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Optimizing financial management to improve hospital profitability: A case study of Ari Canti Hospital, Ubud

Ni Made Dwi Anggarini
Master of Management Graduate Program, Adhirajasa Reswara Sanjaya University, Indonesia
Corresponding Email: madedwianggarini@gmail.com

Erliany Syaodih
Master of Management Graduate Program, Adhirajasa Reswara Sanjaya University, Indonesia

Yani Restiani Widjaja
Master of Management Graduate Program, Adhirajasa Reswara Sanjaya University, Indonesia

***Abstract*---**Financial sustainability has become a critical challenge for hospitals, requiring effective financial management to maintain profitability while ensuring the delivery of high-quality healthcare services. This study aims to examine the dynamics of hospital profit margins, identify the internal and external factors influencing financial performance, and formulate strategic priorities to improve profitability. A qualitative case study approach was employed at Ari Canti Hospital, Ubud. Data were collected through in-depth interviews, direct observations, and analyses of financial and operational documents. The findings were subsequently interpreted using qualitative data analysis integrated with SWOT, TOWS, and the Quantitative Strategic Planning Matrix (QSPM) to develop strategic recommendations. The results reveal that fluctuations in profit margins are primarily associated with high levels of pending claims, returned claims, prolonged Days Accounts Receivable (Days AR), suboptimal cash flow management, and increasing operational costs. Conversely, the hospital possesses several strategic strengths, including strong managerial commitment, integrated information systems, competent human resources, and stable revenue growth, while expanding healthcare demand and technological advancement present significant external opportunities. The strategic priority

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identified through the QSPM analysis is the implementation of an integrated Revenue Cycle Management (RCM) framework focusing on claim process optimization, accelerated accounts receivable collection, operational cost control, and strengthened financial monitoring systems. These initiatives are expected to enhance profit margins and reinforce the long-term financial sustainability of Ari Canti Hospital. The findings contribute to the growing literature on hospital financial management by demonstrating how integrated revenue cycle optimization can strengthen financial performance in private healthcare institutions.

***Keywords*---**Financial Management, Hospital Profit Margin, Revenue Cycle Management, Financial Sustainability, Strategic Management, Qualitative Case Study.

Introduction

Financial sustainability has become a strategic priority for hospitals operating in increasingly complex healthcare systems. Beyond generating revenue, hospitals must ensure that financial resources are managed efficiently to sustain service quality, invest in infrastructure, strengthen human resources, and maintain long-term organizational performance. Consequently, profit margin is widely recognized as a key indicator of hospital financial performance because it reflects an organization's ability to convert operating revenue into sustainable financial surplus (Brigham & Houston, 2018; Cleverley et al., 2022).

Effective hospital financial management requires the integration of revenue planning, cost control, accounts receivable management, cash flow management, and continuous performance evaluation. Previous studies argue that revenue growth alone does not necessarily improve profitability when operational costs increase, claims processing is delayed, and receivable collection becomes inefficient (Gapenski, Pink, & Reiter, 2024; Nowicki, 2024). These findings suggest that hospital profitability depends not only on service volume but also on the effectiveness of financial management practices throughout the revenue generation process.

This issue is evident at Ari Canti Hospital, Ubud, where internal financial records indicate that total revenue increased substantially between 2020 and 2024, while profit margins fluctuated considerably and failed to return to their highest level achieved in 2021 (Internal Financial Reports of Ari Canti Hospital, 2020–2024). During this period, hospital revenue increased from IDR 122.65 billion to IDR 211.66 billion, representing approximately 72.6% growth. However, operational costs also increased significantly, resulting in profit margin fluctuations from 10.23% (2020) to 17.59% (2021) before declining to 7.11% (2022) and recovering only modestly to 9.02% (2024) (Internal Financial Reports of Ari Canti Hospital, 2020–2024). This discrepancy indicates that increasing service revenue has not been fully translated into improved financial performance.

One important explanation for this phenomenon is the effectiveness of Revenue Cycle Management (RCM). RCM encompasses the entire financial process from patient registration, insurance verification, clinical documentation, medical coding, billing, claims submission, accounts receivable management, to cash collection. Inefficiencies at any stage may lead to pending claims, returned claims, prolonged Days Accounts Receivable (Days AR), cash flow constraints, and ultimately lower hospital profitability (Healthcare Financial Management Association, 2023; Nowicki, 2024). At the same time, controlling operational expenditures—including pharmaceutical costs, medical supplies, personnel expenses, and administrative overhead—is equally essential because rising costs may offset revenue growth and reduce overall profit margins (Bai & Zare, 2020; Horngren, Datar, & Rajan, 2015).

