

**THE INFLUENCE OF CAPITAL SOURCES AND CAPITAL
UTILIZATION ON PROFITABILITY AND ITS IMPLICATIONS FOR
LIQUIDITY: A QUALITATIVE STUDY AT PT KRAKATAU MEDIKA
CILEGON**

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ABSTRACT

This study explores the influence of capital sources and capital utilization on profitability and its implications for liquidity within the healthcare context, specifically focusing on PT Krakatau Medika Cilegon. Employing a qualitative case study methodology, the research investigates how financial management practices are formulated, interpreted, and implemented by organizational actors. Data were collected through semi-structured in-depth interviews with financial managers and unit heads, complemented by document analysis and non-participant observation. Thematic analysis was utilized to identify patterns in managerial reasoning and organizational practices. The findings reveal that internal capital is the preferred source of funding due to perceived organizational autonomy and lower financial risk, although it may limit expansion capacity. Effective capital utilization, driven by alignment with operational priorities and collaborative decision-making, is found to enhance efficiency and cost control, thereby indirectly influencing profitability. In this setting, profitability is conceptualized as financial sufficiency for service sustainability rather than profit maximization. Furthermore, prudent capital management practices are shown to stabilize cash flows and support the organization's capacity to meet short-term obligations. The study concludes that hospital financial performance is an interpretive process mediated by managerial judgment, organizational culture, and institutional constraints.

Keywords: *Capital Sources, Capital Utilization, Profitability, Liquidity, Hospital Management, Qualitative Study.*

ABSTRAK

Studi ini mengeksplorasi pengaruh sumber modal dan pemanfaatan modal terhadap profitabilitas dan implikasinya terhadap likuiditas dalam konteks layanan kesehatan, khususnya berfokus pada PT Krakatau Medika Cilegon. Dengan menggunakan metodologi studi kasus kualitatif, penelitian ini menyelidiki bagaimana praktik manajemen keuangan dirumuskan, diinterpretasikan, dan diimplementasikan oleh aktor organisasi. Data dikumpulkan melalui wawancara mendalam semi-terstruktur dengan manajer keuangan dan kepala unit, dilengkapi dengan analisis dokumen dan observasi non-partisipan. Analisis tematik digunakan untuk mengidentifikasi pola dalam penalaran manajerial dan praktik organisasi. Temuan menunjukkan bahwa modal internal adalah sumber pendanaan yang lebih disukai karena otonomi organisasi yang dirasakan dan risiko keuangan yang lebih rendah, meskipun hal itu

dapat membatasi kapasitas ekspansi. Pemanfaatan modal yang efektif, yang didorong oleh keselarasan dengan prioritas operasional dan pengambilan keputusan kolaboratif, ditemukan dapat meningkatkan efisiensi dan pengendalian biaya, sehingga secara tidak langsung memengaruhi profitabilitas. Dalam konteks ini, profitabilitas dikonseptualisasikan sebagai kecukupan keuangan untuk keberlanjutan layanan daripada maksimalisasi keuntungan. Lebih lanjut, praktik manajemen modal yang bijaksana terbukti dapat menstabilkan arus kas dan mendukung kapasitas organisasi untuk memenuhi kewajiban jangka pendek. Studi ini menyimpulkan bahwa kinerja keuangan rumah sakit merupakan proses interpretatif yang dimediasi oleh pertimbangan manajerial, budaya organisasi, dan kendala kelembagaan.

Kata Kunci: Sumber Modal, Pemanfaatan Modal, Profitabilitas, Likuiditas, Manajemen Rumah Sakit, Studi Kualitatif.

INTRODUCTION

Hospitals as service-based organizations occupy a distinctive position within the economic and social system, as they are required to balance the pursuit of service excellence with the imperative of financial sustainability. Unlike purely profit-oriented entities, hospitals operate under complex constraints arising from ethical responsibilities, regulatory frameworks, and public accountability. These conditions require financial management practices that not only ensure economic viability but also support the continuity and quality of healthcare services. In an environment characterized by rising healthcare costs, rapid technological advancement, and increasing expectations for accessibility and service quality, hospitals face continuous pressure to manage financial resources in an efficient and responsible manner.

