The Effect of Financial And Service Performance on Financial Independence Level At Bhayangkara Lemdiklat Polri Hospital After Blu Status

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Abstract: This study aims to analyze the effect of financial and service performance on the level of financial independence of the Bhayangkara Lemdiklat Polri Hospital. The research was carried out based on time series analysis using secondary data in the form of financial report data at the hospital from 2016 to 2021. Through multiple linear regression analysis, it is known that there is a significant influence of financial performance and service performance partially and simultaneously on the level of financial independence. Specifically for service performance variable, there has been a significant but negative effect, which means that an increase in service performance will reduce the level of financial independence, and vice versa.

Keywords: Financial And Service, Performance, Financial Independence.

1. Introduction

In conjunction with the rapid growth and development of the economy and business lately, it is inevitable that there will be an increase in business competition in all sectors, including business sectors that were previously non-profit business sectors such as the health service sector. Health services, especially for a hospital, of course, have a very high level of dependence on the existence of medical equipment technology and medical support which is constantly developing rapidly and is increasingly sophisticated from time to time, which in addition to having a positive impact in the form of increasing the accuracy of patient handling, on the one hand, also brings consequences in the form of increased budget requirements and large investments.

Basically, hospitals as well as educational institutions are social public organizations that aim to improve people's welfare and according to the constitution in Indonesia is the responsibility of the government. Therefore, health service activities in hospitals should not be profit-finding but rather towards fulfilling the Government's responsibility towards the citizen. The government is required to provide an adequate budget for the implementation of health service activities, especially hospitals for the middle to lower economic community, which until now is still the majority in Indonesia.

With an orientation towards fulfilling obligations (responsibility fulfillment), as is the case with the education sector, the Government has divided into 2 (two) management systems, those are management by the Government through public organizations under the

ICLSSEE 2023, May 06, Salatiga, Indonesia

DOI 10.4108/eai.6-5-2023.2333567

relevant ministries and management by the public or the private sector. For hospitals that are privately managed, they are given the freedom to manage themselves as well as gain business profits, but they must not neglect their social role and be too market oriented. Meanwhile, hospitals managed by the Government must still function as organizations that provide health services for the middle and lower class of society and are not allowed to seek profit with the consequence of imposing a budget burden on the Government's shoulders.

However, currently there has been a change in the economic paradigm that directs health service activities, especially hospitals, into a business activity that has the potential to generate potential profits, so this has encouraged many domestic and foreign private parties to invest in the health service sector Increasing public awareness of health along with improving economic growth has made health service activities, especially hospitals, an attractive business and generate significant profits for investors. This phenomenon has prompted the Government to make the hospitals under its management participate in profit-based business competition or at least, to cover/reduce the increased burden on the Government's costs in providing health services to the community.

As a public sector organization funded by the Government, the hospital should not aim to pursue business profits because its funding was previously fully backed up by the State as a form of State responsibility for public health services. With the change in policy that public service institutions are encouraged to gradually break away from dependence on the state budget and are able or at least to finance their business activities from their own income, an evaluation is needed to find out the level of achievement of the financial and service performance targets and to analyze problems and solutions.

Generally, service quality is directly proportional to financial performance, which ultimately affects the level of financial independence of the hospital. Demands for improving the quality of services and directives to be able to finance their business activities from their own income have encouraged hospitals with BLU status or Public Service Agencies to provide services to the community without being profit-oriented based on the principles of efficiency and productivity.

The flexibility of controlling the hospital budget in the form of BLU emphasizes improving service and financial performance so that it can provide adequate health services and be able to compete with its competitors. For this reason, the writer is interested in knowing and researching financial and service performance and their influence on the financial independence of Bhayangkara Lemdiklat Polri Hospital which implements PPK-BLU. Financial independence is the ability of a hospital to finance its short-term and long-term obligations through obtaining revenue from its own service activities while reducing its financial dependence on the Government and/or third party donations.