Hospitals also operate within a rapidly changing external environment characterized by evolving healthcare financing regulations, changing reimbursement requirements, technological advancement, increasing competition, and shifting patient expectations. These external factors present both opportunities and challenges that require adaptive financial governance and strategic decision-making (David, David, & David, 2024; Ginter, Duncan, & Swayne, 2018).

Existing literature has extensively examined hospital profitability through individual perspectives such as cost efficiency, receivable management, cash conversion cycles, digital transformation, or Revenue Cycle Management. However, these studies generally investigate these determinants separately (Krzeczewski, 2024; Chandawarkar et al., 2024; Karisma et al., 2024). Limited attention has been given to an integrated strategic analysis that simultaneously evaluates internal financial conditions, external environmental factors, revenue cycle effectiveness, operational cost control, and strategic prioritization within a qualitative hospital management context (Creswell & Creswell, 2018; Yin, 2018).

To address this gap, this study employs a qualitative case study approach integrating SWOT analysis, the TOWS Matrix, and the Quantitative Strategic Planning Matrix (QSPM) to identify strategic priorities for improving hospital profit margins. Unlike previous studies that primarily focus on isolated financial indicators, this research combines financial performance analysis, managerial perspectives, organizational strengths and weaknesses, environmental opportunities and threats, and strategic decision-making into a comprehensive financial management framework (Gurel & Tat, 2017; David et al., 2024).

Accordingly, this study aims to analyze the dynamics of profit margin performance at Ari Canti Hospital, identify the internal and external factors influencing hospital profitability, and formulate priority financial management strategies to improve profit margins. The findings are expected to contribute to the hospital financial management literature by demonstrating how an integrated Revenue Cycle Management approach, combined with strategic financial planning and cost control, can strengthen financial sustainability and organizational performance in private hospitals.

Methods

This study employed a qualitative case study design to explore the financial management practices influencing profit margin performance at Ari Canti Hospital, Ubud, Indonesia. A qualitative approach was selected because the study sought to gain an in-depth understanding of organizational financial processes, managerial decision-making, and strategic issues that could not be adequately explained through quantitative financial indicators alone. The case study design enabled a comprehensive investigation of the hospital's financial conditions within its real organizational context (Creswell & Creswell, 2018; Yin, 2018).

Data were collected from multiple sources to enhance the credibility and richness of the findings. Primary data were obtained through semi-structured, in-depth interviews with key informants directly involved in financial and operational management, including hospital executives and managers responsible for finance, billing, claims administration, and related operational functions. Secondary data consisted of internal financial reports, operational documents, performance records, and supporting institutional documents covering the period from 2020 to 2024. Direct observations of financial management processes were also conducted to provide contextual understanding and support data triangulation.

The collected data were analyzed using an interactive qualitative analysis approach involving data reduction, data display, and conclusion drawing throughout the research process (Miles, Huberman, & Saldaña, 2020). Interview transcripts, field observations, and documentary evidence were systematically coded to identify recurring themes related to hospital financial performance, operational challenges, and strategic management practices. Methodological triangulation was applied by comparing findings from interviews, observations, and documentary evidence to improve the trustworthiness of the analysis.

To formulate strategic recommendations, the qualitative findings were integrated with three complementary strategic management tools. First, Strengths, Weaknesses, Opportunities, and Threats (SWOT) analysis was employed to identify internal organizational capabilities and external environmental conditions affecting hospital financial performance (Gurel & Tat, 2017). Second, the Threats–Opportunities–Weaknesses–Strengths (TOWS) Matrix was used to develop strategic alternatives by matching internal and external factors (David, David, & David, 2024). Finally, the Quantitative Strategic Planning Matrix (QSPM) was applied to prioritize the proposed strategies objectively by evaluating the relative attractiveness of each strategic alternative based on the identified strategic factors (David et al., 2024).

The analysis focused on identifying the financial and operational factors influencing hospital profit margins, including revenue cycle management performance, claims processing efficiency, accounts receivable management, cash flow, operational cost control, and external environmental dynamics. These analytical dimensions provided the basis for developing strategic priorities aimed at improving financial performance and supporting the long-term sustainability of the hospital.