Financial sustainability has therefore become a strategic concern rather than merely an operational issue in hospital management. Sound financial management enables hospitals to invest in medical technology, strengthen infrastructure, retain skilled professionals, and adapt to changes in healthcare demand. Conversely, inadequate

financial management may undermine service quality, restrict organizational growth, and threaten institutional survival. Within this context, the management of capital sources and the effective utilization of capital emerge as critical determinants of hospital performance. Decisions related to capital management influence not only financial outcomes but also organizational capacity, service delivery patterns, and long-term strategic positioning.

Capital sources form the foundation of an organization's financial structure and determine how both operational and investment activities are financed. In hospital settings, capital may originate from internal sources such as retained earnings and operational surpluses, or from external sources including loans, government funding, and strategic partnerships. Each source carries different implications in terms of cost, financial risk, flexibility, and managerial control. Internal capital is often perceived as relatively low risk and more controllable, although its availability may be limited, particularly in organizations facing budgetary constraints. External capital, while enabling expansion and investment, introduces financial obligations and risk exposure that require careful management.

As such, capital sourcing decisions in hospitals reflect strategic considerations that extend beyond short-term financial calculations.

Capital utilization refers to the manner in which financial resources are allocated and employed to support organizational activities. In hospitals, this includes decisions related to investments in medical equipment, facility maintenance, information systems, and human resources. Effective capital utilization enables hospitals to improve operational efficiency, reduce waste, and enhance service quality, whereas inefficient utilization may result in underused assets, cost escalation, and financial strain. The effectiveness of capital utilization is closely linked to managerial capability, organizational processes, and institutional priorities. Given the operational complexity of healthcare organizations, capital utilization plays a crucial role in shaping both short-term performance and long-term sustainability.

Profitability and liquidity represent two interrelated dimensions of financial performance that are strongly influenced by capital management practices. Profitability reflects an organization's ability to generate surplus from its operations, which is essential for reinvestment and organizational resilience. In hospitals, profitability is commonly understood not as profit maximization but as financial sufficiency to support service development and sustainability. Liquidity, in contrast, refers to the organization's capacity to meet short-term financial obligations and maintain uninterrupted operations. Adequate liquidity is particularly critical in healthcare settings,

where delays in reimbursement, fluctuating patient volumes, and unforeseen expenditures can disrupt cash flows and service delivery.

The relationship between capital sources, capital utilization, profitability, and liquidity is inherently complex and context dependent. Capital sourcing decisions influence financial risk and flexibility, which in turn affect profitability and liquidity outcomes. Similarly, the way capital is utilized shapes operational efficiency and cost structures over time. In hospital environments, these relationships are further mediated by organizational culture, leadership practices, and regulatory constraints. Financial decision-making is therefore not merely a technical process, but an organizational and interpretive activity shaped by values, priorities, and institutional conditions.

Despite the strategic importance of capital management in healthcare organizations, much of the existing literature has approached this issue primarily through quantitative methods. Previous studies have largely focused on financial ratios and statistical relationships between capital structure and financial performance. While such studies offer valuable empirical insights, they often overlook the managerial and contextual processes through which financial decisions are made. As a result, they provide limited understanding of how hospital managers interpret financial conditions and respond to financial challenges in practice.

This limitation highlights the need for qualitative research that explores financial management as an organizational process

embedded in specific institutional contexts. A qualitative approach allows for a deeper examination of managerial perceptions, decision-making practices, and contextual influences that shape capital management in hospitals. Through in-depth engagement with organizational actors, such research can reveal how financial strategies are negotiated, justified, and implemented in everyday practice.

Against this background, PT Krakatau Medika Cilegon provides a relevant empirical setting for examining capital management practices in a hospital context. Operating within a dynamic regulatory and financial environment, the hospital faces ongoing challenges related to financial sustainability, service quality, and organizational accountability. This study therefore seeks to explore how capital sources and capital utilization influence profitability and their implications for liquidity through a qualitative case study approach. By focusing on managerial perspectives and organizational practices, the study aims to uncover the mechanisms through which capital management contributes to financial sustainability in a healthcare institution.

LITERATURE REVIEW

The literature on organizational finance consistently emphasizes the strategic role of capital management in shaping institutional performance and long-term sustainability. In service-based organizations such as hospitals, financial management assumes heightened importance due to the dual responsibility of maintaining economic viability while delivering high-quality

healthcare services. Unlike commercial organizations that primarily pursue profit maximization, hospitals operate within complex institutional environments characterized by regulatory oversight, ethical obligations, and public accountability. Consequently, financial management in hospitals must be understood not only in technical terms but also as an organizational process embedded in broader social and institutional contexts.

