

# FINANCIAL MANAGEMENT: KNOWLEDGE AND PRACTICES OF HOSPITAL MANAGERS IN PRIVATE HOSPITALS

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## Abstract

**Nature and Scope of the Paper:** Financial management in hospitals is a critical aspect of healthcare administration, as it ensures that healthcare facilities can provide quality patient care, optimize revenue, control costs, and allocate resources efficiently. Financial management is crucial for health delivery. Hence, this study on the financial management knowledge and practices of hospital managers is vital in ensuring the effective use of resources and strategic decision-making related to the finances of the hospital.

**Objective or Purpose:** This study aimed to explore the financial management knowledge and practices of hospital managers, examining how these factors relate to their demographic profiles, such as age, education, and years of service, and the relationships among these variables.

**Research Method:** This study used a quantitative, descriptive-correlational design to explore the relationship between unit heads' knowledge of financial management and their financial management practices in private hospitals. Thirty (30) unit heads from various departments in a hospital group based in Region 12 participated in the study. Data were gathered through a survey questionnaire.

**Results:** The results showed high levels of knowledge in financial planning and monitoring, particularly in human resource planning and budget allocation, but indicated room for improvement in financial decision-making. Regarding financial management practices, hospital managers focused on cost containment and resource management; however, practices in financial accounting and budgeting were weaker, suggesting these areas could benefit from additional training. The study also found that education and years of service significantly influenced both knowledge and practice, while age did not significantly affect financial management practices. Furthermore, a strong positive correlation was found between financial management knowledge and practices, emphasizing the importance of continuous professional development to enhance both knowledge and practice of financial management.

**Conclusion:** The study found that hospital unit heads had strong knowledge and practice in financial planning, monitoring, and resource management, but showed weaknesses in decision-making, accounting, and budgeting. Education and years of service significantly influenced both knowledge and practice, while age did not. The strong positive correlation between knowledge and practice highlights the need for continuous professional development. This implies that hospitals should implement targeted training programs to strengthen financial decision-making and budgeting skills, leading to more effective and efficient departmental management.

**Keywords:** *Financial Management, Hospital Managers, Knowledge, Practices, Education, Years of Service, Cost Containment, Financial Planning, Financial Decision-Making.*

## Introduction

### Background of the Study

Financial management in hospitals is a critical aspect of healthcare administration, ensuring that healthcare facilities can sustain operations, deliver quality patient care, and efficiently allocate limited resources. However, financial mismanagement, poor budgeting, and inadequate cost monitoring remain common issues across many healthcare settings. Inefficient financial practices can result in service delivery disruptions, shortages in medical supplies, understaffing, and deteriorating infrastructure, ultimately compromising patient outcomes (1). The Philippine Department of Health has repeatedly emphasized that financial instability is a recurring challenge in both public and private healthcare institutions, contributing to reduced access to essential services and widening disparities in healthcare delivery.

Globally, financially stable hospitals are more likely to invest in workforce development, equipment upgrades, and service expansion. Increased profitability also enhances a hospital's ability to attract and retain skilled professionals through competitive wages and benefits (2). In turn, this leads to better staff performance and improved patient care. Conversely, financially distressed hospitals tend to experience high staff turnover, lower care quality, and reduced patient satisfaction.

While global trends emphasize stability, the Philippine context reveals localized challenges: nearly 30% of provincial hospitals operate in budget deficits, and some are unable to procure essential medicines or maintain basic operational standards. Despite the centrality of finance to hospital operations, many hospital managers, especially those in unit-level leadership roles such as head nurses, report limited involvement in financial decision-making (41).

Nurse unit leaders often lack formal training in budgeting and cost control, while another study found that nurse managers tend to prioritize clinical care over financial concerns. This gap in financial literacy limits their ability to make informed decisions regarding resource allocation and economic planning (3-4).

To navigate the complexities of modern healthcare systems, hospital leaders must be equipped not only with clinical expertise but also with strong financial management skills. These include strategic planning, budgeting, resource optimization, and risk mitigation (5). As frontline managers, nurses often make critical decisions about the use of supplies, equipment, and staff. Their ability to balance patient needs with financial constraints is essential in maintaining service efficiency (6,7). However, without adequate training and exposure, their decision-making may lack the financial rigor necessary for long-term sustainability.

Given these realities, it becomes vital to assess the financial management knowledge and practices of hospital managers. This study addresses a significant gap by examining how well hospital leaders, particularly those overseeing departments, understand and apply financial principles. The findings are intended to serve as a basis for capacity-building efforts and policy development. Strengthening the financial competencies of hospital

managers can lead to better budget control, more efficient resource allocation, and improved quality of care across healthcare institutions.

## Literature Review

This section of the paper introduces the literature related to the variables in the study.

### Financial Management in Hospitals

Financial management in healthcare is very crucial. The healthcare sector has undergone substantial transformations due to the emergence of modern technology and inventive healthcare delivery methods. To maintain the efficient operation of healthcare facilities, all the different components must be diligent in carrying out their responsibilities (5).

Effective budgeting, financial accountability, and financial controls, which constitute integral components of financial management practices, are essential not only for the prosperity but also for the very survival of businesses across various industries, including healthcare. Research on the causes of business failures consistently identifies inadequate or negligent financial management as the primary factor leading to failure (8). Consequently, the absence of, or inability to adhere to, proper financial management practices such as budgeting, financial accountability, and financial control can severely disrupt an organization's operations.

Financial management in the healthcare sector must encompass the complete budgetary cycle—spanning budget formulation, execution, monitoring, and reporting—to promote transparency, accountability, and fiscal discipline. Effective financial management systems help ensure that healthcare funds are aligned with institutional priorities and community needs, reducing inefficiencies and promoting sustainability (9). Implementing standardized financial practices within health systems not only improves service delivery but also strengthens institutional responsiveness.

In hospital operations, financial responsibility is a shared function involving administrators, finance officers, unit heads, and other key personnel. As research highlights, decisions made by multidisciplinary teams directly affect operational efficiency, particularly in resource allocation, procurement, and departmental budgeting (10). When financial decisions are informed by collaboration and guided by evidence, hospitals are more likely to achieve better service outcomes and operational stability.

Financial planning. As components of the financial planning role, strategic, operational, procurement, human resources, and budget planning play crucial roles in the hospital, and leaders should also be knowledgeable about them (6).