In this regard, the direction of Government policy for public service organizations such as hospitals with BLU status is to achieve a level of financial independence through achieving financial performance as well as services. Thus, it is expected that public service institutions with BLU status can become independent institutions without dependence on the Government through an efficient and productive financial management system to produce high-quality services to be able to generate income from business results that are not too burdensome to society.

2. Theoretical Study

Reforms in all aspects of life from the social/political, economic, state and societal aspects in Indonesia that have been rolling since the Reformation in 1998 have produced many new paradigms including in the management of government and statehood. One of the visible reforms is the reform in the management of state finances which has shifted from the traditional budgeting system to output-oriented, performance-based budgeting. The occurrence of these changes is based on the perspective that there is an increase in demands for budget requirements for development and social financing in line with the increasingly limited resources owned by the Government. This condition encourages the Government to be more effective and efficient in implementing their budgetary policies while still not neglecting its role in providing services to the community, one of which is by the government entrepreneurship (enterprising the government).

The legal system in Indonesia since 2003 has regulated a performance-based budgeting system that directs government agencies in the field of public services to the community to manage their finances flexibly with an emphasis on productivity, efficiency and effectiveness. The main principles in the legislation constitute legal standing for these agencies to implement Public Service Agency (BLU) financial management and are expected to be the first step in reforming public sector financial management in order to improve Government services to the community.

There are 3 (three) main clusters in BLU, namely health, education, and others. In the health cluster there are hospitals and health centers managed by the Ministry of Health, the TNI and the Police. BLU agencies in the health cluster carry out their duties and functions in the provision of health goods and services to the public which generate income from fees charged to consumers and fall into the category of Non-Tax Revenue/PNBP. In its rules, BLU basically has to apply sound business practices without being profit-oriented and not allowed to seek profit (not-for-profit) with the principles of efficiency and productivity. Thus, budget absorption is not an achievement goal because the budget surplus can be reused in the following year for institutional development and improving service quality.

Permendagri (Ministry of State Regulation) Number 61 of 2007 explains that the financial performance of a BLU agency is measured based on the institution's ability to fulfill its short-term obligations (liquidity), meet its long-term debt and financial obligations (solvability), and generate profits within a certain period is called (profitability). The three indicators of the institution's financial capacity can be used as a representation of good or bad financial performance. According to Brigham and Houston (2012), the liquidity ratio is the ratio of total current assets to total short-term debt from time to time, the solvency ratio is the ratio that shows the company's ability to fulfill all of its long-term obligations with a general size of an ideal ratio of 200% or 2: 1., while the profitability ratio is the comparison between profits and assets or capital that generates profits in a certain period.

In Indonesian Law Number 25 of 2009, it is explained that health services are included in the category of public services whose aim is to serve the community medically and seek to cure diseases in people who are patients in a hospital or health center. The hospital is a health service institution with complex functions that are labor-intensive and capital-intensive, operating 24 hours per day. Hospitals are established and managed with the main objective of providing quality and affordable health services to the community, medical and diagnostic procedures as well as medical rehabilitation efforts.

Public service is a fundamental aspect in the implementation by the Government and/or institutions concerned with serving the community. This can be used as an indicator of the commitment and seriousness of the State in carrying out its responsibilities to serve and prosper its people. According to Wild & Halsey (2005: h.227), public service perrformance is the output of activities and activity programs that have been or are to be achieved in relation to the use of the budget with measurable quantity and quality of an agency in providing services to the community.

There are a number of indicators measuring the performance of government-owned hospitals with BLU status. Among the most frequently used and determined by the Ministry of Health of the Republic of Indonesia (2005) are:

1. Bed Occupancy Rate (BOR): Inpatient bed occupancy within a certain time.
2. Turn Over Interval (TOI): the average number of days a bed is not occupied.
3. Bed Turn Over (BTO): frequency of bed occupancy in a certain amount of time.
4. Average Length of Stay (AvLOS) is the average length of stay of the patient.
5. Gross Date Rate (GDR): patient mortality rate per 1,000 checkout patients.
6. Net Date Rate (NDR): patient mortality rate after two days of hospitalization per 1,000 the patient leaves the hospital.