Capital sources are generally defined as internal and external funds utilized to finance operational activities and long-term investments. Internal capital sources commonly include retained earnings, operational surpluses, and depreciation funds, while external capital may take the form of bank loans, government funding, leasing arrangements, or strategic partnerships. Conventional financial theories often analyze the choice between internal and external capital through considerations of cost efficiency and risk–return trade-offs. However, within healthcare institutions, capital sourcing decisions are rarely guided by financial optimization alone. Instead, they are closely intertwined with organizational mission, regulatory constraints, and the need to ensure service sustainability.

Hospitals operate in highly regulated environments where financial decisions are subject to institutional scrutiny and compliance requirements. As a result, capital sourcing strategies are frequently shaped by concerns related to financial risk, accountability, and long-term organizational credibility. Internal capital is often perceived as a safer and more controllable source of funding, as it does not entail fixed repayment

obligations or intensive external monitoring. Nevertheless, reliance on internal capital may constrain organizational growth and limit the capacity to invest in advanced medical technologies or infrastructure. External capital, by contrast, provides opportunities for expansion and modernization but introduces financial risk and managerial complexity, particularly in relation to debt servicing and regulatory compliance. These trade-offs indicate that capital sourcing in hospitals is not merely a technical choice, but a strategic and managerial decision shaped by contextual considerations.

From a qualitative perspective, capital sourcing decisions are further influenced by managerial perceptions and organizational experience. Managers interpret financial conditions, assess environmental uncertainty, and evaluate institutional priorities when determining appropriate funding strategies. In hospital settings, such interpretations are often informed by professional values, ethical considerations, and expectations regarding service continuity. Understanding capital sources in healthcare organizations therefore requires attention to how decision-makers perceive, interpret, and justify their financial choices within specific organizational and institutional contexts.

Closely related to capital sourcing is the concept of capital utilization, which refers to the effectiveness with which financial resources are allocated and employed to support organizational activities. Capital utilization encompasses decisions regarding investment priorities, operational expenditure, and the distribution of resources across organizational units. In hospitals, capital utilization is particularly complex due

to the diversity of services provided, the high cost of medical technology, and the critical importance of maintaining service quality and patient safety. Effective capital utilization enables hospitals to improve operational efficiency, enhance service delivery, and maintain financial balance, whereas inefficient utilization may result in resource wastage, operational bottlenecks, and financial strain.

The literature suggests that capital utilization is strongly influenced by managerial capability and organizational processes. Efficient utilization requires not only adequate financial resources but also effective planning, coordination, and monitoring mechanisms. In healthcare organizations, decisions related to capital utilization often involve collaboration among financial managers, clinical leaders, and administrative personnel, reflecting the interdisciplinary nature of hospital operations. These collaborative processes introduce subjective elements into capital utilization, as stakeholders may prioritize different objectives based on their professional roles and responsibilities. A qualitative approach is therefore particularly suitable for capturing the complexity of capital utilization practices in hospitals, as it allows for an exploration of decision-making processes and stakeholder interactions that are not easily quantified.

Capital utilization has significant implications for organizational performance, particularly with respect to profitability and liquidity. Profitability is commonly defined as an organization's ability to generate financial surplus from its operations, serving as an indicator of economic efficiency and

long-term sustainability. In hospitals, however, profitability is typically conceptualized not as profit maximization but as financial sufficiency, reflecting the need to generate adequate surplus to support reinvestment, service improvement, and organizational resilience. This interpretation distinguishes healthcare institutions from purely commercial enterprises and highlights the importance of contextualizing profitability within organizational objectives and values.

Liquidity, in contrast, refers to an organization's capacity to meet its short-term financial obligations and maintain uninterrupted operational flows. In hospital settings, liquidity is particularly critical due to the continuous need to finance medical supplies, personnel costs, and operational expenditures. Disruptions in cash flow may have immediate and severe consequences for service delivery, making liquidity management a central concern for hospital administrators. Existing literature indicates that liquidity is influenced not only by revenue levels but also by expenditure patterns, reimbursement mechanisms, and the efficiency of capital utilization. Ineffective allocation of capital may lock resources into non-productive assets, thereby constraining liquidity and increasing financial vulnerability.