Specifically, strategic planning involves setting the hospital's long-term goals, objectives, and strategies. It is crucial to align financial resources with the hospital's mission and vision. An "aligned funds-flow process" is "a strategic and formulaic approach to managing finances to engage practitioners with the health-enterprise mission," noting that the model redirects revenues. Hence, every department has the margins needed to pursue long-term goals in patient care, teaching, and research, while remaining responsive to community needs (11).

Operational planning focuses on the day-to-day activities and processes that keep the hospital functioning efficiently. It is essential for managing resources and ensuring the smooth delivery of healthcare services. This type of planning involves detailed coordination of hospital functions and resources to ensure efficient operations. Hospital management teams need to demonstrate the ability to enhance the quality and efficiency of their daily operations. This requires effective leadership for financial management, staff guidance and support, as well as the establishment of collaborations to enhance the overall quality and efficiency of hospital services (12).

Procurement is defined as a structured process involving the selection, acquisition, and delivery of goods and services, ensuring quality, appropriate quantities, timing, and value for money—particularly tailored to health system needs (13). It encompasses various activities, including sourcing the desired goods and services, obtaining them in the required quantities and quality, identifying suitable suppliers, and securing favorable pricing terms (14). Procurement typically involves finding, negotiating, and formalizing agreements with suppliers, often through competitive bidding or negotiation processes (15).

Furthermore, procurement planning is about efficiently managing the acquisition of medical supplies, equipment, and other resources, which is a key aspect of financial planning. Planning for medical equipment procurement within hospitals is becoming increasingly important to ensure the sustainable provision of appropriate technology for routine activities and innovative procedures (16).

Effective procurement planning helps control costs and ensures the availability of necessary resources (17). Procurement planning in hospitals is a crucial component of healthcare management that focuses on acquiring goods, services, and medical supplies necessary to efficiently and effectively operate healthcare facilities. It involves strategic decision-making and careful processes to ensure hospitals access the right resources at the right time and at the correct cost.

Human resources planning is about having the hospital's workforce be a significant component of its operations and budget. Effective human resources planning involves staff recruitment, training, scheduling, and optimizing staffing levels to meet patient needs while controlling labor costs.

It is emphasized that human resources management is the most critical and challenging function of management (6). This is because a unit or organization's overall outcomes largely depend on its staff's competence and effectiveness. One of the key responsibilities highlighted in their study is human resource planning, particularly within the context of nurse management. Nurse managers are pivotal in ensuring that the correct number and mix of nursing staff are available to meet current and projected patient care demands.

Furthermore, support this notion by noting that a substantial portion of the operating budgets of nursing departments and healthcare organizations is allocated to personnel costs. The researchers note that nurse managers often find human resource planning particularly stressful (18). This is due to various factors, including limitations imposed by the Department of Health on the number of positions and the persistent issue of high

hospital vacancies. These challenges make it exceedingly difficult for nurse managers to staff their departments, compromising the standard of care they can provide.

Another study echoes these findings, highlighting that human resources and staffing are hospital managers' primary sources of stress (19). The inability to secure the necessary human resources required to run their units is cited as one of the most burdensome aspects of nurse management.

Budget planning is at the core of financial planning. It involves creating detailed budgets that allocate resources to hospital departments and activities. This planning process is essential for economic control and accountability.

Hospital leaders must comprehensively understand these planning components, including executives, administrators, and finance professionals. Their ability to integrate these diverse planning aspects ensures that the hospital's financial resources are used effectively and that the institution can meet its financial and operational goals while providing high-quality healthcare services.

Financial monitoring. The financial monitoring role includes the following components: income and expenditure monitoring, and analysis and interpretation of financial statements and reports. Managers are part of the cash flow committee, which monitors and accounts for economic performance, and hospital leaders analyze financial statements to validate expenditures in their respective departments (20).

The nurse manager's role includes monitoring expenditures to ensure they align with the allocated budget. Additionally, nurse managers oversee and authorize orders for requested or ordered items. Another responsibility identified in recent literature is the supervision of payment processes. Nurse managers perform these functions as integral members of the senior management team and actively participate in monitoring cash flow. Front-line nurse managers play a critical role in managing cash flow and expenditure controls within hospital units, contributing significantly to financial accountability (21).

Nurses are uniquely positioned to provide valuable feedback regarding the optimal products from a patient experience standpoint. This feedback helps mitigate clinical risks and enhances patient safety and overall experience (20). Incorporating nurse input into product selection not only supports patient-centered care but also enables product standardization, simplifying procurement processes and enabling cost savings through economies of scale. As Sunderland and Berry note, this nurse-led approach to procurement promotes more streamlined, efficient, and cost-effective supply chain operations (22).

In financial decision-making, there are three key areas that hospital finance leaders must address: financing, short-term resource management, and investment decisions (10). Similarly, the primary financial decisions in healthcare organizations are categorized into investment, financing, and working capital management, underscoring their importance to the overall economic strategy (23).

Nurses face daily decisions that significantly impact the delivery of high-quality care. These decisions ultimately contribute to patient recovery, enabling them to reintegrate into society and lead productive lives. Moreover, prioritizing quality care can help prevent legal actions, which may consume substantial hospital funds. By avoiding litigation, hospitals can allocate resources more effectively to critical services and patient care (20).

Finally, financial regulations in the healthcare sector are stringent. A firm grasp of financial management enables administrators and nurse leaders to navigate complex policies related to Medicare and Medicaid reimbursement, billing practices, and financial reporting. Understanding these regulations is essential for maintaining compliance and securing the financial integrity of healthcare institutions (18).

Financial control. Financial control involves overseeing, monitoring, and documenting how economic resources are allocated, spent, and utilized, utilizing methodologies such as auditing, budgeting, and accounting (24). The literature in this field primarily addresses the importance of adhering to legal requirements, rules, and regulations governing financial control and management (25).

Financial control also entails the responsibility of managers to provide an account of the performance of the resources under their influence, demanding a rigorous and transparent approach to protect the interests of the organization and its stakeholders (5).

Financial control is an essential management function that ensures proper accountability and emphasizes the imperative of maintaining oversight of all funds at all times (26). Additionally, emphasize that every organization faces different financial risks based on the nature of its services, operational scale, funding models, and internal control mechanisms. Understanding these risk exposures is essential for maintaining financial resilience, especially in healthcare organizations (27).