To ensure research rigor, credibility was established through data triangulation, prolonged engagement with organizational documents, and member checking with selected participants to confirm the accuracy of the interpreted findings. Dependability and confirmability were strengthened by maintaining a systematic audit trail documenting the data collection, coding procedures, analytical decisions, and strategy formulation process throughout the study (Creswell & Creswell, 2018; Yin, 2018).

Result and Discussion

Profit Margin Dynamics

The analysis of Ari Canti Hospital's financial performance demonstrates that although total revenue increased substantially during the 2020–2024 period, the hospital was unable to maintain a stable profit margin. Financial document analysis indicates that revenue grew from IDR 122.65 billion in 2020 to IDR 211.66 billion in 2024, representing an increase of approximately 72.6%. However, this positive trend was accompanied by a parallel increase in operating expenses, resulting in fluctuating net income and inconsistent profit margin performance.

Table 1. Financial Performance of Ari Canti Hospital (2020–2024)

Year	Revenue	Operating Expenses	Net Profit	Profit Margin
2020	IDR 122,646,478,433	IDR 110,094,054,141	IDR 12,552,424,292	10.23%
2021	IDR 168,097,299,708	IDR 138,526,882,362	IDR 29,570,417,346	17.59%
2022	IDR 128,187,055,125	IDR 119,071,315,236	IDR 9,115,739,889	7.11%
2023	IDR 181,804,245,908	IDR 168,487,869,379	IDR 13,316,376,529	7.32%
2024	IDR 211,663,896,278	IDR 192,577,134,371	IDR 19,086,761,908	9.02%

Ari Canti Hospital Financial Reports (2020–2024)

As presented in Table 1, revenue growth was not consistently translated into higher profitability because operational expenditures increased simultaneously. Although net profit recovered after the sharp decline observed in 2022, profit margin remained below its 2021 peak, indicating that financial performance was constrained by factors beyond revenue generation alone.

Table 2. Profit Margin Trend (2020–2024)

Year	Profit Margin
2020	10.23%
2021	17.59%
2022	7.11%
2023	7.32%
2024	9.02%

Primary Data, 2026

The profit margin trend presented in Table 2 reveals considerable fluctuations throughout the study period. Profitability reached its highest level in 2021 (17.59%), declined sharply to 7.11% in 2022, and gradually improved over the following two years. Nevertheless, the hospital had not regained its previous profitability level by the end of 2024, suggesting that improvements in revenue were insufficient to offset increasing operational costs and inefficiencies in financial management.

To better understand these dynamics, financial performance was synthesized using documentary evidence and qualitative findings obtained from interviews and observations.

Table 3. Synthesis of Profit Margin Dynamics

Observed Aspect	Empirical Findings	Managerial Implications
Revenue	Continuous growth during 2020–2024.	Increasing market demand and service utilisation provide opportunities for financial growth.
Operating expenses	Increased alongside service expansion.	Cost efficiency must be strengthened to prevent revenue growth from being absorbed by operational expenditures.
Net profit	Fluctuated throughout the study period.	Financial performance remains highly sensitive to revenue cycle efficiency and cost management.
Profit margin	Has not returned to the 2021 level.	Financial management should focus on improving profitability rather than merely increasing revenue.

Primary Data, 2026

The qualitative findings indicate that fluctuations in profit margin cannot be explained solely by changes in revenue. Interviews and documentary evidence consistently identified pending claims, returned claims, prolonged Days Accounts Receivable (Days AR), suboptimal cash flow management, and rising operating costs as the primary contributors to declining profitability. These issues delayed cash inflows and reduced the hospital's ability to convert service revenue into realised financial gains.

These findings are consistent with the hospital financial management framework proposed by Gapenski, Pink, and Reiter (2024) and Nowicki (2024), who argue that hospital profitability depends on the integrated management of revenue, operational costs, receivables, and cash flow rather than on revenue growth alone. Similarly, Healthcare Financial Management Association (2023) emphasises that weaknesses in Revenue Cycle Management (RCM)—including inefficiencies in claims processing, billing, coding, and receivable collection—can significantly reduce organisational profitability despite increasing patient volumes.

The findings also support previous empirical studies demonstrating that effective Revenue Cycle Management improves hospital financial performance by accelerating claim reimbursement, reducing accounts receivable, and strengthening cash flow (Raus et al., 2023; Albar et al., 2024). In the case of Ari Canti Hospital, the inability to maintain profit margin despite substantial revenue growth indicates that financial sustainability depends on strengthening the entire revenue cycle while simultaneously improving operational cost efficiency.