The relationship between profitability and liquidity in hospitals is inherently dynamic and interdependent. While profitability contributes to liquidity by generating internal funds, an excessive focus on short-term liquidity may restrict investments necessary for long-term profitability and service quality. Hospital

managers must therefore balance these objectives through strategic capital management. This balancing process is shaped by managerial judgment, organizational culture, and external constraints, further underscoring the relevance of a qualitative understanding of financial performance in healthcare organizations.

Empirical studies examining profitability and liquidity in hospitals have predominantly relied on quantitative indicators and ratio-based analysis. Although such studies provide valuable insights into financial trends and performance patterns, they often fail to explain the mechanisms through which capital management practices influence financial outcomes. Quantitative measures alone cannot capture how hospital managers interpret financial information, negotiate competing priorities, or adapt strategies in response to environmental change. This limitation has led to growing recognition of the need to complement quantitative analysis with qualitative inquiry in order to develop a more comprehensive understanding of hospital financial management.

Building on this perspective, the conceptual framework of the present study proposes that capital sources influence capital utilization, which in turn affects profitability and liquidity. These relationships are not assumed to be linear or deterministic, but are mediated by managerial interpretation and organizational context. Capital sources shape the organization's financial flexibility and risk profile, thereby influencing how resources are allocated and utilized. Capital utilization,

reflecting managerial decisions regarding resource deployment, directly affects operational efficiency and cost structures, which subsequently shape profitability and liquidity outcomes.

Managerial interpretation plays a central mediating role within this framework. Rather than responding mechanically to financial conditions, managers interpret financial information through the lens of organizational goals, professional values, and contextual constraints. These interpretations influence decisions related to capital sourcing and utilization, as well as assessments of acceptable levels of profitability and liquidity. Organizational context, including regulatory requirements, institutional culture, and stakeholder expectations, further mediates these relationships by defining the boundaries within which financial decisions are made.

By integrating managerial interpretation and organizational context into the conceptual framework, this study moves beyond traditional financial models that emphasize objective variables and rational decision-making. Instead, it adopts a holistic perspective that recognizes financial management in hospitals as an embedded organizational process shaped by meaning, context, and practice. This perspective provides a theoretical foundation for the qualitative analysis undertaken in this study and guides the exploration of how capital management practices influence financial performance at PT Krakatau Medika Cilegon

RESEARCH METHODS

This study employs a qualitative research methodology using a case study design to obtain an in-depth and contextual

understanding of financial management practices related to capital sources, capital utilization, profitability, and liquidity at PT Krakatau Medika Cilegon. A qualitative approach is considered appropriate because the primary objective of the study is not to test hypotheses or establish statistical relationships, but to explore meanings, interpretations, and decision-making processes underlying financial management practices within a hospital setting. Financial management in healthcare organizations is inherently complex and context dependent, and therefore cannot be fully understood through numerical indicators alone. The qualitative design enables a deeper exploration of how financial strategies are formulated, interpreted, and implemented in practice.

The case study design is particularly suitable for this research as it allows for an intensive examination of a single organization within its real-life context. PT Krakatau Medika Cilegon was selected as the case because it represents a healthcare institution operating under dynamic financial, regulatory, and organizational conditions. By focusing on a single case, the study captures the complexity of financial management practices as they unfold within a specific institutional environment. This approach facilitates a nuanced understanding of organizational processes, managerial reasoning, and contextual influences shaping decisions related to capital sourcing and utilization. Rather than aiming for statistical generalization, the case study seeks to generate analytical insights that may inform theory and practice in similar healthcare contexts.

The qualitative case study approach also aligns closely with the conceptual framework of this research, which emphasizes the mediating role of managerial interpretation and organizational context in linking capital sources and capital utilization to financial outcomes. Such mediating processes involve subjective experiences, perceptions, and judgments that are best examined through qualitative inquiry. By engaging directly with organizational actors and examining internal documents and everyday practices, the study seeks to uncover the mechanisms through which financial management decisions influence profitability and liquidity.

The selection of research informants constitutes a critical element of the qualitative methodology adopted in this study. Informants were selected using purposive sampling, a technique commonly employed in qualitative research to identify individuals who possess relevant knowledge and experience related to the phenomenon under investigation. Key informants include financial managers, accounting staff, and unit heads who are directly involved in financial planning, budgeting, and resource allocation at PT Krakatau Medika Cilegon. These individuals are well positioned to provide rich insights into capital management practices, as they are actively engaged in financial decision-making and have firsthand experience with the financial challenges and constraints faced by the organization.