### Financial Management Practices of Hospital Managers

Healthcare institutions face many challenges, including rising healthcare costs and funding reductions (28). In light of these challenges, hospital managers are expected to exercise prudent leadership in managing their units and to develop innovative strategies to effectively navigate financial challenges within them (20). Meeting these demands successfully necessitates hospital managers to grasp financial management skills, as they wield significant influence over a substantial portion of the hospital's labor budget (7). Administrators must plan for financial sustainability to ensure that a hospital can continue to provide services over the long term. Understanding investment options, managing endowments, and other financial planning tasks are critical for the long-term sustainability and growth of the institution (29). Essential financial management skills include containment and cost control, productivity assessment, unit budget forecasting, cost-benefit analysis, unit budget oversight, acquisition of financial resources, and monitoring financial resources (30).

In this study, the indicators proposed by Addo (2018) were used (5). However, specific terms are adopted (31).

Cost containment and management. This is also known as financial control. Financial management tools such as cost-benefit analysis, cost-effectiveness analysis, and others can help administrators identify areas where costs can be reduced without compromising the quality of healthcare services (32). Cost containment and management in healthcare involve a comprehensive set of strategies to optimize resource allocation, reduce unnecessary expenditures, and enhance the efficiency and quality of care delivery. These efforts ensure healthcare organizations' financial sustainability while providing patients with the best possible care (30).

Cost containment in healthcare indeed revolves around identifying methods to achieve savings and reduce expenditures while upholding the delivery of superior patient experiences (33). The primary focus remains on providing patients with practical, accessible, and high-quality care. Balancing cost control with preserving excellent patient care is a core objective within healthcare management. It involves optimizing operational processes, resource allocation, and decision-making to achieve financial sustainability without compromising the well-being and satisfaction of patients. Financial control, in the context of cost containment, involves either maintaining expenditure levels to prevent unnecessary spending or reducing expenses to enhance profitability without causing long-term harm (34).

Budgeting. Budgeting can be described as the process of annually planning the anticipated revenue to be generated, which encompasses grants and various other income sources, along with the planned expenditures aligned with specific objectives, requirements, and priorities (5).

Healthcare budgeting is a comprehensive, interprofessional process within healthcare organizations. When executed effectively, healthcare budgeting involves the active participation of a diverse group of professionals from various disciplines, including clinical staff (such as physicians, advanced practitioners, nurses, and pharmacists), operational staff (including clinical engineering, environmental services, and nutrition services), and administrative staff (such as executives and managers). Nurse managers, in particular, play a crucial leadership role in budgeting. This leadership role is underpinned by nurse managers' ability to combine their clinical expertise with a deep understanding of operational aspects, enabling them to make informed, prudent budgetary decisions (35). A sound understanding of financial management allows hospital administrators to plan budgets that meet both short-term and long-term organizational goals. They also need to exercise control over the budget to ensure that the hospital operates within its financial means, avoiding deficits and inefficiencies (36).

Financial Accountability. Financial accountability is the responsibility of an individual or organization to track, explain, and transparently report on its economic activities and outcomes. It encompasses the obligation to manage money and other entrusted assets with integrity and transparency (37). Financial accountability focuses on compliance with explicit financial reporting procedures (38).

In healthcare, accountability relationships take various forms and operate with varying degrees of effectiveness. These relationships involve entities such as health ministries, insurance agencies, public and private healthcare providers, legislative bodies, finance ministries, regulatory agencies, and governing boards of

healthcare facilities. These entities interact within networks that involve control, oversight, cooperation, and reporting (37).

In many cases, the perception of inadequate or failed accountability catalyzes change within the healthcare system. As a result, accountability assumes a central role in ongoing efforts to improve healthcare systems. Strengthening accountability is consistently recognized as necessary to address weaknesses within healthcare systems worldwide. It is seen as a means to enhance transparency, governance, and overall effectiveness in delivering healthcare services.

Financial resources (procurement and monitoring): Unit-level leaders and nurse managers are responsible and accountable for overseeing the management of both economic and physical resources. Resource control and asset management are integral aspects of resource management. Nurse managers play a crucial role in promoting prudent resource use by carefully overseeing and supervising their judicious use at the unit level (39).

Resource management encompasses the effective use and maintenance of facilities, equipment, medical supplies, and infrastructure (20). However, this perspective contrasts with the observation that nurse managers play an essential role in ensuring that nurses acquire the necessary knowledge about equipment usage. Failing to educate nurses about equipment usage can lead to undesirable practices, inefficiencies, and damage (6). Financial management in hospitals is a multifaceted and indispensable aspect of healthcare administration. As healthcare undergoes transformative changes driven by technological advancements and evolving delivery methods, the role of financial management becomes increasingly critical. The literature identifies key aspects of financial management that are vital to ensuring the efficient operation, sustainability, and quality of healthcare services in hospital settings.

Financial management is instrumental in allocating resources strategically. This includes budgeting for medical equipment, staff salaries, and facility maintenance. By effectively allocating resources, hospitals can enhance patient care, embrace technological advancements, and optimize operational efficiency. The literature also emphasizes that financial management practices help hospitals identify cost-saving opportunities, streamline operational processes, and ensure financial efficiency without compromising patient care.

### Theoretical Framework

Financial management encompasses various theories and principles that guide decision-making and the management of an organization's finances. In this study, the understanding was based on the theory of Open System Theory.

Open system theory has practical applications in organizational management, particularly in understanding how organizations interact with their environments and adapt to external changes. It emphasizes the importance of flexibility, information flow, and feedback mechanisms for organizational survival and success. Open System Theory helps organizations navigate complex and dynamic environments by recognizing their interconnectedness with the world around them (40).

In relation to the study of financial management, open system theory emphasizes that organizations exist within an external environment from which they draw inputs (resources, information, etc.) and to which they

deliver outputs (products, services, financial reports, etc.). In financial management, organizations must consider the economic, regulatory, and market conditions in their external environment, as these factors can significantly impact financial decision-making.

Financial management involves allocating and utilizing financial resources (inputs) to generate economic outcomes (outputs). This process aligns with the concept of inputs and outputs in Open System Theory, where organizations transform inputs into outputs through various financial activities.

Furthermore, open systems rely on feedback to maintain stability and effectiveness. In financial management, feedback mechanisms such as financial reporting, performance analysis, and budget variance analysis provide insights into the organization’s economic health and performance. These feedback mechanisms guide financial decision-making and corrective actions in healthcare.

### Conceptual Framework

This study investigated the relationship between hospital managers, the components of financial management, and their practices. The relationship between the variables is presented in Figure 1.

