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# Financial Management Practices of Private Hospitals in Ilocos Sur

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**Index Terms:**

financial management practices, private hospital, budgeting practices, inventory management, investment, cash management

**Abstract.** This study assessed the level of financial management practices of private hospitals in Ilocos Sur and examined their relationship with selected hospital profile variables. It described the hospitals in terms of bed capacity, location, classification, form of business organization, years of operation, and number of employees, and evaluated their financial management practices in budgeting, investment, inventory management, and cash management. Findings showed that most private hospitals had a bed capacity of 31 and above, were located in commercial zones, classified as Level 1 hospitals, operated as sole proprietorships, had been in operation for 5 to 17 years, and employed 41 to 70 personnel. Overall, the hospitals demonstrated a high level of financial management practices across all areas, indicating generally sound financial systems that support operational efficiency and service delivery. The study further revealed that bed capacity, hospital level, and number of employees were significantly related to the overall level of financial management practices, suggesting that hospital characteristics influence the effectiveness and sustainability of financial systems. Based on these findings, the study recommends that private hospitals sustain effective financial management through regular audits, performance-based budgeting, and continuous monitoring. They may also strengthen fiscal sustainability by pursuing strategic expansion, upgrading service capabilities, investing in diagnostics and staff development, and adopting profile-based financial strategies and performance monitoring systems. These measures may help improve both financial resilience and patient care delivery.

## Introduction

In order to handle currency risks, regulatory differences, and cross-border opportunities, financial management in the global environment adapts conventional concepts to international operations. Strategies that improve competitiveness while reducing global uncertainties are given top priority by multinational corporations (MNCs). Exchange rates, international trade, and geopolitical considerations are all included in global financial management, which expands domestic procedures. It emphasizes value maximization across boundaries, risk hedging, and resource allocation. To successfully negotiate these challenges, MNCs incorporate technologies like ERP systems and derivatives.

The financial management challenge in the Philippines is intricate and multidimensional, encompassing a range of factors that impact the economy on both a micro and macro level. Small and medium-sized businesses (SMEs) in the Philippines encounter numerous financial management obstacles on a micro level, namely accounting, cashiering, and finance management. These problems are frequently caused by the small size of these companies, which leaves them more susceptible to basic management errors that might result in company failure.

Macroeconomic issues that the Philippine financial sector must deal with include financial literacy, regulation and oversight, and the creation of alternative funding sources. The ordinary Filipino still has an extremely poor level of financial literacy; many individuals are unable to accurately respond to questions pertaining to basic financial literacy. This issue

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starts with inadequate education in childhood and continues into maturity, resulting in bad money management practices and a lack of specialized information necessary to make wise financial decisions.

Coordination of the financial system's regulation and oversight is necessary, especially in light of innovation and globalization, which have created new company structures and problems. Furthermore, the creation of alternative funding sources is essential to lessen the strain on the banking sector, which has been responsible for an excessive share of the cost of funding fiscal deficits and economic development. A number of strategies have been put forth to address these issues, such as creating financial education initiatives, enhancing the market's infrastructure, expanding the pool of potential investors in government securities, and launching small-denominated securities that are appealing to ordinary people. To further address the issues faced by finance managers and SMEs, budgeting, using the appropriate technologies for expense management and reporting, and attracting investors with strong business ideas and expansion strategies are essential.
In conclusion, coordinated and multistakeholder action is needed to address the complex and multidimensional issues surrounding the financial management of the Philippines. To solve these issues and encourage sustainable economic growth in the Philippines, it is imperative to establish efficient financial management techniques, find alternative funding sources, coordinate regulation and oversight, and improve financial literacy.

Private hospital financial management involves various critical aspects to ensure the hospital's financial health and sustainability. Key components include producing revenue, controlling internal expenditure, preserving tax-exempt status, and identifying areas of fiscal strength and weakness. Financial managers play a crucial role in overseeing patient-centered economic patterns, improving overall financial performance, and ensuring compliance with regulations. Negotiating strong contracts with insurance companies is essential to avoid financial risks associated with inadequate compensation for services provided. Monitoring internal expenditure is vital to detect fraud or misuse of funds within the organization, with a focus on controlling spending and ensuring financial accountability. Additionally, maintaining tax-exempt status is crucial for non-profit healthcare institutions, requiring strategies such as reducing rates for destitute patients or conducting community needs analyses.

Furthermore, financial management of private hospitals also involves managing cash flow, billings, collections, major capital investments, cost determination, budgeting, performance measurement, and pricing. Financial managers must utilize tools and techniques such as health care accounting, financial statements, cost information, and budgeting to make informed financial decisions and ensure the hospital's financial stability. Embracing digital transformation and productivity improvements are essential to enhance financial sustainability and profitability in the face of increasing competition and growing demand for care. By focusing on revenue generation, cost control, compliance, and strategic financial planning, private hospitals can navigate the complexities of financial management and ensure long-term success in delivering quality healthcare services.