Purposive sampling is justified on the basis that not all organizational members are equally able to contribute meaningful information regarding financial management practices. Financial managers and accounting

staff are responsible for interpreting financial data, managing capital sources, and monitoring profitability and liquidity, while unit heads play an essential role in translating financial decisions into operational actions. Their combined perspectives offer a comprehensive view of how capital-related decisions are formulated, implemented, and evaluated within the hospital. Informant selection was guided by criteria such as length of service, level of responsibility, and degree of involvement in financial decision-making, thereby ensuring the relevance and credibility of the data collected.

Data collection in this study employed multiple qualitative techniques to enhance depth and credibility through triangulation. Semi-structured in-depth interviews constituted the primary method of data collection, allowing the researcher to explore participants' experiences and perspectives in a flexible yet systematic manner. An interview guide was used to ensure consistency across interviews while allowing space for probing and follow-up questions. Through these interviews, the study explored how informants perceive capital sources and capital utilization, how they understand profitability and liquidity, and how organizational and contextual factors shape their financial decisions. The semi-structured format enabled participants to articulate their views in their own words, generating rich and detailed narratives reflective of their lived experiences.

In addition to interviews, document analysis was conducted to complement and substantiate interview data. Internal financial reports, budgeting documents, policy guidelines, and other relevant organizational

records were examined to provide contextual background and verify information obtained from informants. Document analysis enabled the researcher to understand formal financial structures, policies, and procedures governing capital management at PT Krakatau Medika Cilegon. These documents also provided historical and factual insights, allowing the study to trace changes in financial practices over time and identify patterns not immediately evident from interviews alone.

Non-participant observation was also employed to gain insight into financial management practices as they occur in everyday organizational settings. Through observation, the researcher examined how financial decisions were discussed and enacted in meetings, planning sessions, and routine operational activities. This technique offered opportunities to observe interactions among organizational actors, decision-making dynamics, and the practical implementation of financial strategies. Non-participant observation helped capture aspects of organizational behavior that may not be fully articulated in interviews, such as informal practices, power relations, and implicit norms. The integration of interviews, document analysis, and observation enabled a comprehensive and context-sensitive understanding of financial management practices.

Data analysis followed a thematic analysis approach, which is widely used in qualitative research to identify, analyze, and interpret patterns of meaning within textual data. The analysis began with data familiarization, during which interview transcripts, field notes, and documents were

read repeatedly to develop an overall understanding of the dataset. This process allowed the researcher to become immersed in the data and identify preliminary insights related to capital sources, capital utilization, profitability, and liquidity.

Following familiarization, the data were systematically coded to identify meaningful units of analysis. Coding involved assigning labels to segments of text that captured key ideas, concepts, or issues relevant to the research objectives. Codes were generated inductively from the data, allowing themes to emerge organically rather than being imposed in advance. Through iterative coding and comparison, related codes were grouped into broader categories representing recurring patterns and relationships within the data.

The subsequent stage of analysis involved reviewing and refining the identified themes to ensure coherence and analytical clarity. Themes were examined in relation to the entire dataset to confirm that they accurately reflected participants' experiences and perspectives. This process involved refining, merging, or rearticulating themes where necessary. Throughout the analysis, reflexive interpretation was applied to consider how the researcher's assumptions and theoretical positioning might influence data interpretation, thereby enhancing analytical rigor and transparency.

The final stage of analysis focused on interpreting the themes in relation to the research objectives and conceptual framework. The identified themes were connected to existing literature on capital management, profitability, and liquidity in healthcare organizations, enabling a dialogue

between empirical findings and theoretical insights. Through this interpretive process, the study explains how capital sources and capital utilization influence financial performance and how managerial interpretation and organizational context mediate these relationships. The analysis thus moves beyond descriptive reporting to provide explanatory insights that contribute to theory development and practical understanding.

To ensure the trustworthiness of the study, several strategies were applied, including data triangulation, systematic documentation of research procedures, and rigorous thematic analysis. Triangulation enhanced credibility by corroborating findings across interviews, documents, and observations, while detailed documentation supported transparency and dependability. These strategies strengthen the overall quality and credibility of the qualitative findings.

In summary, the qualitative case study methodology employed in this research is designed to capture the complexity and contextual nature of financial management practices at PT Krakatau Medika Cilegon. Through purposive selection of knowledgeable informants, the use of multiple data collection techniques, and systematic thematic analysis, the study generates in-depth insights into how capital sources and capital utilization influence profitability and liquidity in a hospital setting. This methodological approach provides a robust foundation for addressing the research objectives and contributes to a deeper understanding of financial management as an organizational and

managerial process embedded within healthcare institutions.