The independent variables of the study, which are knowledge of the components of financial management, were indicated by financial planning, financial monitoring, financial decision-making, and financial control (20).

The study’s dependent variable concerns hospital managers’ financial practices. It operationalized financial management using budgeting, financial accountability, and financial controls (9). This is added to another concept: financial resources (31).

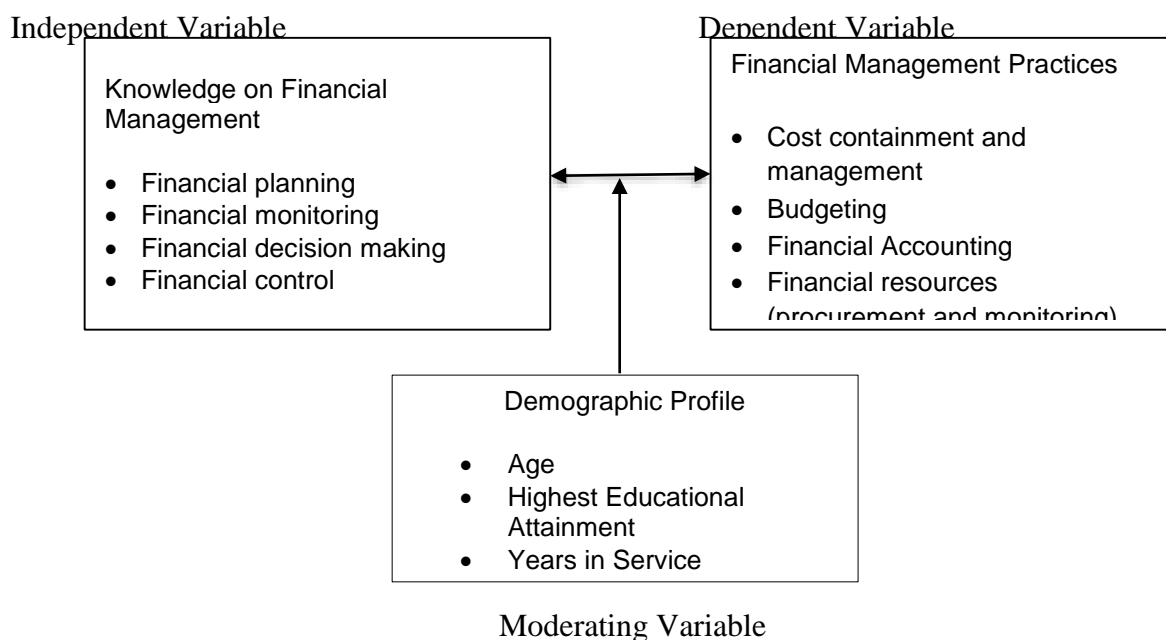


Figure 1. The Conceptual Model of the Study

## Statement of the Problem

This study aimed to examine the relationship between the level of knowledge of financial management and financial management practices. Specifically, it sought to answer the following questions:

1. What is the profile of the respondents in terms of:
  - a. Age;
  - b. Educational attainment and
  - c. Years in Service?
2. What is the level of knowledge of hospital managers on financial management components in terms of:
  - a. Financial planning;
  - b. Financial monitoring;
  - c. Financial decision-making and
  - d. Financial control?
3. What is the level of practice of hospital managers in financial management in terms of:
  - a. Cost containment and management;
  - b. Budgeting;
  - c. Financial Accounting and
  - d. Financial resources (procurement and monitoring)?
4. Is there a significant difference in the level of knowledge about financial management among the respondents when grouped by profile?
5. Is there a significant difference in the level of practice of hospital managers in financial management among respondents when grouped by profile?
6. Is there a significant relationship between financial management knowledge and practices among hospital managers?

## Null Hypotheses

Ho: There is no significant difference in the level of knowledge of financial management among the respondents when grouped by profile.

Ho: There is no significant difference in the level of practice of hospital managers in financial management among respondents grouped by profile.

Ho: There is no significant relationship between financial management knowledge and practices among hospital managers.

## Method

### Study Design

This study utilized a quantitative research design, specifically a descriptive-correlational design. Correlational research is a valuable method used in various fields to assess relationships between two or more variables. It is designed to examine the degree and nature of relationships between variables. It helps researchers determine whether changes in one variable are associated with changes in another variable (41).

In this study, the variables related to knowledge of financial management and financial management practices were described, and their relationships were also investigated. Hence, the use of a descriptive-correlational design.

### Study Participants

There were 30 participants in the study. The participants in this study were unit heads, considered hospital leaders. They are considered leaders or department heads in the hospital where this study was conducted. This study also included all the unit heads who would voluntarily share their financial management knowledge and practices as applied in the hospital department they lead.

These unit heads lead the nurse stations, ancillary services, and other departments in the hospitals under study.

### Study Site

This study was conducted in private hospitals in Region 12, particularly those under a specific medical group of companies. This group of hospitals includes 4 satellite hospitals and one main hospital in Kidapawan City. The satellites are located in the neighboring municipalities within Region 12.

### Data Measures

Two parts of the survey questionnaire were used in the study. Part 1 measured participants' knowledge of financial management, as reflected in financial planning, monitoring, decision-making, and control. These constructs were based on knowledge in on descriptions of Naranjee's financial management components (20). The items were answered through a Likert-like scale of 1-5 to measure the respondents' knowledge. Below is the interpretation guide.

Score	Scale	Response	Description	Interpretation
5	4.21-5.0	Very Knowledgeable	Very High	The respondents know everything about it and can apply all its concepts.
4	3.41-4.20	Knowledgeable	High	The respondents know most of it and can apply most of its concepts.
3	2.61-3.40	Moderately Knowledgeable	Moderate	The respondents know some of it and can apply some of its concepts.

2	1.81-2.60	Less Knowledgeable	Low	The respondents know a few about it and can use the concepts in selected instance.
1	1.0-1.80	Not Knowledgeable	Very Low	The respondents know very little about it and could not apply its concepts.

The second part of the questionnaire was intended to measure the practices of hospital managers on financial management, including budgeting, financial accountability, financial controls, and financial resource management and monitoring. The questionnaire was based, but the items were modified for use with unit or hospital leaders (5). The Likert scale ranged from 1 to 5 and was used to assess the frequency with which the statements describing financial management practices were practiced. The frequency of their practices was interpreted in terms of their level of practice.