The level of financial independence is a comparison of the ability of a hospital to finance all of its financial obligations in the form of operating expenditures from obtaining profits derived from the results of its efforts to serve public health. The most commonly used financial independence measurement indicator (2009) is the cost recovery rate (CRR), which is a ratio to measure the financial ability of a hospital to meet operational expenses from the profits from its operational activities or in other words, it is the acquisition of services to people in need. health services. Meanwhile, operational expenditures are expenditures to cover/pay service fees and all operational activities. The formula used to get the value of the cost recovery rate is:

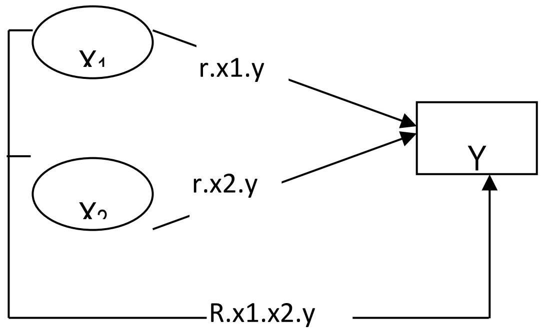
$$\text{CRR} = \frac{\text{Operational Expenditure}}{} \times 100\%$$

There are several other indicators in measuring the level of financial independence (LFI), including the company's ability to finance all expenditures from functional income, both operational and investment expenditures. Functional income is the total of functional income with subsidies which is calculated using the formula:

$$\text{LFI} = \frac{\text{Functional Income + Subsidies}}{} \times 100\%$$

Regulation of the Director General of Treasury of 2021 Article 5 Paragraph 3d states that the level of independence is the dependence of BLU spending on the budget originating from the Government with the measurement indicator being the comparison between the agency's original income used to fulfill its obligations with the budget obtained from the Government to cover the shortfall in total agency expenditures concerned. In this study, this calculation system has not been used to measure the level of financial independence of hospitals. Bhayangkara Lemdiklat Polri because the writer still uses measurements with the Cost Recovery Rate indicator to determine the level of the hospital's financial ability to cover its financial obligations for all of its operational activities within a certain period (in this case months) which is used as a measure of the level of stability and independence of a business entity that is not completely profit oriented.

From the theoretical studies described above, a framework of thinking is formed that there is a significant influence on financial performance and service performance on the financial independence of Bhayangkara Lemdiklat Polri hospital. Thus, in this study there were 2 (two) independent variables and 1 (one) dependent variable that was studied or measured and it can be described the constellation model of the three variables studied as shown in Figure 1 below:



Notes:
X1 = Financial Performance
(Liquidity, Solvaency, and Profitabilty)
X2 = Service Performance
(BOR, TOI, BTO, AvLOS, GDR, & NDR)
Y = Level of Financial Independence
(*Cost Recovery Rate)*)

Figure 1: Variables Constelation Model

Based on the determination of the framework of thinking and the constellation model between the variables tested, there are 3 (three) hypotheses that will be examined to answer, namely regarding:

1. Significance, coefficient, and direction of the influence of financial performance partially on the financial independence of Bhayangkara Lemdiklat Polri Hospotal.
2. Significance, coefficient, and direction of the influence of service performance partially on the financial independence of Bhayangkara Lemdiklat Polri Hospotal.
3. Significance, coefficient, and direction of the influence of financial and servce performance simultaneously on the financial independence of Bhayangkara Lemdiklat Polri Hospotal.