RESULTS AND DISCUSSION

Results

The results of this study present an in-depth account of how capital sources and capital utilization are understood, managed, and experienced by organizational actors at PT Krakatau Medika Cilegon, as well as how these practices shape profitability and liquidity. Rather than reporting numerical indicators, the findings emphasize patterns of meaning, managerial reasoning, and organizational practices derived from interviews, document analysis, and observations. Overall, the results demonstrate that financial management within the hospital is not merely a technical activity, but a contextual and interpretive process influenced by institutional priorities, risk considerations, and operational realities.

Findings related to capital sources indicate that internal funding plays a central role in the hospital's financial strategy. Informants consistently described internal capital, including retained earnings and operational surpluses, as the preferred source of financing because it provides a greater sense of financial control and organizational autonomy. Internal capital was perceived as enabling management to make financial decisions with fewer external constraints, as it does not involve fixed repayment obligations or intensive monitoring by external parties. This perception was particularly evident among financial managers, who emphasized that reliance on internal capital reduces financial risk and supports stability within a regulatory

environment characterized by uncertainty in healthcare financing.

At the same time, reliance on internal capital was acknowledged to impose limitations on organizational expansion and investment capacity. Informants noted that although internal funding supports operational continuity, it often restricts the hospital's ability to undertake large-scale investments, such as acquiring advanced medical equipment or expanding service facilities. Decisions to postpone or scale down investment projects were frequently linked to limited internal resources, illustrating how financial constraints shape strategic priorities in practice. These findings reflect an ongoing tension between financial prudence and strategic growth within the organization.

External funding was viewed as a potential means of overcoming these limitations by enabling service development and infrastructure modernization. However, informants expressed a cautious stance toward external capital, particularly debt-based financing. External funding was associated with increased financial risk, heightened scrutiny, and long-term repayment obligations that could place pressure on cash flow and liquidity. This cautious approach reflects a risk-averse financial culture shaped by concerns about maintaining financial sustainability and compliance with healthcare regulations. Decisions to pursue external funding were described as involving careful deliberation and risk assessment, underscoring the importance of managerial judgment in capital sourcing decisions.

The findings further indicate that capital sourcing decisions are influenced by organizational experience and historical context. Past financial challenges and regulatory changes were described as shaping current attitudes toward debt and external financing. Informants explained that previous experiences reinforced a preference for conservative capital structures that prioritize stability over aggressive expansion. This historical perspective suggests that capital sourcing is not a static choice, but an evolving practice informed by organizational learning and institutional memory.

With respect to capital utilization, the results show that effective allocation and use of financial resources are perceived as critical to operational efficiency and cost management. Informants emphasized that capital utilization decisions are closely aligned with operational priorities, particularly those related to service delivery and expenditure control. Investments were typically evaluated based on their contribution to operational effectiveness and long-term sustainability rather than short-term financial returns. This orientation reflects an understanding of capital utilization as a strategic instrument for supporting the hospital's core mission of healthcare service provision.

Effective capital utilization was described as a process involving continuous monitoring and adjustment of resource allocation to ensure alignment with organizational needs. Informants highlighted the importance of coordination between financial and operational units in optimizing capital use. Decisions related to procurement, maintenance, and service development were

often the outcome of collaborative processes involving financial managers, unit heads, and clinical leaders. Such collaboration was perceived to enhance efficiency by ensuring that financial resources were directed toward areas with the greatest operational impact.

The results also reveal that inefficiencies in capital utilization were recognized as potential threats to financial performance. Informants acknowledged that underutilized assets, implementation delays, and misalignment between financial planning and operational realities could lead to cost inefficiencies and reduced financial flexibility. These inefficiencies were viewed not simply as technical shortcomings but as organizational challenges requiring improved planning, coordination, and communication. This finding highlights the role of organizational processes and managerial practices in shaping the effectiveness of capital utilization.

Importantly, informants perceived capital utilization as indirectly influencing profitability through its effects on cost structures and operational efficiency. Profitability was not framed in terms of revenue maximization, but rather as financial sufficiency that supports operational stability and service continuity. Effective capital utilization was seen as enabling cost control, reducing waste, and maintaining stable operations, thereby contributing to sustainable profitability. This interpretation reflects the distinctive nature of profitability in healthcare organizations, where financial surplus is valued primarily as a means to support service quality and organizational resilience.