Hospital financial management is a complicated topic that is impacted by a number of variables, such as reimbursement schemes, operational effectiveness, and technology developments. Maintaining high-quality patient care while managing growing healthcare expenses requires effective financial management. Therefore, the requirement for high-quality patient care and growing healthcare expenses provide issues for hospital financial management.

Additionally, the rapid advancement of information technology has revolutionized various sectors, including healthcare, by enabling the digitization of complex processes such as hospital financial management. The integration of cutting-edge technologies, such as big data and artificial intelligence (AI), presents unprecedented opportunities for transforming traditional financial systems. However, this shift also brings forth significant challenges related to technological integration, data security, and human resource management.

The lack of multiskilled workers, integrating younger talent with current staff, and the pressing need to improve data quality while protecting data privacy are some of the major issues hospitals must solve as they move to digital financial systems. This shift is made more difficult by problems like data fragmentation and the absence of unified tactics. This, however, means that hospital financial management requires continuous innovation, integrating big data technology to optimize processes, improve decision-making, and enhance efficiency. Establishing an integrated management system and cultivating skilled personnel are essential for addressing financial deficiencies and ensuring sustainable development.

Along with these, the researcher wishes to conduct this study along financial management of private hospitals in the first district of Ilocos Sur for the belief that this can help them in their financial decisions and aid in the success of their operations. Moreover, this can be a baseline information for private hospital to manage well their financial resources in order to create and improve their financial wealth.

The health sector may benefit from this study when it comes to financial management practices which may help them improve their financial systems that could somehow boost their organizational performance. Also, the SMEs who struggle may benefit with financial management practices which may pave the way to informed and wise decision-making for the betterment of the organization. Further, the study may add up to the existing body of literature on financial management practices of private and even public hospitals for smoother and well-structured processes in terms of financial management.

## Methodology

This section of the research discusses the research design, population and sample, data gathering instrument, data-gathering procedure, ethical considerations, and statistical treatment of data that were used in the study.

### *Research Design*

The study employed descriptive correlational research methods. The descriptive methodology was used to delineate the characteristics of the respondents, the level of financial management practices of private hospitals in the first district of Ilocos Sur. Moreover, simple linear correlation was also be used to identify the significant relationship between the profile of the respondents and level of final management practices of private hospitals in the first district of Ilocos Sur. Further, interview was conducted to gather the best practices of hospitals along financial management.

### *Population and Sample*

The respondents of the study were the top management/CFO/Accountant and the accounting/finance staff of private hospital in the first district of Ilocos Sur. The sample size was determined through total enumeration data gathering.

| **Private Hospitals** | **Top Management/ CFO/ Accountant** | **Accounting/ Finance Staff** | **Total** |
|---|---|---|---|
| | **N** | **N** | |
| Metro Vigan Hospital | 2 | 6 | 8 |
| Northside Doctors Hospital | 2 | 5 | 7 |
| St James Hospital | 1 | 5 | 6 |
| Rabara Clinic & Hospital | 1 | 2 | 3 |
| Ilocos Sur Medical Mission Cooperative Hospital | 2 | 3 | 5 |
| Recel Clinic and Hospital | 1 | 2 | 3 |
| Tolentino Clinic and Hospital | 1 | 2 | 3 |
| Suero General Hospital | 2 | 3 | 5 |
| Pira Hospital | 2 | 4 | 6 |
| Corpuz Clinic and Hospital | 2 | 4 | 6 |
| Sto. Cristo Milagroso Hospital | 2 | 3 | 5 |
| **TOTAL** | 18 | 39 | 57 |

*Table 1 Distribution of respondents*

### *Data Gathering Instrument*

The data-gathering instrument that was used in this study is questionnaire that was adapted from the study of Obuya et al. (2024) by the researcher and was validated by experts. The evaluation result was computed for the validity index. The questionnaire composed of parts as follows:

Part I. This elicited information on the hospital related profile of the private hospitals in the first district of Ilocos Sur in terms of bed capacity, location, hospital classification/level, business organization, number of years in operation, and number of employees.

Part II. This part identified the level of financial management of the private hospitals in the first district Ilocos Sur in terms of budgeting practice along budget planning and coordination, budget implementation and control, and budget evaluation. This part of the instrument was adapted from the study of Obuya et. al. (2024).

Part III elicited information on the level of investment practice along investment planning, appraisal of investment projects, and financial forecasting. This part of the instrument was adapted from the study of Obuya et. al. (2024).

Part IV gathered information on the level of inventory management practice along inventory planning, inventory costs management, and inventory control measures. This part of the instrument was adapted from the study of Obuya et. al. (2024).

Part V gathered information on cash management practice along cash planning, cash collection, and cash disbursement.

