

University of Lodz
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Summary of doctoral thesis

**„The strategies of financial liquidity management among
hospitals in Poland”**

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The doctoral dissertation is devoted to the problem of financial liquidity management strategies used by Polish hospitals. The considerations included in the thesis indicate also how the financial liquidity management process in the hospital can influence the profitability achieved. In the dissertation, there is underlined the extremely important role of short-term debt in financing the activity of Polish hospitals. There are presented many problems occurring in the Polish health care system, emphasizing the key role of hospital units, which absorb the largest part of financial resources allocated to financing the entire system and at the same time there is pointed the need to improve the functioning of Polish hospitals. The author of the thesis has attempted to verify the existence of financial theories, applied usually towards typical entities operating in the market economy, in the sector of hospitals in Poland. However, there are pointed out in the thesis significant deviations that occur between hospitals and typical enterprises operating in the market economy. It seems to be still a matter of question how Polish hospitals should be portrayed – as similarly like other economic entities operating in the market economy or maybe in another way. The reforms of Polish health care system have brought many market elements into it. There were suggestions that hospitals should be treated like other market players, however, later on this point of view have been finally abandoned. Hence, in the context of the many changes introduced in the healthcare system in Poland, it seems extremely important to determine the role and status of Polish hospitals.

The main objective of the work is to assess the strategies applied by hospitals in Poland for managing financial liquidity process and the impact of these strategies on profitability. The main hypothesis in the work is as follows: financial liquidity management strategies applied by hospitals significantly differentiate the profitability levels. This hypothesis is verified in a positive way in the thesis. However, it is worth to point out that there is also presented a set of auxiliary aims and hypotheses that are verified step by step in the dissertation.

The study included in the work is conducted on a relatively large research sample, consisting of more than 130 public hospitals. The analysis period covers the years 2005-2014. Such a research period was justified by the relatively stable conditions towards financing and functioning of the health care system in Poland. In the study are applied such tools as methods used for the financial evaluation of business entities and for the assessment of liquidity management strategies. Moreover, there are used statistical and econometric methods.

The thesis consists of four chapters. In the first of these, the functioning of the Polish health care system in the examined period is characterized. The chapter also contains

definitions of basic concepts related to health care. The key role of hospitals in the Polish health care system, against the background of other healthcare entities and other institutions affecting the health care system in Poland, is also indicated.

In the second chapter, the typical features of hospital activity are compared to the features typical for the market entities. What is more, the chapter presents the basic methods of financing health services, with particular emphasis on hospital activity, and basic financial problems with which Polish hospitals struggled in the analyzed period. The main characteristics of the financial reporting process of Polish hospitals are also presented in the chapter. There is exposed a very significant role of financial liquidity management process in Polish hospitals.

The third chapter is devoted mainly to financial liquidity area. There are described problems related to the assessment of financial liquidity, the basic types of liquidity management strategies, as well as there is presented the research review of the studies carried out so far in the analyzed matter. There are discussed studies pointing out significant remarks regarding the management of financial liquidity from various sectors of the economy as well as rigorous research carried out in the hospital sector.

The fourth chapter presents the results of empirical analyses. The study is conducted in separate groups of hospitals. In the first part of the study, hospitals are divided into the groups taking into consideration financial liquidity criterion, whereas in the second part of the study they are divided according to profitability criterion. Using such divisions is aimed at facilitating verification of some of the research hypotheses set in the dissertation and is also based on the remarks from the subject literature defining financial liquidity as a significant determinant of profitability.

According to the obtained results, it turns out that the main problem in the financial management of hospitals in Poland is the high level of short-term liabilities. There exists a significant relationship between financial liquidity and profitability in the analyzed sample of Polish hospitals. Financial liquidity is a significant determinant of profitability, but the direction of the relationship is not fully in line with the financial theories applied usually towards typical entities operating in the market economy. In the case of the hospital sector, there is a positive relationship between profitability and financial liquidity. It means that the more conservative liquidity management strategy is, the better financial condition and higher profitability levels of particular hospitals are – and vice versa. According to the author of the dissertation, this might be explained by the fact that the situation of many of Polish hospitals may be so bad that any aggressive behavior in the process of financial liquidity management

does not improve their profitability. Such a behavior may rather deteriorate their financial situation (although, due to statutory exclusion, it does not lead to the bankruptcy of the hospital). However, the author of the thesis points out that during the whole analyzed period, there can be found a group of hospitals that performed much better than other entities. It was a group of hospitals using conservative liquidity management strategies. Therefore, the conclusion of the conducted study is that the improvement of the situation of other hospitals, in terms of the financial management process, can be based on absorbing as the role models the units applying conservative financial liquidity management strategies.

Bearing in mind that in the hospital sector there occur unusual financial dependencies, the author of the thesis states that hospital entities should not be perceived as typical enterprises operating in the market economy. These observations are also supported by broad analyses of the specificity of Polish hospitals' activity, along with the description of the conditions in which the hospitals operate.

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