Score	Scale	Response	Description	Interpretation
5	4.51-5.00	Always	Highly Practiced	The financial management practice is evident all the time.
4	3.51-4.50	Often	Practiced	The financial management practice is evident most of the time.
3	2.51-3.50	Sometimes	Moderately Practiced	The financial management practice is evident sometimes.
2	1.51-2.50	Rarely	Least Practiced	The financial management practice is evident in a very few instances.
1	1.00-1.50	Never	Not Practiced	The financial management practice never evident.

The questionnaire was submitted to the panel members for the validation of the contents. Content validation was necessary to ensure that the instrument measures what it is supposed to measure in the study. The recommendations of the validators were considered in the revision of the questionnaire. After the survey questionnaire was finalized, it was pilot-tested at another hospital that was not the study site. This was to ensure the reliability of the items, which was assessed using Cronbach's Alpha.

#### Data Collection Procedure

The following are the steps that were followed in collecting data for the study:

##### Pre-data Collection

1. Permission was sought from the hospital administrator. A letter requesting permission and explaining the study's conduct was submitted to the hospital administrator, who would provide approval.
2. After the proposal defense, the manuscript was submitted for screening by the school's Ethics Committee. The recommendation of the committee was incorporated into the paper, and approval to collect data for the study was sought.
3. The survey questionnaire was prepared for validation by the experts, and their corrections were integrated.

### During Data Collection

4. Pilot testing of the survey questionnaire was done among unit heads of other hospitals. The pilot test results were then analyzed using Cronbach's Alpha to assess reliability.
5. The survey was conducted by distributing questionnaires to respondents. Before giving the questionnaires, they were oriented about the study and were asked to sign the informed consent form. An agreement would be reached on when the questionnaires would be retrieved.

### Post-data Collection

6. Retrieved questionnaires were tallied and tabulated to prepare them for statistical analysis and interpretation of the results.
7. The interpreted data were presented as findings, followed by the discussion.

### Ethical Considerations

During this study, several ethical considerations were observed to safeguard the well-being of research participants and maintain the integrity of the research process.

**Social Value.** To ensure the research is sound, the study's findings are expected to have social significance, benefiting stakeholders such as hospital administrators and human resource directors. The research can inform these groups on how to better support hospital leaders or unit heads in performing their roles and responsibilities.

**Informed Consent.** Every participant in the study signed the informed consent form, indicating their voluntary participation. Informed consent will clearly outline the objectives of this research, and participants can ask questions and seek clarification before deciding to participate or decline.

**Protection of Participants.** The study avoided singling out or mentioning specific vulnerable social groups. As participants, hospital leaders with relevant experience who willingly complete the survey are not considered vulnerable in this context. Their participation would not jeopardize their work in the hospital, and they were free to express their opinions without apprehension.

**Risk.** To mitigate potential psychological risks from misunderstandings or misinterpretations when answering the survey, the researcher established rapport with participants and provided clear briefing sessions. Participants were also aware that no financial compensation was involved, but they would gain knowledge from the study.

**Privacy and Confidentiality.** Participant data collected through the survey questionnaire were handled with the utmost confidentiality. Identifying information was coded to protect participants' identities, and data were processed in accordance with the Data Privacy Act of 2012.

Justice. Participants' rights were upheld, and they received equitable treatment throughout the study. Fairness was also a guiding principle in all interactions with participants.

Transparency. The research adhered to principles of transparency. All necessary documents were included in the appendices, and any potential limitations of the study were openly acknowledged.

Researcher Qualifications. The researcher is committed to extensive reading and seeking advice from panel members, advisors, and experts to ensure the successful execution of the study.

Community Involvement: As a hospital leader, the researcher will actively engage with and consider all feedback and opinions. This involvement aims to enhance the quality of data collected and to improve participation by hospital leaders. The study's findings are expected to support hospitals' programs and policies that provide technical support to hospital leaders as they do their work.

## Analysis

The data of the study were analyzed using descriptive and inferential statistics. The data on the hospital leaders' financial management knowledge and practices were presented as weighted means. To determine whether there is a significant difference in the level of knowledge and practice in financial management among hospital leaders, a T-test was used. To establish the relationship of these variables, Pearson R correlation was used.

To analyze the experiences of hospital managers in financial management, a thematic analysis was used. The analytical approach involves several stages, such as familiarization with the data, immersion in the data through repeated readings to gain a thorough understanding, taking initial notes and making observations about potential patterns, and identifying themes and describing them. This was integrated into the analysis through a comprehensive narrative that includes selected quotes to illustrate key themes.

## Findings/ Results

This section presents the results in line with the objectives of the study.

### Profile of the Respondents

Table 1 presents the profile data for the respondents in the study, specifically their age, educational attainment, and years of service. This provides demographic context for the respondents, offering insights into their backgrounds and experience, which may influence their understanding and practices related to financial management in hospitals.

In terms of age, the majority of hospital managers are in the 36-40 age group, with 40% of the respondents falling into this category. This suggests that a significant proportion of hospital managers are in the mid-career stage, likely bringing a wealth of experience and expertise to their roles. The 41-45 age group is also notable, comprising 30% of the respondents. This demographic is often associated with leadership roles, where managers

are expected to make more strategic decisions and have a deep understanding of financial and operational management.

In terms of educational attainment, the majority of respondents have completed college-level degrees in accounting or business (36.7%), suggesting a strong academic foundation in the critical areas of financial management. Additionally, 16.7% hold degrees in non-accounting or non-business fields, suggesting some diversity in educational backgrounds and potentially bringing varied perspectives to financial management practices. Notably, a smaller percentage of respondents hold Master’s degrees—13.3% have a Master’s degree in Accounting or Business, and another 13.3% hold a Master’s degree in non-business-related fields. The presence of Master’s degrees among the respondents indicates that many hospital managers have advanced education, which could enhance their ability to handle complex financial management tasks, including budgeting, strategic planning, and decision-making.

The years of service, a significant proportion, 33.3%, have worked in healthcare for 11-15 years, suggesting that many respondents are experienced professionals who likely have a strong understanding of the practical challenges involved in managing hospital finances. Another 26.7% have 5-10 years of experience, indicating a considerable number of relatively new managers still developing their expertise in financial management. Only 10% of respondents have more than 21 years of service, which may reflect career progression in the healthcare sector, where hospital managers tend to assume positions of increasing responsibility over time.

In summary, the profile of the respondents indicates a mix of experienced professionals with relevant educational backgrounds, suggesting they bring a combination of practical experience and formal training to their roles.