Overall, the results suggest that hospital financial performance should be evaluated from an integrated managerial perspective. Increasing service volume alone is insufficient to improve profitability unless accompanied by effective Revenue Cycle Management, disciplined cost control, efficient receivable management, and continuous financial monitoring. These findings provide the empirical foundation for the subsequent analysis of internal and external strategic factors and the formulation of priority financial management strategies.

Internal Strategic Factors

The analysis of internal strategic factors identified several organizational strengths and weaknesses that directly influence Ari Canti Hospital's ability to improve its profit margin. The findings, derived from interviews, observations, and documentary analysis, indicate that financial performance is shaped not only by financial indicators but also by managerial commitment, operational processes, information systems, and human resource capabilities.

Table 4. Internal Strategic Factors Affecting Profit Margin

Category	Strategic Internal Factor	Implication for Profit Margin
Strength	Continuous revenue growth	Provides opportunities to increase profitability if supported by effective cost control and claims management.
Strength	Strong management commitment to financial evaluation	Supports continuous financial improvement and evidence-based decision-making.
Strength	Availability of Hospital Information System (HIS)	Enables the development of integrated dashboards for monitoring claims, receivables, operational costs, and financial performance.
Strength	Experienced human resources	Supports effective implementation of Revenue Cycle Management (RCM).
Weakness	Pending and returned	Delay revenue realization and negatively

Category	Strategic Internal Factor	Implication for Profit Margin
	claims	affect cash flow and profitability.
Weakness	High Days Accounts Receivable (Days AR)	Reduces liquidity and slows cash conversion.
Weakness	Inconsistent coordination of clinical and administrative documentation	Increases claim rejection and administrative rework.
Weakness	Rising operational costs	Reduces profit margin if not balanced by operational efficiency.

Primary Data, 2026

1) Strengths

The findings indicate that Ari Canti Hospital possesses several internal capabilities that can support financial sustainability. Continuous revenue growth reflects increasing public trust and expanding healthcare service utilization, providing a solid foundation for future profitability. In addition, management demonstrates a strong commitment to financial evaluation through regular monitoring of financial performance, claims management, and operational indicators. Such commitment facilitates timely managerial intervention and continuous performance improvement.

Another important strength is the availability of a Hospital Information System (HIS), which has supported operational and financial administration. Although the existing system has not yet been fully integrated into a comprehensive financial dashboard, it provides a strong technological foundation for monitoring key indicators such as revenue, operational costs, claims status, accounts receivable, and profit margin in real time. Furthermore, experienced personnel in finance, medical records, coding, and claims administration contribute significantly to the effectiveness of Revenue Cycle Management by ensuring that financial and administrative processes operate efficiently.

These findings support the strategic management perspective proposed by David (2024), which argues that organizational resources and managerial capabilities constitute strategic assets that create competitive advantage when effectively aligned with organizational objectives. Likewise, recent studies highlight that digital transformation and competent human resources enhance financial decision-making and improve organizational efficiency in healthcare institutions (Karisma et al., 2024).

2) Weaknesses

Despite these strengths, the study identified several internal weaknesses that constrain improvements in hospital profitability. The most prominent issues involve pending claims, returned claims, prolonged Days Accounts Receivable (Days AR), inconsistent coordination between clinical and administrative units, and increasing operational costs. These factors delay revenue realization, weaken liquidity, and reduce the hospital's capacity to convert healthcare services into financial returns.

Interview findings revealed that pending and returned claims are primarily associated with incomplete documentation, coding inconsistencies, and insufficient coordination among medical, medical records, and claims departments. Consequently, claim resubmissions increase administrative

workload and postpone cash inflows. In addition, the absence of real-time monitoring for receivables limits management's ability to respond quickly to overdue claims, contributing to extended cash conversion cycles.

Operational expenditure also emerged as a significant challenge. Rising pharmaceutical costs, medical consumables, personnel expenses, and overhead costs have absorbed a considerable proportion of additional revenue generated during the study period. As a result, revenue growth has not translated into proportional improvements in profit margin.

These findings are consistent with the Revenue Cycle Management framework proposed by the Healthcare Financial Management Association (2023), which emphasises that documentation quality, coding accuracy, interdepartmental coordination, and receivable management are critical determinants of hospital financial performance. Similarly, Gapenski, Pink, and Reiter (2024) argue that sustainable hospital profitability depends not only on revenue generation but also on rigorous operational cost control and efficient financial management processes.

