspective, restoring solvency typically requires a combination of (i) operational turnaround to reduce losses, (ii) capital injection or restructuring of obligations, and (iii) improving asset productivity and margin management. Without improvement, negative equity can limit the borrowing capacity and raise going-concern concerns.

4.2.3 Profitability Ratios

Profitability ratios reflect the hospital's ability to generate surplus from assets, equity, and revenue streams.

4.2.3.1 Return on Assets (ROA)

Table 4. Return on assets (in IDR million)

Account	2023	ROA 2023	2024	ROA 2024
Total Assets	26,401	-133%	22,167	-102%
EAIT	(35,034)		(22,645)	

ROA is negative in both years, indicating that RS UKRIDA has not yet generated operating profits from its assets. The improvement from -133% (2023) to -102% (2024) suggests that losses decreased relative to assets, but the profitability remains unsustainable. Negative ROA indicates the need for deeper operational efficiency, revenue cycle strengthening, and service line optimization.

4.2.3.2 Return on Equity (ROE)

Table 5. Return on equity (in IDR million)

Account	2023	ROE 2023	2024	ROE 2024
Total Equity	(80,422)	44%	(103,066)	22%
EAIT	(35,034)		(22,645)	

Although ROE appears positive (44% in 2023 and 22% in 2024), this result is mechanically driven by negative equity and negative earnings. Consequently, ROE is not a meaningful indicator of shareholder returns under negative equity conditions and should not be used alone to infer improvement. Instead, it reinforces the conclusion that the hospital's capital structure is impaired and profitability recovery is required before ROE becomes interpretable.

4.2.3.3 Net Profit Margin (NPM)

Table 6. Net profit margin (in IDR million)

Account	2023	NPM 2023	2024	NPM 2024
Revenue (Sales)	57,220	-61%	89,116	-25%
EAIT	(35,034)		(22,645)	

NPM is negative in both periods, indicating that revenue growth has not yet been translated into profitability. However, the margin improved substantially from -61% (2023) to -25% (2024). This suggests a meaningful reduction in loss intensity and potentially better cost control and/or improved revenue realization. Nevertheless, sustaining operations with negative margins remains challenging, and further improvements are required to reach the break-even point.

4.2.4 Activity Ratio

Activity ratios measure the effectiveness of asset use in generating revenue.

4.2.4.1 Total Asset Turnover (TATO)

Table 7. Total asset turnover (in IDR million)

Account	2023	TATO 2023	2024	TATO 2024
Revenue (Sales)	57,220	2.2	89,116	4.0
Total Assets	26,401		22,167	

TATO increased from 2.2 (2023) to 4.0 (2024), indicating that RS UKRIDA generated more revenue per unit of assets in 2024 than in 2023. This improvement reflects better asset utilization and a stronger revenue generation capacity. However, higher turnover must be interpreted alongside negative profitability; increased sales volume alone does not ensure financial health if operating costs remain high or margins remain negative. Therefore, operational scaling should be accompanied by margin-improvement strategies.

4.3 Value for Money (VfM) Analysis

VfM evaluates financial stewardship through economy (spending discipline), efficiency (spending relative to revenue capacity), and effectiveness (the achievement of revenue targets).

4.3.1 Economy

Table 8. Economy ratio

Year	Budgeted Expenditure	Actual Expenditure	Economy Ratio	Category
2023	30,185	36,047	119%	Not economical
2024	55,281	50,660	92%	Less economical

In 2023, an economy ratio of 119% indicates overspending relative to the budget, consistent with weak expenditure control. In 2024, the ratio improved to 92%, suggesting better budget management, although still categorized as “less economical.” This improvement indicates managerial progress in controlling spending, but the hospital still needs stronger expenditure planning and cost governance.

4.3.2 Efficiency

Table 9. Efficiency ratio

Year	Actual Expenditure	Budgeted Revenue	Efficiency Ratio	Category
2023	36,047	62,694	57%	Very efficient
2024	50,660	116,621	43%	Very efficient

Both years are classified as “very efficient” under the applied VfM criteria, with the efficiency ratio improving from 57% to 43%. This implies that expenditures were relatively low compared with the planned revenue capacity. However, since profitability remained negative, the manuscript should clarify that VfM “efficiency” here reflects budget-based efficiency, not necessarily accounting profitability. In journal writing, this distinction is important: the organization may be efficient relative

to budget targets but still incur losses due to pricing, case mix, reimbursement delays, or cost structures not captured by the VfM denominator.