Table 1  
*Profile of the Respondents*

Profile		Frequency	Percentage
Age	25&below	1	3.3
	26-30	2	6.7
	31-35	6	20.0
	36-40	12	40.0
	41-45	9	30.0
	Total	30	100.0
Educational Attainment	College Graduate-Accounting and or Business Related	11	36.7
	College Graduate-Non-Accounting and or Business Related	5	16.7
	With Master’s Units – Accounting or Business Related	1	3.3
	With Master’s Units – Non Accounting or Business Related	5	16.7
	Master’s Graduate – Accounting or Business Related	4	13.3
	Master’s Graduate – Non Accounting or Business Related	4	13.3
Total	30	100.0	
Years in Service	5 years and below	5	16.7
	5-10 years	8	26.7
	11-15 years	10	33.3

16-20 years	4	13.3
21 years and above	3	10.0
Total	30	100.0

Knowledge of hospital managers on financial management

Table 2 provides an overall summary of the level of knowledge of hospital managers on financial management. The overall mean for financial management is 3.52, indicating a high level of knowledge across all areas.

Results indicated that decision-making remains a somewhat weaker area for hospital managers. As decision-making plays a critical role in ensuring financial sustainability, particularly in procurement and investment decisions, further training and support could help strengthen this aspect of financial management. This implies that while managers are proficient in planning, targeted training is required for financial decision-making.

Table 2  
*Level of Knowledge of Hospital Managers on Financial Management*

Indicators	Mean	Std. Deviation	Description
Financial Planning	3.59	.878	High
Financial Monitoring	3.63	1.035	High
Financial Decision Making	3.31	1.004	Moderate
Financial Control	3.54	1.039	High
Overall	3.52	0.946	High

Legend: 1.0-1.80 – Very Low 1.81-2.60 – Low 2.61-3.40 – Moderate 3.41-4.20 – High 4.21-5.0 – Very High

Practice of Hospital Managers in Financial Management

The level of practice of hospital managers in financial management is shown in Table 3. The overall mean is 3.57, placing it in the high range, indicating that hospital managers generally practice sound financial management across various domains.

The components of cost containment and management (3.89 or practiced) and financial resources management (3.69 or practiced) score the highest, reflecting strong practices in managing expenses and resources. Budgeting (3.47) and financial accounting (3.25), both moderately practiced, indicate relatively weaker areas in hospital managers’ practices. While managers perform well in controlling costs and managing resources, their practices in financial accounting and budgeting could be further enhanced to ensure the hospital operates within its financial means and meets its goals effectively.

Table 3  
*Level of Practice of Hospital Managers in Financial Management*

Indicators	Mean	Std. Deviation	Description
Cost Containing and Management	3.89	.982	Practiced
Budgeting	3.47	1.198	Practiced
Financial Accounting	3.25	1.302	Moderately Practiced
Financial Resources	3.69	1.130	Practiced
Overall	3.57	1.093	Practiced

Legend: 1.0-1.80 – Never Practiced 1.81-2.60 – Least Practiced 2.61-3.40 – Moderately Practiced  
 3.41-4.20 – Practiced 4.21-5.0 – Highly Practiced

The difference in the level of knowledge on financial management of the respondents when grouped according to their profile

Table 4 presents a comparison of respondents’ levels of knowledge in financial management, categorized by profile characteristics: age, education, and years of service. The p-values provided in the table indicate whether the differences observed in knowledge levels across these groups are statistically significant. For age, the p-value is 0.023, which is less than the 0.05 significance level, indicating a statistically significant difference in knowledge across different age groups. Similarly, the p-value for education is 0.033, which is below the 0.05 threshold, suggesting that educational background significantly affects knowledge of financial management. The p-value for years of service is 0.000, which is far below 0.05, indicating that years of service also play a significant role in shaping respondents’ knowledge of financial management.

Table 4  
*Comparison of the Level of Knowledge on Financial Management of the Respondents when Grouped According to their Profile*

Profile	P-value	Interpretation	Decision
Age	.023*	Significant	Reject Null Hypothesis
Education	.033*	Significant	Reject Null Hypothesis
Years in service	.000*	Significant	Reject Null Hypothesis

\*. The mean difference is significant at the 0.05 level.

The difference in the level of practice of hospital managers in the financial management of the respondents when grouped according to their profile

Table 5, which compares the financial management of the respondents based on their profiles, yields different results. The p-value for age is 0.107, which is greater than 0.05, indicating no significant difference in financial management practices across various age groups among hospital managers.

In contrast, the p-value for education is 0.001, which is less than 0.05, suggesting that education significantly affects the financial management practices of respondents. Similarly, the p-value for years of service is 0.016, which is below the 0.05 threshold, indicating that years of service have a significant influence on the financial management practices of respondents.

**Table 5**  
*Comparison of the Level of Practice in Financial Management of the Respondents when Grouped According to their Profile*

Profile	P-value	Interpretation	Decision
Age	.107	Not Significant	Accept Null Hypothesis
Education	.001*	Significant	Reject Null Hypothesis
Years in service	.016*	Significant	Reject Null Hypothesis

\*. *The mean difference is significant at the 0.05 level.*

### Significant relationship between financial management knowledge and practices among hospital managers

Reflected in Table 6 is the relationship between financial management knowledge and practices among hospital managers. The correlation coefficient of 0.822 and p-value of 0.000 indicate a strong, significant positive relationship between financial management knowledge and the practices of hospital managers.

**Table 6**  
*Relationship Between Financial Management Knowledge and Practices Among Hospital Managers*

Variables Paired	r	p	Interpretation	Decision
Financial Management Knowledge and Practices	0.822	0.000	Significant	Reject Null Hypothesis

## Discussion

This study aimed to investigate the financial management knowledge and practices of hospital managers and explore how these factors relate to their demographic profiles, including age, education, and years of service. The findings provided valuable insights into the relationship between hospital managers' understanding and practice of financial management in their roles.

Findings reveal that the respondents in this study were primarily hospital managers at varying stages of their careers. A significant proportion of them were in their mid-careers; educationally, most respondents held degrees in fields related to accounting or business; and, in terms of work experience, many had spent several years in healthcare, with a considerable number having over a decade of experience.