3. Research Methodology

This research is a quantitative research in the form of hypothesis testing using multiple linear regression analysis to find out whether there is a significant, strong, and positive effect of the independent variables being tested on the dependent variable. The type of data used is secondary data obtained from financial reports of Bhayangkara Lemdiklat Polri Hospital management from 2016 to 2021. There are 2 (two) independent variables, namely financial performance and service performance which are studied and tested to determine their effect on 1 (one) dependent variable, namely financial independence whose description is:

1. Financial Performance (X1) which is measured based on the ability level of Bhayangkara Lemdiklat Polri Hospital in fulfilling its short-term obligations (liquidity), obtaining financial income from the work of health services to the community (profitability), and paying all of its obligations within a certain period of time (solvability).
2. Service Performance (X2) as measured by six indicators according to Minister of Home Affairs Regulation Number 61 of 2007, namely 1) Bed Occupancy Rate, 2) Turnover Interval, 3) Bed Turnover, 4) Average Length of Stay, 5) Gross Date Rate, and 6) Net Date

Rate.

3. The level of financial independence (Y) is a ratio that shows the ability of RS. Bhayangkara Lemdiklat Polri finances all activities and expenditures from its functional income, both operating expenditures and investment expenditures. The measurement indicator is the cost recovery rate (CRR), which is the hospital's ability to meet all operating expenses from functional income.

The writer processes secondary data on the value of financial performance and service performance as well as the level of financial independence of the Bhayangkara Lemdiklat Polri hospital variables in carrying out public service business activities in the health sector in a 5 (five) year time series from 2016 to 2021. Then the data is processed using statistical and econometric data processing to determine whether there is a significant influence of the two independent variables to the dependent variable using the device:

a) Test the coefficient of determination to find out how many percent the variation of the Bhayangkara Lemdiklat Polri hospital's financial independence variable can be explained by simultaneous financial performance and service performance.
b) Test of Significance of Multiple Linear Regression Coefficients, to determine whether there is a significant effect of each independent variable partially on the dependent variable.
c) Significance Test of the Coefficient of Determination, to find out whether there is a significant influence of the independent variables simultaneously on the dependent variable.

4. Results and Discussion

To find out the data of the three variables tested based on the annual time series from 2016 to 2021, the writer first compiles annual reporting data for the three variables tested. Then describe the conditions of the three variables, perform statistical data processing, and finally analyze the output results of statistical data processing to be able to find out how the conditions of each of these variables are in the last 6 (six) years and test whether there is a significant influence on financial performance and service performance towards financial independence in Bhayangkara Lemdiklat Polri Hospital.

Financial performance (X1) is measured based on the ability level of the Bhayangkara Lemdiklat Polri Hospital in fulfilling its short-term obligations (liquidity), obtaining business results or work results from the services provided (rentability), and fulfilling all of its obligations (solvability). The indicator used to measure liquidity is if the current ratio of the hospital is more than 1.0 times (100%) it is considered to have a good ability to pay off its obligations. The profitability value is said to be good if the value is close to 1 (100%), which means it is getting better because every existing asset can generate profit. As for solvency, the general measure used is 200% or 2:1 and is said to be solvable if the ratio is less than 200%.

Table 1: Financial Performance of Bhayangkara Lemdiklat Polri Hospital

Tahun	**Liquidity** (%)	**Profitability** (%)	**Solvability** (%)	**Performance (□L+P):S** (%)
2016	93.5	43.2	174.7	39.1
2017	107.1	69.8	163.4	54.1
2018	120.5	60.9	103.2	175.7
2019	123.9	72.4	123.9	79.2

2020	86.2	32.3	216.8	27.3
2021	90.4	15.2	242.1	21.8

Source: Secondary data from the Bhayangkara Lemdiklat Polri Hospital's financial report.

The financial performance value used is the value of liquidity plus averaged profitability, to then be compared with the solvability value. This value is represented in the form of a percentage, and the ideal value of good financial performance is > 100. The data from Table 1 above shows that in the last 6 years good financial performance (> 100) was only in 2018, namely 175.7 and experienced decreased in subsequent years and experienced its lowest point in 2021 when the Covid 19 pandemic was at its highest point.