The following norms were used in the interpretation of data:

*On the Level of Financial Management Practices of Private Hospitals*

| **Statistical Range** | **Item Descriptive Rating** | **Overall Descriptive Rating** |
|---|---|---|
| 4.21-5.00 | Very Much Practiced (VMP) | Very High (VH) |
| 3.41-4.20 | Much Practiced (MP) | High (H) |
| 2.61-3.40 | Practiced (P) | Fair (F) |
| 1.81-2.60 | Slightly Practiced (SP) | Low (L) |
| 1.00-1.80 | Not Practiced (NP) | Very Low (VL) |

*Data Gathering Procedure.*

The researcher asked permission from the office of the dean to gather the data that was used in the study. After which, the researcher asked permission to the administration of the private hospitals in the first district of Ilocos Sur to gather the data needed. Once the respondents are done in answering the questionnaire, the researcher retrieved the pertinent questionnaire.

*Statistical Treatment of Data.*

The data were treated statistically using the following tools:

Frequency to describe the hospital-related profile of the private hospitals in first district of Ilocos Sur in terms of bed capacity, location, hospital classification/level, business organization, number of years in operation, and number of employees.

Mean was used to determine the level of financial management of the private hospitals in the first district of Ilocos Sur in terms of budget practice, investment practice, inventory management, and cash management practice.

Simple linear correlation analysis was used to determine if there is significant relationship between the level of financial management and the personnel and hospital related profile of private hospitals in the first district Ilocos Sur.

## Results and Discussion

*Profile of Private Hospital*

Table 2 shows the profile of private hospitals in Ilocos Sur in terms of bed capacity, location, hospital classification, forms of business, number of years in operation and number of employees.

| Variables | f | % |
|---|---|---|
| **Bed Capacity** | | |
| 1 - 10 | 3.00 | 27.27 |
| 11 - 20 | 1.00 | 9.09 |
| 21 - 30 | 2.00 | 18.18 |
| 31 and above | 5.00 | 45.45 |
| **Total** | **11.00** | **100.00** |
| **Location** | | |
| within commercial zone | 8.00 | 72.73 |
| outside commercial zone | 3.00 | 27.27 |
| **Total** | **11.00** | **100.00** |
| **Hospital Classification** | | |
| Infirmary | 3.00 | 27.27 |
| Level 1 | 6.00 | 54.55 |
| Level 2 | 2.00 | 18.18 |
| **Total** | **11.00** | **100.00** |
| **Form of Business** | | |
| Sole Proprietorship | 5.00 | 45.45 |
| Foundation | 1.00 | 9.09 |
| Corporation | 4.00 | 36.36 |
| Cooperative | 1.00 | 9.09 |
| **Total** | **11.00** | **100.00** |
| **Number of Years in Operation** | | |
| 5 - 17 | 5.00 | 45.45 |
| 18 - 30 | 3.00 | 27.27 |
| 31 - 43 | 2.00 | 18.18 |
| 44 - above | 1.00 | 9.09 |
| **Total** | **11.00** | **100.00** |
| **Number of Employees** | | |
| 10 - 40 | 3.00 | 27.27 |
| 41 - 70 | 4.00 | 36.36 |
| 71 - 100 | 2.00 | 18.18 |
| 101 - above | 2.00 | 18.18 |
| **Total** | **11.00** | **100.00** |

*Table 2 Hospital Related Factors*

Taken together, the profile of private hospitals in Ilocos Sur indicates that most participating institutions are relatively established, moderately sized, and operationally positioned to serve communities with regular patient demand. The predominance of hospitals with 31 beds and above (45.45%), those located within commercial zones (72.73%), and those classified as Level 1 hospitals (54.55%) suggests that a substantial portion of the sample consists of facilities with basic to intermediate service capability situated in accessible areas. In addition, the prevalence of sole proprietorship as the form of business (45.45%), coupled with the finding that many hospitals have been operating for 5–17 years (45.45%) and employ 41–70 personnel (36.36%), reflects a sector composed largely of privately managed institutions with developing but already functional organizational structures.

This pattern implies that the hospitals are in a position where financial and operational management practices are especially important for sustaining services, controlling resources, and responding to growing healthcare demands. Bed capacity, staffing complement, and service classification are commonly used indicators of hospital size and capability, and these structural characteristics tend to shape administrative complexity, resource needs, and service delivery requirements. Philippine policy guidelines likewise distinguish Level 1 and Level 2 hospitals according to service capability and required organizational support systems, reinforcing the idea that hospital classification is directly linked with operational scope. Moreover, studies on hospital performance and management emphasize that organizational size, staffing, and internal capability influence efficiency, revenue generation, and overall institutional performance. Thus, understanding the profile of these private hospitals is essential because these structural characteristics provide the operational context within which budgeting, investment, inventory management, and cash management practices are carried out.