## Knowledge of hospital managers on financial management

Based on the findings presented above, the mean for financial planning is 3.59, indicating that hospital managers generally possess a high level of knowledge in this area. The findings suggest that hospital managers are exceptionally proficient in human resource and budget planning, which aligns with the critical importance of staffing and resource allocation in hospital management, as effective human resource planning ensures the hospital has adequate staffing to meet patient demand without exceeding budget limits. Budget planning is also a key strength, demonstrating that hospital managers can effectively allocate resources across departments to ensure the hospital operates within its financial constraints. However, while managers are knowledgeable in these areas, there may be room for improvement, particularly in aligning operational activities with the hospital's long-term strategic goals.

Overall, hospital managers seem well-equipped in financial planning, with strengths in resource and budget management, but lower scores in strategic and operational planning highlight areas for development. Results imply that hospital managers could benefit from further training in integrating strategic objectives with daily operational activities, a point echoed in the literature, which stresses the importance of aligning strategic financial planning with day-to-day operations (11).

The mean for financial monitoring is 3.63, indicating that hospital managers have a high level of knowledge in this area. The findings reveal that hospital managers are particularly strong in income monitoring, suggesting that they are confident in tracking hospital revenues. This is a crucial aspect of financial management, as income monitoring ensures that hospitals meet their financial targets. Expenditure monitoring reflects managers' ability to track and manage costs within the hospital. The ability to analyze financial reports and interpret financial statements indicates that managers can make informed decisions based on the financial data available to them. These findings align with the literature, which emphasizes the importance of financial monitoring in maintaining accountability and transparency in healthcare organizations (21). This result implied that hospital managers demonstrate strong financial monitoring skills, particularly in income and expenditure tracking and in interpreting financial data to guide decision-making. However, there is still room to improve consistency in monitoring practices across hospital departments.

The level of knowledge among hospital managers regarding financial management and decision-making has a mean of 3.31, indicating a moderate level of knowledge. Financial regulations and Medicare/medical reimbursement indicate that hospital managers need a better understanding of the regulatory frameworks governing healthcare finance, even though it is expected that hospital leaders must be knowledgeable about reimbursement processes (18). The financing and investment decisions suggest that managers may feel less confident when making long-term financial decisions, which could be a critical area for improvement to ensure long-term financial sustainability. These findings indicate that additional training and support in areas such as procurement and financial investment decisions could improve overall decision-making capabilities, thereby

providing more effective management of hospital finances. The findings also indicate that contracts and the bidding process are areas where hospital managers have relatively lower levels of knowledge, which suggests that hospital managers may face challenges in making decisions related to procurement and managing contractual agreements, which are crucial for controlling costs and ensuring operational efficiency in a healthcare setting (13, 15).

The level of knowledge of hospital managers of financial management in terms of financial control is 3.54, indicating a high level of knowledge in this area. This suggests that hospital managers are well-versed in most aspects of financial control. Hospital managers scored well in controlling assets and controlling resources, indicating strong competency in managing physical and financial resources within the hospital. This is consistent with the essential role of financial control in allocating resources efficiently and minimizing waste (26). Similarly, this shows that hospital managers are well-equipped to keep departmental expenses within budget and ensure cost-effectiveness in hospital operations. However, results revealed that risk management may be a more challenging area for hospital managers. As financial risks can significantly affect the long-term viability of healthcare institutions, further focus on risk mitigation strategies could strengthen hospital financial control practices.

The study assessed hospital managers' level of knowledge across several key areas of financial management, including financial planning, monitoring, decision-making, and control. The overall findings indicated that hospital managers were highly knowledgeable in financial planning and monitoring, particularly in human resource planning and budget allocation. However, there were areas for improvement, particularly in financial decision-making, where managers demonstrated less proficiency. While knowledge on financial control was also strong, there was room for further development in some specific areas of financial decision-making to ensure managers can make fully informed long-term financial decisions.

### Practice of Hospital Managers in Financial Management

The hospital managers' cost containment practices demonstrate a high level of cost management within their departments. They claimed they manage the hospital's cost most of the time. The findings suggest that hospital managers are exceptionally proficient at ensuring that payment procedures are followed and at optimizing resource allocation. These areas are critical for ensuring that expenditures are managed effectively and resources are used efficiently. The high score in reducing unnecessary expenditures highlights managers' attention to controlling costs without compromising the quality of care provided. Additionally, monitoring expense levels shows that managers actively track and manage costs in their departments.

The findings suggest that high scores in these areas indicate that hospital managers are effectively practicing cost containment and management, which are vital to maintaining financial sustainability in a healthcare setting. However, these practices could be further enhanced by integrating cost-effective strategies at

a broader institutional level to ensure hospital-wide savings without sacrificing patient care quality. This supports the literature emphasizing the importance of cost control in maintaining financial health while delivering high-quality healthcare (33).

Furthermore, hospital managers practiced financial management through budgeting, indicating a high level of practice in this area. The results suggest that managers are generally skilled in preparing evidence-based plans and budgets and ensuring that no expenditure is incurred without a budget allocation. These practices align with key principles of financial management, where a clear connection between available resources and hospital priorities is vital. Planning expenses in line with departmental objectives demonstrates that managers can align budgetary decisions with departmental needs. However, areas such as preparing transparent plans that link hospital priorities with available resources and implementing approved budgets through proper authorization processes suggest there is room for improvement in enhancing transparency and ensuring budgets are implemented according to plan. These findings imply that hospital managers practice good budgeting. Still, there is an opportunity to strengthen transparency and the linkage between hospital priorities and resources to improve financial planning and decision-making (35).

The mean for financial accounting is 3.25, or moderately practiced. This indicates that managers sometimes practice financial accounting. Specifically, findings suggest that hospital managers moderately practiced preparing financial reports and financial statements compared to other areas. This shows a possible gap in their ability to use financial data for operational decision-making. The practice of preparing cash flow projections also received a relatively low score, suggesting that hospital managers may struggle to anticipate future financial needs and potential liquidity issues, as they sometimes practice these skills in their work. The same is also evident in their practice of monitoring financial information. These findings highlight the need to improve financial accounting practices. Hospital managers may benefit from additional training in preparing detailed financial reports and cash flow projections, which are critical for making informed decisions and ensuring the long-term financial stability of the hospital (36).