Overall, the internal factor analysis demonstrates that Ari Canti Hospital possesses substantial organizational strengths capable of supporting long-term financial sustainability. However, these advantages have not yet been fully translated into improved profitability because several operational weaknesses continue to reduce the effectiveness of Revenue Cycle Management. Therefore, strengthening claims management, enhancing interdepartmental coordination, integrating financial information systems, improving receivable management, and reinforcing cost control should become key managerial priorities for improving hospital profit margins.

External Strategic Factors

External environmental analysis identified several opportunities and threats that influence Ari Canti Hospital's financial performance and its ability to improve profit margins. Data obtained from interviews, observations, and document analysis indicate that external factors are primarily associated with changes in healthcare demand, the national health insurance system, technological development, regulatory changes, market competition, and rising operational costs. These factors create both opportunities for revenue growth and challenges to long-term financial sustainability.

Table 5. External Strategic Factors Affecting Profit Margin

Category	Strategic External Factor	Implication for Profit Margin
Opportunity	Increasing demand for healthcare services	Expands patient volume and revenue opportunities through service growth.
Opportunity	Large National Health Insurance (JKN) market	Increases patient volume while requiring efficient claims management.
Opportunity	Development of healthcare information technology	Supports faster administration, claims processing, receivable monitoring, and financial reporting.
Opportunity	Development of high-value healthcare services	Strengthens competitiveness and generates higher-margin revenue.
Threat	Changes in BPJS/JKN	Increase the risk of pending and

	regulations and claim requirements	returned claims if organisational adaptation is inadequate.
Threat	Intensifying competition among healthcare providers	Requires continuous improvements in service quality and operational efficiency.
Threat	Rising costs of medicines, medical supplies, equipment, and labour	Reduce profitability if operational efficiency is not improved.
Threat	Delays in reimbursement from third-party payers	Disrupt cash flow and increase liquidity risk.

Primary Data, 2026

1) Opportunities

The findings demonstrate that Ari Canti Hospital operates in an environment that offers considerable opportunities for financial growth. Increasing public awareness of healthcare, demographic changes, and expanding demand for medical services provide favourable conditions for increasing patient volume and service utilisation. Moreover, the continued expansion of Indonesia's National Health Insurance (JKN) programme provides a stable patient base capable of generating sustained revenue, provided that claims are processed efficiently and reimbursement cycles are well managed.

Technological advancement also emerged as a significant opportunity. The hospital has implemented a Hospital Information System (HIS), and the findings indicate substantial potential for further integration of financial dashboards capable of monitoring claims, receivables, operational costs, and profit margins in real time. Such integration would improve managerial decision-making, strengthen financial monitoring, and enhance the effectiveness of Revenue Cycle Management.

Another strategic opportunity involves the development of specialised healthcare services that align with local market demand. Considering Ubud's reputation as an international tourism destination, expanding value-added healthcare services could strengthen the hospital's competitive position while generating higher-margin revenue streams.

These findings are consistent with the strategic management framework proposed by David (2024), which emphasises that organisations should leverage external opportunities by aligning internal capabilities with changing market conditions. Furthermore, the World Health Organization (2021) highlights that digital transformation improves healthcare efficiency, strengthens organisational resilience, and supports evidence-based managerial decision-making. Therefore, technological innovation, growing healthcare demand, and market expansion collectively represent important strategic opportunities for improving hospital profitability.

This finding is also supported by Ellyana et al. (2025), who reported that the implementation of electronic prescription systems improves the efficiency of hospital financial management by reducing administrative errors, accelerating clinical documentation, and strengthening the integration of operational and financial processes.

2) Threats

Despite favourable market conditions, the study also identified several external threats that may undermine financial performance. The most significant challenge concerns the frequent changes in BPJS Health reimbursement policies and claims requirements. Interviews revealed that regulatory revisions often require rapid adjustments in documentation, coding procedures, and administrative workflows. Delays in organisational adaptation increase the incidence of pending and returned claims, ultimately postponing revenue recognition and weakening cash flow.

The hospital also faces increasing competition from other healthcare providers. As patients have more choices regarding healthcare services, maintaining service quality, operational efficiency, and organisational reputation has become increasingly important for sustaining patient loyalty and financial performance.