*Level of Financial Management Practices on Budgeting of Private Hospitals in Ilocos Sur*

Table 3 shows the level of financial practices on budgeting along budget planning and coordination, budget implementation and control and budget evaluation.

| BUDGETING PRACTICES | Administrator/ Accounting Head | | Accounting Staff | | as a Whole | |
|---|---|---|---|---|---|---|
| | **Mean** | **DR** | **Mean** | **DR** | **Mean** | **DR** |
| Budget Planning and Coordination | 3.83 | MP | 3.78 | MP | 3.80 | MP |
| Budget Implementation and Control | 3.80 | MP | 3.69 | MP | 3.73 | MP |
| Budget Evaluation | 3.77 | MP | 3.74 | MP | 3.75 | MP |
| **Overall** | **3.80** | **H** | **3.74** | **H** | **3.76** | **H** |

*Table 3 Level of Financial Management Practices along Budgeting Practices of Private Hospitals in Ilocos Sur*

As shown in Table 6, as a whole, on the level of financial management practices along budgeting practices, the overall rating is 3.76 and described as "High". This indicates that Private Hospitals in Ilocos Sur have prepare and coordinate budgets on time, they can carry out spending within approved limits most of the time, and they review results to improve future plans. Homauni et al., (2023) viewed budgeting systems as a core planning and control tool that helps healthcare organizations allocate scarce resources, coordinate departments, and control costs.

The outcome indicates that budgeting in Private Hospitals in Ilocos Sur already fosters financial discipline and service continuity, consistent with the recommendations of Homauni et al. (2023) for hospitals to implement structured budget cycles to address escalating healthcare costs and uphold care quality. Further, "Budget Planning and Coordination" received the highest mean rating of 3.80 and was described "Much Practiced" This means that hospitals are pretty good at making budgets, holding planning workshops, and working together across units before giving out funds. According to Wishnia et al. (2021), when department managers are actively involved in planning and coordination, people are more likely to stick to the budget and make sure that service priorities are met. Banzon et al. (2014) also says that many hospitals hold annual workshops to help them make their budgets and use past data and work plans to help them decide how to spend their money. Thus, this suggests that Private Hospitals in Ilocos Sur have relatively systematic and participatory budget planning processes in place.

In contrary, the lowest mean rating of 3.73 is indicated along with the "Budget Implementation and Control" and is described as "Much Practiced". This suggests that while budgets are well-designed, there are more difficulties in enforcing spending limits, monitoring variances, and maintaining tight internal control during execution. Hanif & Musvoto, (2022) found that implementation and control are weaker than planning, due to limited financial management capacity, fragmented information systems, and delays in reporting. Panyako (2024) also stressed that weak monitoring and evaluation or internal control can lessen the good effects of budgeting on financial performance, even when planning is good.

To fill the gap, Private Hospitals need to make the "downstream" side of the budget cycle stronger. Capuno et al. (2018) states that good budgeting practices in the health sector can turn plans into action, there must a be strong monitoring of spending, clear roles and responsibilities, and, timely and accurate financial reports. For Private Hospitals in Ilocos Sur, improving the training of accounting staff on variance analysis and internal controls; holding regular budget review meetings where administrators and frontline staff look at deviations together; investing in or getting the most out of simple financial information systems to keep track of commitments and actual spending; and correlating budget implementation indicators (like sticking to cash-flow plans, making payments on time, and deviations from approved line items) to performance evaluations. Hanif & Musvoto (2022) demonstrate that enhanced monitoring, evaluation, and control correlate with improved financial management and more effective utilization of healthcare resources. By focusing improvements on implementation and control while maintaining strong planning and coordination, Private Hospitals in Ilocos Sur can narrow gap and further enhance the overall financial management performance.

*Level of Financial Management Practices on Investment of Private Hospitals in Ilocos Sur*

Table 4 shows the level of financial management practices on investment practices of private hospitals in Ilocos Sur. Further, an overall mean rating was also computed to show significance in this study.

| INVESTMENT PRACTICES | Administrator/ Accounting Head | | Accounting Staff | | as a Whole | |
|---|---|---|---|---|---|---|
| | **Mean** | **DR** | **Mean** | **DR** | **Mean** | **DR** |
| Investment Planning | 3.79 | MP | 3.64 | MP | 3.69 | MP |
| Appraisal of Investment Projects | 3.76 | MP | 3.70 | MP | 3.72 | MP |
| Financial Forecasting | 3.81 | MP | 3.80 | MP | 3.81 | MP |
| **Overall** | **3.79** | H | **3.71** | H | **3.74** | H |

*Table 4 Level Financial Management Practices of Private Hospitals in Ilocos Sur along Investment Practices*

As shown in Table 4, as a whole, on the level of financial management practices on investment management practices, the overall mean rating is 3.74 and described as "High". This indicates that hospitals are practicing the core investment activities, such as planning, appraising projects and forecasting to improve the financial sustainability and the success of future projects. Private Hospitals in Ilocos Sur used formal procedures to decide where to allocate scarce capital. They set up capital-budgeting systems that helped business prioritize projects, manage risk, and stay financially stable in the long run. Uy et al. (2021) examined the financial health effects of COVID-19 on certain private hospitals in the Philippines, and found that due to the susceptibility of cash-flow interruptions, systematic investment management is crucial for maintaining services while enhancing facilities and technology.