Financial performance data related to the determination of BLU status in Bhayangkara Lemdiklat Polri Hospital showed a very significant increase reaching 324.7%, from only 54.1% in 2017 to 175.7% in 2018. However, after that there was a decrease in 2019 to 79.2% and drastically decreased to 27.3% in 2020 and 21.8% in 2021 in line with the Covid-19 pandemic in Indonesia.

Table 2: **Service Performance of** Bhayangkara Lemdiklat Polri Hospital

Year	**BOR** (%)	**TOI Max. 4 days** (%)	**BTO Ideally 52x** (%)	**AvLOS Ideal 5 days** (%)	**GDR Ideal 4.5%** (%)	**NDR Ideal 2.5%** (%)	**Performance □□BOR,TOI,BTO □□AvLOS, GDR,NDR** (%)
2016	67.3	83.2	62.7	82.4	24.8	42.6	142.5
2017	72.7	64.6	58.1	76.7	52.2	85.4	91.2
2018	82.1	48.2	52.4	77.3	66.7	75.7	83.2
2019	77.6	64.8	54.6	82.6	60.4	62.8	96,2
2020	98.8	10.5	92.5	22.4	166.9	201.8	51.6
2021	95.2	4.2	98.1	16.8	135.5	188.5	57.9

Source: Secondary data from the Bhayangkara Lemdiklat Polri Hospital's financial report.

The table above shows that service performance at the Bhayangkara Lemdiklat Polri Hospital has experienced quite high fluctuations in the last 6 (six) years, where in 2016 it was in a high position reaching 142.5% then decreased in 2017 and 2018 and had increased again in 2019 before dropped sharply in 2020 and 2021 at the height of the Covid 19 pandemic. The data shows that although the hospital's performance has increased in terms of percentage and quantity of bed use in one year, due to the high mortality rate after being treated due to a pandemic, service performance at the hospital those in particular and all hospitals in general make service performance scores very low in 2020 and 2021.

With the designation of the hospital as a BLU hospital in December 2017, it can be seen that its service performance had decreased from 91.2 in 2017 to 83.2 in 2018. It is suspected that this condition is considered reasonable because it takes time for hospital management to make adjustments -adjustment of the management of the management of its services which were previously still under the supervision and guidance of the Ministry of Health, all of which are available for independent management and are encouraged to handle and seek to fulfill their own needs, especially hospital infrastructure facilities with financing from the results of the acquisition of service activities.

In the following year, that is in 2019, the performance of the hospital's services increased by 15.6% to 96.2% due to the adaptation of its service management system, although there was a significant decline in its financial performance of 221.8% from 175.7 in 2018 to only 79.2% in 2019. The data shows that there is no positive correlation between financial performance and service performance as seen from the data that when BLU status was assigned to the hospital there was an increase in financial performance on the other hand there was a decline in service performance in 2018.

Obtaining data on the financial and service performance values of the hospital, the writer is interested in knowing the significance, coefficient, and direction of the influence of these two variables partially and simultaneously on financial independence in the hospital in question. The data used as an indicator of financial independence is the cost recovery rate (CRR), which is a ratio that describes the ability of a hospital to pay/finance all operating expenses from functional income. The formula used to obtain the value of the cost recovery rate is the percentage comparison between operational expenditure and functional income.

Table 3: Variable Operational Data Input

Year	Financial	Service	Independency
2016	39.1	142.5	75.9
2017	54.1	91.2	88.4
2018	175.7	83.2	93.7
2019	79.2	96,2	69.2
2020	27.3	51.6	46.5
2021	21.8	57.9	37.2

Source: Secondary data from the Bhayangkara Lemdiklat Polri Hospital's financial report.

Based on the input data of the three variables studied, statistical data processing is then carried out to be able to analyze descriptively regarding the level of validity, average value, range, minimum and maximum values of all these variables. In Table 4 it can be seen that the data for the three variables are valid, which can be seen that there is not a single data series on the three variables referred to as 'missing', which means that all secondary data and the indicators that make up the value of each variable are complete. For the highest average value is the value of service performance (87.1) and the distribution of data is calculated from the mean (standard deviation) and the largest range of values is on financial performance. This shows that the value of the financial performance variable is the most normally distributed and the most evenly distributed.