The implications of capital management practices for profitability and liquidity emerged as a central theme across the findings. Informants consistently emphasized that prudent capital management enhances cash flow stability, which is essential for maintaining liquidity. Liquidity was described not only as a financial measure, but as the organization's practical capacity to meet operational needs and respond to unexpected challenges. Stable cash flows were viewed as critical for ensuring uninterrupted service delivery, timely procurement of medical supplies, and fulfillment of financial obligations to staff and suppliers.

The findings suggest that the relationship between capital management and liquidity is mediated by managerial practices and organizational context. Conservative capital sourcing strategies, although limiting expansion, were perceived as supporting liquidity by minimizing fixed financial obligations. Similarly, efficient capital utilization was viewed as reducing unnecessary expenditures and freeing resources for operational needs. Together, these practices contribute to a sense of financial security and stability within the organization.

Informants also highlighted the long-term implications of capital management for financial sustainability. Prudent capital management was associated with the ability to absorb financial shocks, adapt to changes in healthcare financing, and sustain service delivery over time. This long-term perspective reflects an understanding of financial sustainability as an ongoing process rather than a static outcome. Capital

management practices were therefore framed as part of a broader strategy to balance financial stability with service excellence.

Overall, the results demonstrate that capital sources and capital utilization are central to understanding financial performance at PT Krakatau Medika Cilegon. The findings show that capital management practices are shaped by managerial interpretation, organizational culture, and institutional context, and that their effects on profitability and liquidity are mediated through operational efficiency and cash flow stability. By revealing the meanings and practices underlying financial decision-making, these results provide a nuanced understanding of how financial sustainability is constructed and maintained within a hospital setting.

Discussion

The findings of this study reinforce and extend existing literature that conceptualizes financial performance as an outcome shaped not only by numerical indicators and financial ratios, but also by managerial strategies, organizational context, and interpretive processes. Consistent with prior research in financial and healthcare management, the results demonstrate that capital sources and capital utilization play a central role in shaping profitability and liquidity. However, this study moves beyond dominant quantitative approaches by illuminating the qualitative mechanisms through which capital management practices are enacted and experienced within a hospital setting. By examining PT Krakatau Medika Cilegon as a case study, the research provides a contextualized understanding of how financial sustainability is constructed through

managerial decision-making rather than being determined solely by formal financial structures.

The preference for internal capital sources identified in the findings aligns with traditional financial management theories that associate internal financing with lower risk and greater managerial control. In healthcare institutions, this preference is particularly salient given the need to ensure service continuity and comply with regulatory requirements. The findings suggest that internal capital is perceived not merely as a financial resource, but as an expression of organizational autonomy and stability. This perception supports arguments in the literature that capital structure decisions in service-based organizations are influenced by considerations of control, accountability, and mission alignment, rather than by cost-of-capital calculations alone. At the same time, the limitations associated with reliance on internal capital, particularly constraints on expansion and investment capacity, reflect the inherent trade-offs emphasized in capital management theory.

The cautious orientation toward external funding observed in this study further illustrates the significance of organizational context in shaping financial strategies. While external capital offers opportunities for growth and modernization, it also introduces risks related to debt servicing, cash flow volatility, and external oversight. The findings indicate that hospital managers interpret these risks through the lens of organizational experience and institutional memory, thereby reinforcing conservative financial practices. This interpretation is consistent with contingency-

based perspectives in financial management, which posit that optimal capital structures are context dependent and shaped by environmental uncertainty, regulatory pressures, and organizational characteristics. The qualitative insights provided by this study deepen understanding of how such contextual factors are internalized by decision-makers and translated into financial strategies.

The discussion of capital utilization highlights its function as a critical link between capital sources and financial performance. The findings indicate that effective capital utilization is perceived as a key driver of operational efficiency and cost management, thereby contributing indirectly to profitability. This observation resonates with resource-based and managerial perspectives that emphasize the strategic importance of how resources are deployed rather than merely how they are acquired. In the hospital context, capital utilization decisions are closely intertwined with service delivery priorities, making them inherently complex and multidimensional. The findings demonstrate that capital utilization is shaped through collaborative processes involving financial, administrative, and clinical stakeholders, underscoring the organizational nature of financial management in healthcare institutions.