Moreover, "Financial Forecasting" received the highest mean rating of 3.81 and was described as "Much Practiced" which means that Private Hospitals in Ilocos Sur put a lot of thought into how much money they will make, spend, and flow in the future when making investments. Further, this also means that hospital administrators and accountants often think about how new projects will affect cash flow and the revenue cycle, rather than just looking at current balances. Rolink (2023) said that financial forecasting and predictive analytics are now very important for hospital financial planning. These tools help hospitals see cash-flow gaps, try out different scenarios, and change their investment plans before they happen. Mukherjee et al. (2017) demonstrated that data-driven forecasting tools can markedly enhance financial performance by synchronizing investment choices with anticipated service demand and reimbursement trends. So, Private Hospitals in Ilocos Sur are moving towards these best practices by using forecasts as a key factor when deciding on major purchases and new projects.

On the other hand, the lowest mean rating of 3.69 is indicated along "Investment Planning" and is described as "Much Practiced". This implies that there are more inconsistencies or gaps in the early stages of the investment cycle such as identifying priority projects, aligning them with strategic goals, and formally sequencing them in a multi-year capital plan. Mukherjee et al. (2017), reviews of capital-budgeting practices in healthcare organizations report that many hospitals struggle most with the planning phase: capital requests may be fragmented by department, influenced by individual clinicians, or weakly linked to long-term strategy and available financing. In addition, when investment planning is not fully systematic, even good forecasting and appraisal work can be underused, and projects may still compete for funds in a reactive, year-to-year manner.

To close the gap, Strata Decision Technology (2022) suggests on creating a formal capital-planning framework that: (1) connects every proposed investment to strategic goals and service plans; (2) uses standardized business-case templates that include projected cash flows, scenario analyses, and risk assessments; and (3) ranks projects based on clear criteria (for example, quality of care, compliance with regulations, and financial returns). For the Private Hospitals in Ilocos Sur, this means that doing regular multi-year capital-planning exercises, getting clinical departments and finance staff more involved in ranking proposals, and making sure that forecasting outputs are used when making investment roadmaps. Strengthening these planning mechanisms would enhance the hospitals' capacity to invest sustainably in facilities, equipment, and innovative services.

*Level of Financial Management Practices on Inventory Management of Private Hospitals in Ilocos Sur*

Table 5 shows the level of financial management practices on inventory management practices of private hospitals in Ilocos Sur.

| INVENTORY MANAGEMENT PRACTICES | Administrator/ Accounting Head | | Accounting Staff | | as a Whole | |
|---|---|---|---|---|---|---|
| | **Mean** | **DR** | **Mean** | **DR** | **Mean** | **DR** |
| Inventory Planning | 3.77 | MP | 3.87 | MP | 3.84 | MP |

| | | | | | | |
|---|---|---|---|---|---|---|
| Inventory Costs Management | 3.77 | MP | 3.70 | MP | 3.72 | MP |
| Inventory Control Measures | 3.79 | MP | 3.82 | MP | 3.81 | MP |
| **Overall** | **3.77** | H | **3.80** | H | **3.79** | H |

*Table 5 Level Financial Management Practices of Private Hospitals in Ilocos Sur along Inventory Management Practices*

As shown in Table 5, as a whole, on the level of financial management practices on inventory management practices, the overall mean rating is 3.79 and described as "High". This suggest that procedures for planning, costing, and controlling inventories are regularly implemented in Private Hospitals in Ilocos Sur. Moreover, this implies that monitoring stock levels, preparing purchase requests, and documenting issuances are already part of routine operations rather than being done occasionally. But there is still room for improvement and standardization, such as through formal policies, automation, and ongoing staff training. The outcome aligns with the findings of Parilla et al. (2022), who evaluated inventory management practices in healthcare facilities in Ilocos Norte, reporting generally high levels of implementation, particularly in stock control and pharmacy storage, and identifying a significant correlation between improved inventory management and enhanced service delivery. Similar findings have been observed in Kabera et al. (2024), which indicates that effective inventory practices (e.g., accurate stock cards, min–max systems, and regular physical counts) were significantly associated with the availability of emergency obstetric drugs in Rwandan Public Hospitals. Conversely, Anyona et al. (2021) discovered that recommended inventory practices (forecasting using past consumption and maintaining updated stock records) were extensively implemented in Kenyan Public Hospitals managing antiretroviral medicines. When hospitals keep their inventory management at a consistently high level, they are more likely to make sure that medicines and supplies are always available. This helps both the efficiency of the hospital's operations and the care of its patients.

Further, "Inventory Planning" received the highest mean rating of 3.84 and was described as "Much Practiced" showing that the hospitals always plan for how much they need to buy, when they need to buy it, and when they need to reorder. Private hospitals in Ilocos Sur are fairly adept at predicting how much inventory they will need in the future, working with suppliers, and making sure that their purchases match the number of patients they expect to see and the services they expect to need. This means that stock-outs are less likely to occur because staff are already planning ahead for essential drugs, consumables, and materials.