Table 4: SPSS Output 'Frequencies"

Frequencies

			Financial	Service	Independency
N	Valid	Statistic	6	6	6
	Missing	Statistic	0	0	0
Mean		Statistic	66.2	87.1	68.5
		Std. Error	244.5	137.0	106.5
Range		Statistic	151.9	90.9	56.5
Minimum		Statistic	21.9	142.5	93.7
Maximum		Statistic	173.7	51.6	37.2
Percentile	25,00	Statistic	88,50	89,00	85,75
	50,00	Statistic	99,50	92,00	75,00
	75,00	Statistic	112,25	101,25	93,00

Multiple Modes Exist. The smallest value is shown

Table 5: SPSS Data Processing Output: Model Summary

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,802[a]	,643	,615	1,314

1. a. Predictors: (constant), Financial, Service

b. Dependent Variabel: Independency

In this study there were 2 (two) independent variables and 1 (one) dependent variable, thus the indicator used to assess the coefficient of determination or how much the dominance of the two different variables affects the dependent variable is R Square or R2. In Table 5 it can be seen that the R2 value is 0.643, meaning that 64.3% of the variation in the value of financial independence at the Bhayangkara Lemdiklat Polri Hospital is influenced by financial performance and its services, and only 35.7% is influenced by other variables not tested in this study.

Table 6: SPSS Data Processing Output: Coefficients

Coefficients[a]

Model		Unstandardized Coefficients		Standardized coefficients	t	Sig.
		B	Std. Error	Beta		
1	(constant)	-3,228	2,445		-1,283	,098
	Financial	,542	,106	,817	6,475	,028
	Service	- ,302	,097	-,976	-4,614	,045

a. Dependent Variable Independency

The probability value (sig.) of financial performance in Table 6 is 0.028 while service performance is 0.045, both are smaller than 0.05 and it can be seen that both financial performance and service performance partially have a significant effect on the financial independence of the Bhayangkara Hospital Lemdiklat Polri. The t-test value of financial performance is 6.475 and service performance is -4.614, both of which are greater than the t-table value of 4.6041, this indicates that there is a significant negative and positive effect on financial performance and negative for service performance on the hospital's financial independence. It has a significant but negative effect, meaning that the higher the quality of service, the lower the level of independence of the hospital, and vice versa.

Table 7: SPSS Data Processing Output: ANOVA

Sum of Squares	Df	Mean Square	F	Sig.
2431,225	2	1215,612	8,575	,037[a]
83,442	4	3,090		
2514,667	6			

a. Predictors: (constant), Financial, Service

b. Dependent Variabel; Independency

The data processing output in Table 7 shows the Sig. 0.037 <0.05 and F test 8.575 greater than F table 6.54. This means that there is a significant and positive influence on financial and service performance simultaneously on the financial independence of the

Bhayangkara Hospital Lemdiklat Polri. Increasing financial and service performance simultaneously will also increase the financial independence of the hospital.

5. Closing

The results of the study relate to the effect of financial and service performance on hospital independence. Bhayangkara Lemdiklat Polri can be concluded that there is a significant and positive effect of financial performance on the financial independence of the hospital. This means that the more the financial performance of the hospital increases, the more financial independence it will have, and vice versa. Service performance also has a significant effect on financial independence but has a negative direction indicating that the higher the service performance, the lower the independence of the hospital, and vice versa.

Simultaneously the two variables tested have a significant and positive influence, which means that the higher the value of financial and service performance, the higher the level of financial independence of the hospital. This shows that even though there are differences in the direction of the correlation between financial performance and service performance, it turns out that the correlation coefficient of financial performance is higher than the correlation coefficient of service performance on financial independence at the Bhayangkara Lemdiklat Polri Hospital, so that if done simultaneously the two independent variables are still on a trend of positive influence or linear.

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