Rising operational costs constitute another major threat. Continuous increases in pharmaceutical prices, medical consumables, medical equipment, personnel expenses, and other overhead costs place substantial pressure on profitability. Even when service revenue increases, uncontrolled expenditure may significantly reduce operating margins.

Finally, delays in reimbursement from third-party payers remain a critical financial risk. Prolonged reimbursement periods increase accounts receivable balances, reduce liquidity, and limit the hospital's financial flexibility to support operational activities and future investment. These findings reinforce the importance of integrating receivable management and cash flow monitoring within the broader Revenue Cycle Management framework.

The identified threats are consistent with previous studies indicating that regulatory uncertainty, reimbursement delays, rising healthcare costs, and market competition are major external determinants of hospital financial performance (David et al., 2024; Purwadhi et al., 2024). Collectively, these findings suggest that improving hospital profitability requires not only internal financial efficiency but also the organisational capability to anticipate environmental changes and respond strategically to external pressures.

Overall, the external factor analysis demonstrates that Ari Canti Hospital possesses substantial opportunities to strengthen its financial performance through market growth, digital transformation, and service development. Nevertheless, these opportunities can only be fully realised if the hospital effectively manages regulatory changes, reimbursement risks, competitive pressures, and escalating operational costs. Consequently, strategic adaptation to the external environment is essential for achieving sustainable improvements in hospital profit margins.

Strategic Priorities

The final stage of the analysis translated the identified internal and external strategic factors into actionable financial management strategies. This study employed the TOWS Matrix to formulate strategic alternatives and the Quantitative Strategic Planning Matrix (QSPM) to determine implementation priorities. Unlike conventional quantitative QSPM applications, prioritisation in this study was based on qualitative evidence obtained from interviews, observations, documentary analysis, and consensus among key informants regarding strategic urgency, implementation feasibility, and expected impacts on hospital profitability.

Table 6. TOWS Matrix for Improving Hospital Profit Margin

Strategy	Strategic Formulation	Implementation Direction
SO	Utilise revenue growth, managerial commitment, experienced human resources, and existing information systems to develop an integrated Revenue Cycle Management (RCM) dashboard and high-value healthcare services.	Strengthen value-added services, integrate financial and claims data, and monitor key financial indicators regularly.
WO	Reduce Revenue Cycle Management weaknesses by utilising information technology and the growing JKN market through document standardisation, early verification, and claim auditing.	Develop claim checklists, establish claim validation teams, conduct routine pending-claim audits, and implement real-time monitoring dashboards.
ST	Use managerial commitment and staff competencies to respond effectively to regulatory changes and increasing market competition.	Provide continuous coding and claims training, strengthen clinical pathways, and regularly evaluate payer collaboration.
WT	Minimise organisational weaknesses and external threats through operational cost control, demand-based procurement, receivable monitoring, and cash flow planning.	Control pharmaceutical and medical supply costs, monitor Days Accounts Receivable (Days AR), and strengthen cash flow forecasting.

Primary Data, 2026

The TOWS analysis demonstrates that improving hospital profitability requires a balanced strategy integrating organisational strengths with external opportunities while simultaneously addressing operational weaknesses and environmental threats. Among the proposed alternatives, most strategic initiatives converge on strengthening Revenue Cycle Management, improving financial information integration, enhancing interdepartmental coordination, and reinforcing operational efficiency. These findings indicate that hospital financial sustainability depends on the interaction between managerial capability and organisational adaptability rather than on isolated financial interventions. To identify implementation priorities, each strategic alternative was subsequently evaluated using the QSPM approach.

Table 7. Strategic Priorities Based on the QSPM Analysis

Rank	Strategic Priority	Strategic Rationale	Expected Impact
1	Integrated Revenue Cycle Management optimisation	Directly addresses pending claims, returned claims, Days Accounts Receivable (Days AR), receivables, and cash flow management.	Accelerates revenue realisation, strengthens liquidity, and improves profit margin.
2	Control of high-cost	Reduces pharmaceutical,	Improves

	operational expenditures	medical supply, labour, and overhead costs.	operational efficiency and protects profitability.
3	Development of integrated financial, claims, and receivable dashboards	Enables continuous monitoring of financial performance indicators.	Supports faster managerial decision-making and corrective action.
4	Development of high-margin healthcare services	Utilises market opportunities and increasing healthcare demand.	Strengthens revenue quality and competitive positioning.
5	Strengthening cross-functional governance and regulatory responsiveness	Improves coordination among clinical, coding, claims, and finance units while enhancing compliance with reimbursement regulations.	Reduces administrative errors, claim delays, and organisational inefficiencies.