Literature identifies inventory planning as the backbone of effective hospital inventory management. An article of Saha et al (2019) about managing hospital inventory says that planning and forecasting are important steps to make sure that "the right items are available at the right time" and to avoid both shortages and over-stocking. Parilla et al. (2022) found that facilities in Ilocos Norte with good inventory planning and stock monitoring had better service delivery outcomes. Karamshetty et al. (2022) looked at private healthcare facilities in resource-limited settings and found that structured planning and demand forecasting are important for controlling costs and improving inventory performance. Thus, Private Hospitals must prioritize inventory planning functions to safeguard patient care.

In contrast, the lowest mean rating of 3.72 is indicated along "Inventory Costs Management" and is described as "Much Practiced". The findings revealed that while Private Hospitals in Ilocos Sur monitor and control inventory costs to a considerable extent, activities such as analyzing carrying costs, monitoring wastage and expiry, assessing stock-out costs, and using cost data for decision-making may not be as consistently or rigorously implemented as planning and control measures. This implies that hospitals are good at making sure supplies are available, but less systematic in quantifying and minimizing the financial implications of those inventory decisions.

The study by Anyona et al. (2021) indicates that Kenyan public hospitals implement recommended inventory management techniques and supply chain performance measures; however, they continue to face challenges such as significant waste, stock-outs, and insufficient utilization of data for cost-related decision-making. Salenga's (2015) work on medicines management pointed out ongoing problems with buying, storing, and distributing medicines that can cause waste and inefficiency in the public sector. This shows how important it is to manage medicines with a focus on costs. Kabera et al. (2024) emphasized that inadequate inventory cost management leads to superfluous expenditures and inefficiencies within hospital supply chains. They advocate for strategies such as activity-based costing, min-max systems, and consistent cost monitoring to enhance resource utilization. Because of this, Private Hospitals in Ilocos Sur should improve their financial management without making it harder to get important supplies.

### *Level of Financial Management Practices on Cash Management of Private Hospitals in Ilocos Sur*

Table 6 shows the summary of the level of financial management practices on cash management practices of private hospitals in Ilocos Sur. Further, an overall mean rating was also computed to show significance in this study.

| CASH MANAGEMENT PRACTICES | Administrator/ Accounting Head | | Accounting Staff | | as a Whole | |
|---|---|---|---|---|---|---|
| | **Mean** | **DR** | **Mean** | **DR** | **Mean** | **DR** |
| Cash Planning | 3.97 | MP | 3.75 | MP | 3.82 | MP |
| Cash Collection | 3.99 | MP | 3.76 | MP | 3.83 | MP |
| Cash Disbursement | 4.06 | MP | 3.82 | MP | 3.89 | MP |
| **Overall** | **4.00** | H | **3.78** | H | **3.85** | H |

*Table 6 Level Financial Management Practices of Private Hospitals in Ilocos Sur along Cash Management Practices*

As shown in Table 6, as a whole, on the level of financial management practices on cash management practices, the overall mean rating is 3.85 and described as "High". This means that the hospitals are mostly good at keeping track of, recording, and controlling cash inflows and outflows, and that they have enough cash on hand to pay for things like utilities, medical supplies, equipment, medicines, and payroll. The outcome aligns with previous research indicating that hospitals implementing systematic cash management practices enhance their operational and financial performance. Muthama (2016) examined public hospitals in Kenya and discovered that improved cash management practices were significantly correlated with enhanced operational performance, especially regarding prompt payments and continuous service delivery. Rivenson (2000) also looked at non-profit health systems and stressed that proactive cash management and investment policies are important for keeping health care organizations financially stable and liquid.

Further, "Cash Disbursement" received the highest mean rating of 3.89 and was described as "Much Practiced" indicating that procedures related to authorizing, recording, and releasing payments are the most consistently practiced aspect of cash management. Private hospitals put a lot of importance on making sure that cash is handled in a systematic manner. They usually follow set procedures for documenting, approving, and recording payments to suppliers, employees, and other stakeholders. This is in line with what other writers have said about how important it is for health and social service organizations to have strong internal controls over cash disbursements.

Guidance on cash disbursement controls says that payments should only be made with the right permission, for the right business reasons, and with all the right paperwork. This is to protect hospital funds and keep creditors' trust. Rivenson (2000) also said that many big health systems have formal rules about how to handle cash disbursement and investment as part of their overall cash management systems. This is done to keep cash on hand as well as prevent people from taking advantage of it. Private hospitals in Ilocos Sur are already strong in cash disbursement management, which is a positive sign for financial accountability and trust among suppliers, staff and other stakeholders.

In contrast, the lowest mean rating of 3.82 is indicated along "Cash Planning" and is described as "Much Practiced". The findings revealed that hospitals do prepare cash budgets and forecasts, but these activities may not yet be as systematic or data-driven as their procedures for disbursing and collecting cash. This might be because cash flow projections aren't updated often enough, revenue forecasts aren't combined with spending plans, or planning tools aren't used to predict changes in patient volume and reimbursements that happen at certain times of the year.