4.3.3 Effectiveness

Table 10. Effectiveness ratio

Year	Actual Revenue	Budgeted Revenue	Effectiveness Ratio	Category
2023	57,847	62,694	92%	Effective
2024	88,494	116,621	76%	Less effective

Effectiveness declined from 92% (effective) in 2023 to 76% (less effective) in 2024, indicating that the hospital underachieved its revenue target in 2024. This decline may reflect ambitious target setting, service capacity constraints, payer mix effects, or reimbursement timing. Importantly, the decrease in effectiveness aligns with continued negative margins and equity, suggesting that revenue performance is insufficient to support financial stabilization.

5 Conclusions

5.1 Conclusion

This study evaluated the financial performance and operational efficiency of UKRIDA Hospital during the 2023–2024 period using financial ratio analysis and the value-for-money (VfM) approach. The integration of these two analytical frameworks provides a comprehensive assessment of both financial sustainability and managerial effectiveness. The key conclusions are as follows: First, based on financial ratio analysis, UKRIDA Hospital demonstrates adequate but not optimal financial conditions. Liquidity ratios indicate that the hospital can meet its short-term obligations, suggesting that operational continuity is relatively secure.

However, liquidity levels are not sufficiently strong to be considered robust, implying the need for improved working-capital management. Solvency ratios reveal reliance on external financing to support hospital operations. Although this level of leverage remains within acceptable limits, it requires careful monitoring to prevent long-term financial risks. Profitability ratios show that the hospital's ability to generate profits from its assets and equity is still limited, indicating that operational activities have not yet translated into optimal financial returns for the hospital. Asset utilization, as reflected in activity ratios, has functioned adequately but still presents opportunities for improvement to enhance the revenue generation.

Second, based on the value-for-money approach, UKRIDA Hospital exhibits varying performance across the dimensions of economy, efficiency, and effectiveness. From an economic perspective, the hospital was categorized as *uneconomical* in 2023 because its expenditure exceeded the approved budget, reflecting weaknesses in budgetary control. In 2024, performance improved to a *less uneconomical* category, indicating progress in financial discipline, although further improvements remain necessary. In contrast, the hospital achieved very high efficiency in both years, demonstrating its ability to generate relatively high revenues with controlled expenditures. Furthermore, the effectiveness dimension shows that UKRIDA Hospital successfully met its revenue targets, indicating strong performance in achieving its planned financial objectives.

Third, the integration of financial ratio analysis and the Value for Money approach revealed that UKRIDA Hospital has been effective and efficient in managing operational resources, yet still faces challenges in achieving optimal financial outcomes, particularly in terms of profitability and budgetary discipline. This finding suggests that operational success is not fully aligned with long-term financial sustainability. Consequently, continuous improvements in financial planning, cost control, and revenue optimization are required to strengthen the overall financial performance.

5.2 Research Limitations

This study had several limitations that should be considered when interpreting the findings. First, the analysis is limited to a two-year observation period (2023–2024), which may not fully capture long-

term financial trends or structural changes in the performance of hospitals. Second, this study focuses primarily on financial indicators without incorporating non-financial performance measures, such as service quality, patient satisfaction, or clinical outcomes, which are essential for comprehensively evaluating hospital performance. Third, the findings are based on a single hospital case, which limits the generalizability of the results to other hospitals with different ownership structures, operational scales or regulatory environments.

5.3 Suggestions and Directions for Future Research

Based on the findings and limitations of this study, several recommendations can be made.
From a managerial perspective, the UKRIDA Hospital management is advised to strengthen budgetary control mechanisms, particularly in operational expenditure, to improve economic performance and prevent cost overruns. Additionally, greater emphasis should be placed on profitability-enhancement strategies, including revenue diversification, service innovation, and more productive asset utilization, while maintaining service quality.

From a governance and policy perspective, the hospital's foundation and key stakeholders are encouraged to use the study's findings as a basis for strategic decision-making, particularly in areas related to funding policies, investment planning, and internal control systems to support long-term financial sustainability. For future research, scholars are encouraged to extend the observation period to examine long-term performance trends and incorporate non-financial indicators, such as patient satisfaction, service quality, and clinical performance, to provide a more holistic evaluation of hospital performance. Comparative studies across multiple hospitals or ownership models would enhance the generalizability and policy relevance of future findings.

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