Primary Data, 2026

The QSPM results identify integrated Revenue Cycle Management (RCM) as the highest strategic priority for improving hospital profitability. Qualitative evidence consistently indicates that fluctuations in profit margin are primarily associated with pending claims, returned claims, prolonged receivable collection, and inefficient cash flow management. Consequently, strengthening the entire revenue cycle—from patient registration and clinical documentation to coding, billing, claims submission, receivable management, and cash collection—offers the greatest opportunity to improve financial performance.

The second priority focuses on controlling high-cost operational expenditures. Although Ari Canti Hospital experienced substantial revenue growth during the study period, increasing expenditure on pharmaceuticals, medical consumables, labour, and overhead absorbed a significant proportion of additional income. Therefore, improving profitability requires continuous monitoring of cost drivers alongside revenue optimisation.

his finding is consistent with Herlina, Purwadhi, and Widjaja (2024), who demonstrated that the Activity Based Costing (ABC) method provides a more accurate basis for determining hospital service costs and tariffs by tracing resource consumption to specific activities, thereby supporting more effective cost control and financial decision-making.

The development of integrated financial dashboards emerged as the third strategic priority. Interviews revealed that financial information remains fragmented across departments, limiting timely managerial responses to emerging financial issues. Integrating claims, receivables, operational costs, and profitability indicators into a single decision-support platform would improve organisational transparency and facilitate evidence-based financial management.

These priorities are consistent with Widiyaningsih et al. (2025), who emphasized that effective collaboration with BPJS requires integrated financial management, competent human resources, and coordinated governance to ensure timely reimbursement and long-term hospital financial sustainability.

The remaining priorities emphasise the development of high-value healthcare services and stronger cross-functional governance. Expanding specialised services enables the hospital to capture growing healthcare demand while increasing contribution margins. Simultaneously, improving coordination among clinical departments, medical records, coding, claims administration, and finance is expected to reduce documentation errors, accelerate reimbursement, and improve compliance with evolving reimbursement regulations.