Several studies underscore why strengthening cash planning is important, especially in hospitals. Tarus et al. (2017), in their study of public hospitals in Kajiado North, Kenya, found that cash planning techniques had a significant positive relationship with financial performance, concluding that hospitals with better cash planning were more likely to meet obligations on time and avoid liquidity crises. Likewise, Siedlecki et al. (2021) examined working capital management in hospitals and other healthcare facilities, indicating that proactive planning and forecasting of cash flows are crucial for sustaining adequate liquidity and preventing idle funds that could be otherwise productively invested. Cash planning is the weakest dimension, despite being "Much Practiced," suggests that a key opportunity for Private Hospitals in Ilocos Sur to enhance their budgeting and forecasting processes so that cash management becomes not only operationally sound but also strategically oriented toward long-term financial sustainability.

*Significant relationship between the Financial Management Practices and the Profile of Private Hospital in Ilocos Sur*

Table 20 shows the correlation coefficient between the level of financial management practices and the profile of private hospital in Ilocos Sur.

| Hospital Profile | FINANCIAL MANAGEMENT PRACTICES | | | | |
|---|---|---|---|---|---|
| | Budgeting Practices | Investment Practices | Inventory Management | Cash Management | As a Whole |
| Bed Capacity | .753** | .784** | .664** | .703** | .828** |
| Location | 0.113 | 0.203 | 0.124 | 0.132 | 0.166 |
| Hospital Level | .410** | .369** | 0.011 | .270* | .331* |
| Form of Business | .471** | .339** | 0.206 | 0.257 | .374** |
| No. of Year in Operation | 0.16 | 0.105 | -0.074 | 0.006 | 0.072 |
| No. of Employees | .715** | .759** | .826** | .727** | .846** |

*Table 6 Correlation Between Personal Related Factors and Healthcare Waste Management Practices*

Bed capacity (r = .828, p<.01) was found to have a significant relationship with the overall financial management practices of the private hospitals in Ilocos Sur. This may be due to economies of scale and higher revenue potential from increased patient volume. Larger facilities can negotiate better terms with suppliers, insurers like PhilHealth, and lenders, leading to improved liquidity and efficiency metrics such as current ratios. Moreover, hospital level (r = .311, p<.05) was found to have a significant relationship with the overall financial management practices of the private hospitals in Ilocos Sur. Higher-level private hospitals in Ilocos Sur exhibit stronger financial management practices and this may be due to their advanced capabilities, larger scale, and ability to handle complex cases with higher reimbursements from PhilHealth and private payers. Number of employees (r = .846, p<.01) was found to have a significant relationship with the overall financial management practices of the private hospitals in Ilocos Sur. This means that private hospitals in Ilocos Sur with more employees tend to have stronger financial management practices, as larger staff sizes align with bigger operations that achieve economies of scale and optimized expense controls.

## Conclusion and Implications

From the findings of the study, the following conclusions were drawn:

From the findings of the study, the following conclusions were drawn:

1. Private hospitals in Ilocos Sur are generally moderate in size, operationally established, and strategically located to serve communities with regular healthcare demand. Most of the participating hospitals had a bed capacity of 31 and above, were located within commercial zones, and were classified as Level 1 hospitals. A large proportion were also organized as sole proprietorships, had been operating for 5–17 years, and employed 41–70 personnel. This suggests that the private hospitals included in the study have functional organizational structures and sufficient operational scope to require sound and systematic financial management practices.
2. Financial management practices of private hospitals in Ilocos Sur are generally high across the four major areas of budgeting, investment, inventory management, and cash management. This indicates that the hospitals have established financial systems that support planning, control, resource allocation, and day-to-day operations. The findings imply that financial management is not merely an administrative requirement but an essential and practiced component of hospital sustainability and service continuity.
3. Among the four dimensions of financial management, cash management obtained the highest overall rating, while investment practices obtained the lowest, although both remained at a high level. This shows that hospitals are strongest in handling cash inflows, disbursements, and short-term liquidity requirements, while investment-related functions such as planning and project prioritization may still require further strengthening. The result

implies that hospitals place strong emphasis on maintaining operational liquidity, but long-term capital planning may not yet be as fully developed as other financial functions.