The results on financial management in terms of financial resources indicate that hospital managers exhibit a high level of practice in managing both financial and physical resources. The findings show that hospital managers are particularly strong in ensuring the effective use and maintenance of facilities, equipment, medical supplies, and infrastructure, and in ensuring that personnel acquire the necessary knowledge for equipment use. These are critical for maximizing the utility of hospital resources while maintaining operational efficiency. Additionally, the prudent utilization of resources reflects managers' ability to use hospital assets efficiently without unnecessary waste, as they do most of the time. These results suggest that hospital managers are adept at overseeing the efficient utilization of financial and physical resources, ensuring that both tangible assets and personnel are used optimally. However, continuous training and support in resource management could further

enhance their ability to sustain these practices, as efficient resource use is crucial for maintaining cost-effectiveness and high-quality care in healthcare institutions (39).

When examining the actual practices of hospital managers in financial management, the study found that managers were particularly effective in cost containment and resource management. They demonstrated strong practices in ensuring payment procedures were followed and in optimizing resource allocation, which are critical for maintaining financial sustainability in healthcare settings. Additionally, they were proficient in managing both financial and physical resources. However, in areas such as financial accounting and budgeting, their practices were somewhat weaker, suggesting these areas could benefit from greater focus and training to improve their ability to make informed financial decisions.

The difference in the level of knowledge on financial management of the respondents when grouped according to their profile

Given that all the p-values are less than 0.05, the null hypothesis ( $H_0$ ) is rejected for each profile characteristic—age, education, and years in service—indicating that the level of knowledge on financial management significantly differs across these groups. These findings imply that factors such as age, education, and professional experience influence an individual's knowledge of financial management. This suggests that hospital administrators should consider these factors when designing financial management training programs to ensure they are effective across different demographic groups.

The difference in the level of practice in financial management of the respondents when grouped according to their profile

Based on the p-values presented in Table 5, the null hypothesis ( $H_0$ ) is rejected for education and years of service, indicating that the level of practice in financial management differs significantly across these two factors. However, since the p-value for age is greater than 0.05, we fail to reject the null hypothesis that age does not substantially affect financial management practices. The findings suggest that while age does not impact financial practices, education and years of service are important determinants of how well hospital managers implement financial management strategies. These results imply that healthcare organizations should focus on improving the educational background and professional experience of their managers to enhance their practical application of financial management. Research has similarly emphasized the importance of education and work experience for effective practice of financial management, supporting the conclusions drawn from this study (42, 43).

Significant relationship between financial management knowledge and practices among hospital managers

Lastly, the study also explored the relationship between financial management knowledge and practices. It found a strong and significant positive correlation between the two, indicating that hospital managers with strong knowledge of financial management are more likely to implement effective financial practices. This

relationship highlights the importance of ongoing professional development to enhance both knowledge and practical application, ultimately leading to better financial outcomes for healthcare institutions.

This finding suggests that hospital managers with a high level of financial management knowledge are more likely to engage in effective financial practices. The strong correlation between knowledge and practice underscores the importance of continuous professional development in financial management for hospital managers. Training and skill development in financial management not only improve managers' knowledge but also enhance their ability to implement effective financial strategies, leading to better financial outcomes for healthcare institutions.

The findings reinforce the idea that financial management training and knowledge are crucial for improving managerial practices in hospitals, thereby contributing to more efficient financial operations and better healthcare delivery (28).

## Conclusion

The findings of this study highlight that hospital unit heads possess strong knowledge and practice in key areas of financial management, particularly in financial planning, monitoring, and resource management. However, moderate levels of knowledge and practice were observed in financial decision-making, budgeting, and accounting, indicating specific areas for further development. These results suggest that while hospital

managers are equipped to handle operational financial tasks, they need to strengthen competencies in strategic financial decision-making and long-term financial planning.

The implications of these findings underscore the importance of targeted capacity-building programs focused on improving budget transparency, financial risk assessment, and decision-making processes. By enhancing these areas, healthcare institutions can promote more effective and sustainable financial management practices. Additionally, education and years of service were found to significantly influence both financial knowledge and practice, emphasizing the value of experience and academic training in shaping managerial competence.

A key limitation of the study is its limited scope, focusing on only a small sample from private hospitals in Region 12. This limits the generalizability of the results to other regions and public healthcare institutions. Future research is encouraged to expand the sample size and include diverse hospital settings, such as public hospitals, to allow for broader comparisons. Longitudinal studies may also be conducted to assess the impact of training interventions over time. Further investigation into organizational and leadership factors influencing financial practices is also recommended to guide more comprehensive institutional reforms.

## Recommendations

Based on the findings of the study, the following recommendations are made further to enhance the financial management capabilities of hospital managers and improve the overall financial sustainability of healthcare institutions:

1. It is recommended that targeted training be conducted, particularly focusing on procurement processes, contract crafting and evaluation, investment strategies, and Medicare reimbursement systems. Providing managers with decision-making frameworks and exposure to case-based financial scenarios will help improve their confidence and competence in making critical financial decisions.
2. It is recommended that hospitals develop and disseminate a Financial Risk Mitigation Manual. Regular workshops should be conducted to train hospital managers on risk assessment tools, contingency budgeting, and strategies to navigate unforeseen financial disruptions. The Internal Auditor and the Risk Management Officer should take the lead on these initiatives.
3. Hospitals should implement continuous training on the preparation of financial reports, cash flow projections, and budget-versus-actual analyses. The Accounting Department should facilitate monthly mentoring or coaching programs that focus on hands-on use of financial software and practical report generation, especially for hospital unit heads who lack accounting backgrounds.
4. It is recommended that a budgeting framework be introduced across all departments that clearly links hospital priorities to budget allocations. The Budget Officer and Department Heads should work collaboratively to ensure that these plans are not only approved but also effectively implemented and monitored.
5. Since education and years of service were found to affect financial knowledge and practices, professional development programs should be significantly customized based on these variables. Human Resource Departments should use staff profiles to design and schedule these tiered training programs.
6. To improve alignment of financial practices with organizational goals, it is recommended that cross-functional budgeting and planning sessions be conducted regularly. Hospital administrators should ensure that these meetings occur at least once per quarter and are documented with follow-up actions.
7. Given the strong positive correlation between financial management knowledge and practice, regular continuing professional development (CPD) is also recommended. This includes quarterly seminars, attendance at conventions, and online certifications in hospital financial management. Hospital directors should allocate specific budgets for professional development and set performance indicators.
8. It is recommended that an internal monitoring and evaluation system be established to track improvements in hospital managers' financial practices over time. Regular assessments using key performance indicators aligned with the financial domains (planning, monitoring, decision-making, and control) should be conducted. The Quality Assurance Office should lead the design of this system and report its results to management for policy adjustments.

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