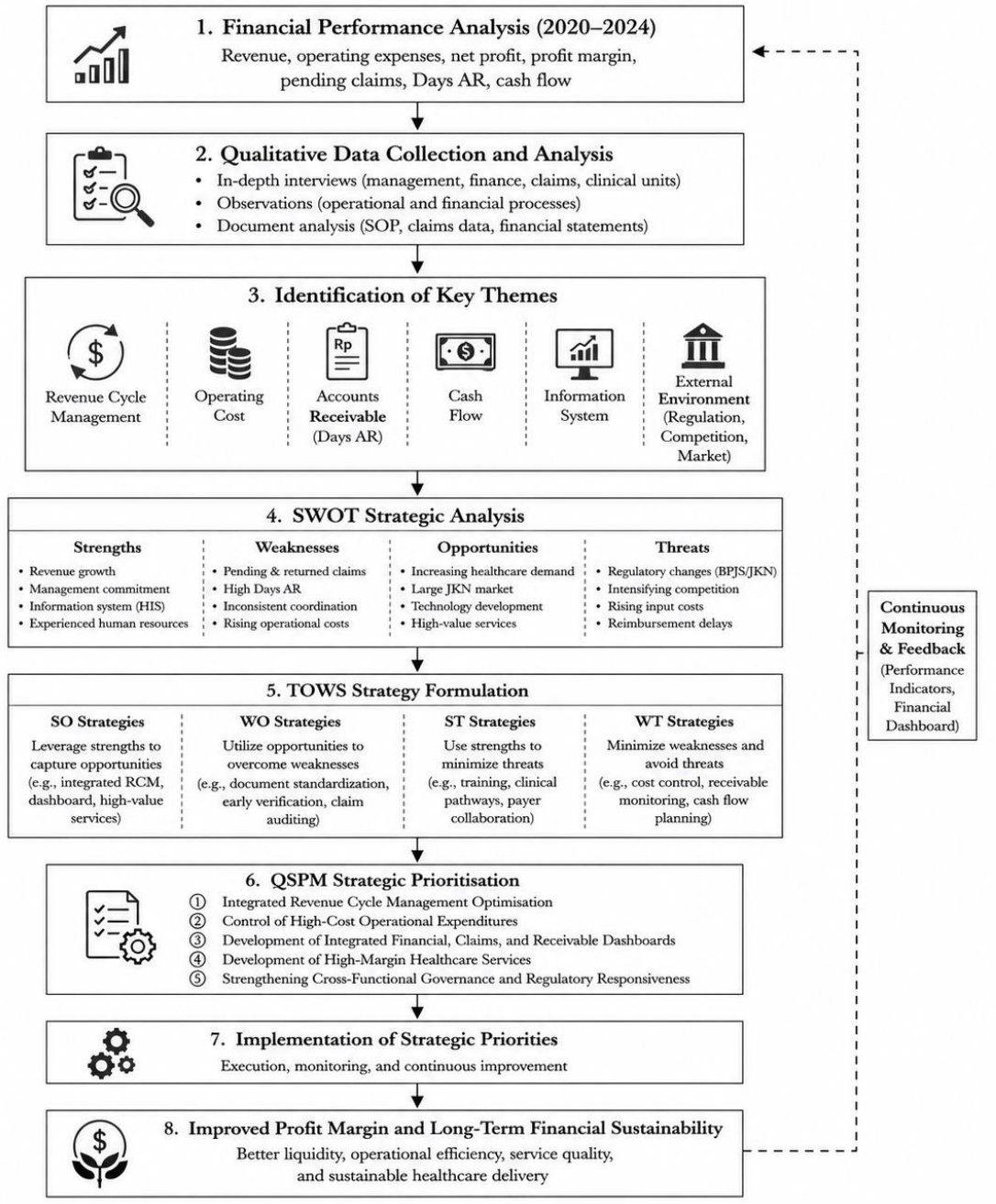

Figure 1. Conceptual Framework for Strategic Financial Optimisation.

Figure 1. Conceptual Framework for Strategic Financial Optimisation

The strategic framework illustrates that the proposed recommendations are not derived solely from strategic management tools but emerge from a systematic qualitative analytical process. Financial documents, interviews, and field observations were first synthesised into thematic findings, which were

subsequently classified through SWOT analysis, transformed into strategic alternatives using the TOWS Matrix, and prioritised through the QSPM framework. This sequential approach strengthens the credibility of the proposed strategies by ensuring that each recommendation is firmly grounded in empirical evidence.

Overall, the findings demonstrate that improving hospital profit margins requires an integrated financial management strategy rather than isolated interventions. Revenue optimisation, cost efficiency, digital financial monitoring, and cross-functional governance should be implemented simultaneously to strengthen financial sustainability. These results extend previous studies on hospital financial management by showing that the integration of qualitative strategic analysis with SWOT, TOWS, and QSPM provides a practical decision-making framework for prioritising financial improvement initiatives in healthcare organisations.

Conclusion

This study examined the financial management practices of Ari Canti Hospital to identify strategic priorities for improving profit margins using a qualitative case study approach integrated with SWOT, TOWS, and QSPM analyses. The findings reveal that fluctuations in profit margin are primarily driven not by revenue generation but by weaknesses in Revenue Cycle Management (RCM), including pending and returned claims, prolonged accounts receivable, rising operational costs, fragmented financial information, and limited cross-functional coordination. The strategic analysis identified integrated Revenue Cycle Management optimisation as the highest priority, followed by operational cost control, development of an integrated financial dashboard, expansion of high-margin healthcare services, and strengthened governance across clinical and administrative functions. These findings demonstrate that sustainable hospital profitability depends on the integration of financial, operational, and strategic management rather than isolated financial interventions. The study contributes to the hospital financial management literature by proposing an evidence-based strategic framework that combines qualitative inquiry with strategic management tools to support financial sustainability in healthcare organisations.

Managerial Implications

The findings provide practical guidance for hospital executives and financial managers in strengthening financial sustainability through an integrated strategic approach. Hospital management should prioritise optimisation of Revenue Cycle Management by improving documentation quality, coding accuracy, claims verification, receivable management, and cash flow monitoring while simultaneously enhancing operational cost efficiency. The implementation of an integrated financial dashboard that consolidates key performance indicators—including claims status, Days Accounts Receivable (Days AR), operating costs, and profit margins—can facilitate faster managerial decision-making and continuous performance evaluation. Furthermore, strengthening collaboration among clinical, medical records, finance, and claims units, together with continuous adaptation to regulatory changes and investment in high-value

healthcare services, will improve organisational resilience, accelerate revenue realisation, and support long-term financial sustainability.

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