Importantly, the findings challenge narrow interpretations of profitability that dominate much of the quantitative literature. Rather than viewing profitability as an end in itself, informants conceptualized it as financial sufficiency that enables service sustainability and organizational resilience. This interpretation aligns with research that

distinguishes healthcare organizations from profit-driven enterprises and emphasizes the social and ethical dimensions of financial performance. By capturing these meanings through qualitative inquiry, the study contributes to a more nuanced understanding of profitability that reflects the realities of hospital management. This perspective also helps explain why capital utilization is viewed as indirectly influencing profitability through cost control and operational stability, rather than through revenue maximization alone.

The relationship between capital management and liquidity emerges as a central theme in the discussion. Consistent with existing studies, the findings confirm that liquidity is essential for maintaining uninterrupted service delivery in hospitals. This study extends prior research by demonstrating that liquidity is understood and managed not only as a technical financial metric, but as a practical organizational capacity to respond to operational demands and external uncertainties. Informants described liquidity in experiential terms, highlighting the role of managerial judgment in maintaining cash flow stability and operational continuity.

The findings further reveal that profitability and liquidity are pursued in an integrated rather than fragmented manner. Hospital managers were found to balance short-term liquidity needs with long-term sustainability objectives, reflecting an understanding of financial performance as a dynamic and interrelated process. The conceptual framework proposed in this study, which positions capital utilization as a mediating mechanism between capital

sources and financial outcomes, is supported by the empirical findings. Managerial interpretation and organizational context further mediate these relationships, reinforcing the value of a qualitative approach in uncovering the processes through which financial outcomes are achieved.

From a theoretical perspective, this study enriches capital management theory by incorporating qualitative insights into financial decision-making within healthcare organizations. Traditional capital structure theories often assume rational decision-making based on objective financial data. In contrast, the findings demonstrate that financial decisions in hospitals are influenced by subjective interpretations, organizational culture, and institutional constraints. By foregrounding these factors, the study contributes to the development of more context-sensitive theoretical frameworks capable of capturing the realities of financial management in service-based organizations.

The study also contributes to the healthcare management literature by emphasizing the organizational and managerial dimensions of financial performance. While previous research has established statistical relationships between capital structure and financial indicators, this study explains how such relationships are produced through everyday practices, negotiations, and interpretations. The qualitative approach adopted here complements existing quantitative studies and responds to calls for methodological pluralism in healthcare management research. By bridging financial theory and organizational analysis, the study offers a

more holistic perspective on hospital financial management.

In practical terms, the findings have important implications for hospital managers and policymakers. The emphasis on internal capital and prudent capital utilization highlights the importance of aligning financial strategies with organizational capacity and service priorities. Hospital managers may draw on these insights to develop capital planning approaches that balance financial control with strategic flexibility. Careful evaluation of investment decisions, continuous monitoring of capital utilization, and collaborative decision-making processes emerge as key practices for enhancing operational efficiency and financial stability, particularly in environments characterized by regulatory complexity and financial uncertainty.

The discussion also underscores the role of managerial capability and organizational learning in effective capital management. Financial strategies are shown to evolve in response to experience and environmental change, suggesting that hospitals benefit from cultivating reflective and adaptive management practices. This perspective highlights the importance of leadership development and capacity building in strengthening financial governance within healthcare institutions.

Finally, the findings hold implications for policymakers and regulators concerned with healthcare financial governance. By illustrating how hospitals interpret and respond to financial constraints, the study offers insights that may inform the design of regulatory frameworks and funding mechanisms supportive of sustainable

service delivery. Recognizing the contextual and organizational dimensions of financial management enables policymakers to better align regulatory objectives with the operational realities of healthcare institutions.

Overall, the discussion demonstrates that capital sources and capital utilization influence profitability and liquidity through complex, context-dependent mechanisms. The qualitative insights generated by this study illuminate these mechanisms and contribute to a deeper understanding of hospital financial management. By situating financial performance within managerial strategies and organizational context, the study advances both theory and practice in healthcare management and provides a foundation for future research integrating qualitative and quantitative approaches to examine financial sustainability in healthcare organizations.

CONCLUSION AND SUGGESTIONS

Conclusion

This study concludes that capital sources and utilization significantly influence profitability and liquidity through managerial decision-making and organizational practices.

Limitations and Future Research

The study is limited to a single case and relies on qualitative data. Future studies may adopt mixed-method approaches to enhance generalizability.

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