4. In budgeting practices, budget planning and coordination emerged as the strongest area, while budget implementation and control received the lowest mean, although still described as much practiced. This indicates that hospitals are relatively effective in preparing budgets, coordinating among departments, and aligning plans before budget execution. However, the lower result in implementation and control suggests that greater attention is needed in enforcing spending limits, monitoring variances, and strengthening internal controls during actual budget execution.
5. In investment practices, financial forecasting was the most practiced area, while investment planning received the lowest rating. This suggests that hospitals are able to anticipate future financial conditions and consider projected revenues, costs, and cash flows when making financial decisions. However, the relatively lower result in investment planning implies that identifying, prioritizing, and sequencing long-term capital projects may still be less systematic, thereby limiting the full effectiveness of investment decision-making.
6. In inventory management practices, inventory planning ranked highest, while inventory cost management ranked lowest, although all dimensions remained highly practiced. This means that hospitals are generally effective in forecasting inventory needs, scheduling purchases, and maintaining adequate stock levels for operations. However, the lower rating in cost management suggests that hospitals may be less systematic in tracking wastage, expiry, carrying costs, and the broader financial implications of inventory decisions.
7. In cash management practices, cash disbursement obtained the highest mean, while cash planning received the lowest, though both were still highly practiced. This indicates that hospitals have stronger and more consistent procedures in authorizing, recording, and releasing payments than in forecasting and planning future cash flows. The findings imply that while hospitals are operationally capable of handling cash transactions, they may still improve the strategic aspect of cash planning to better anticipate liquidity needs and support long-term financial stability.
8. Hospital-related factors significantly influence the financial management practices of private hospitals in Ilocos Sur. Bed capacity and number of employees were found to have strong and significant relationships with overall financial management practices, while hospital level and form of business also showed significant relationships in selected areas. This indicates that structural and organizational characteristics play an important role in shaping the quality and strength of financial management systems. In contrast, location and number of years in operation were not significantly related to overall financial management practices, suggesting that institutional size, complexity, and workforce complement are more influential than mere physical location or length of existence.

From the findings and conclusions of the study, the following recommendations are forwarded:

1. Private hospitals may continue strengthening their overall financial management systems by sustaining the practices already observed in budgeting, investment, inventory management, and cash management. Since all major areas were rated high, hospital administrators may reinforce these practices through regular review, standardization of procedures, and continuous monitoring to ensure consistency and long-term effectiveness.

2. Hospitals may further improve budgeting practices, particularly in the area of budget implementation and control. While planning and coordination were found to be strong, management may strengthen budget execution by enhancing variance analysis, tightening spending controls, conducting regular budget performance reviews, and ensuring timely financial reporting. This can help translate well-prepared budgets into more disciplined and efficient financial operations.

3. Hospitals may place greater emphasis on formal and strategic investment planning. Since financial forecasting was strong but investment planning had the lowest rating among investment dimensions, administrators may adopt structured capital-planning frameworks, prepare multi-year investment plans, and use clear criteria in prioritizing projects. Linking investment decisions with hospital goals, patient needs, regulatory requirements, and financial capacity may lead to more sustainable long-term growth.

4. Hospitals may strengthen inventory cost management while maintaining strong inventory planning and control systems. This may include improving the monitoring of wastage, expiry, stock-out costs, and carrying costs, as well as using inventory data more effectively in financial decision-making. Hospitals may also consider strengthening coordination between finance, procurement, and end-user departments to ensure that inventory remains both operationally sufficient and financially efficient.

5. Hospitals may enhance cash planning mechanisms to complement their already strong cash disbursement and collection practices. More frequent cash flow forecasting, integration of revenue and expenditure projections, and use of historical and seasonal trends may help hospitals better anticipate financial needs and avoid liquidity constraints. Strengthening this area can support not only routine operations but also longer-term financial resilience.

6. Hospital administrators may develop financial management strategies that are aligned with institutional size and capacity. Since bed capacity, hospital level, form of business, and number of employees were found to influence financial management practices, hospitals may adopt approaches appropriate to their operational complexity. Larger hospitals may continue formalizing and expanding their systems, while smaller hospitals may benefit from simplified but more disciplined financial controls, technical support, and benchmarking with better-performing institutions.

7. Hospitals may invest in capacity building for administrators, accounting heads, and accounting staff to sustain and further improve financial management practices. Continuous professional development in budgeting, forecasting, internal control, investment appraisal, working capital management, and inventory costing may help staff respond more effectively to changing financial demands in the healthcare environment.

8. Future researchers may expand the scope of the study by including more private hospitals from other districts or provinces, as well as public hospitals and specialty healthcare institutions, to provide a broader comparison of financial management practices. Future studies may also explore other influencing variables such as leadership style, technology adoption, internal control systems, reimbursement delays, and financial performance indicators to deepen understanding of hospital financial management.

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## Data Availability Statement

The data supporting this study are available from the corresponding author upon reasonable request.

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## Appendices

*Appendix A. Survey Questionnaire*

This appendix presents the survey questionnaire utilized as the main research instrument in the study entitled Financial Management Practices of Private Hospitals in Ilocos Sur. The instrument was prepared to gather pertinent data necessary in determining the level of financial management practices of private hospitals in terms of budgeting, investment, inventory management, and cash management. Likewise, it was used to obtain data on the profile of the hospitals, which served as a basis in examining the relationship between selected hospital characteristics and their financial management practices.

The questionnaire consists of two major parts. The first part focuses on the hospital profile, including variables such as bed capacity, location, hospital classification, form of business organization, years in operation, and number of employees. The second part contains the statements reflecting the different dimensions of financial management practices. These were answered by the respondents using a structured Likert scale. The responses obtained through this instrument provided the quantitative data needed for the statistical analysis, interpretation, and discussion of the results of the study.