



The Importance of Hospital Governance in Indonesia: Enhancing Healthcare Quality and Accountability

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ABSTRACT: The Indonesian healthcare system is undergoing significant transformation to meet the needs for improved service delivery, patient safety, and equity in accessing quality care. According to the World Health Organization (WHO), Indonesia faces substantial challenges within its healthcare system, including a high burden of disease, limited access to healthcare services, and disparities in health outcomes across different regions. Despite ongoing reforms, the country continues to grapple with issues such as inconsistent healthcare quality, inefficient resource management, and a lack of accountability among healthcare providers. This paper explores the critical role of hospital governance in addressing these challenges, emphasizing the need for clear governance structures, effective leadership, and stakeholder engagement to enhance healthcare quality and ensure equitable access to services. By examining the implications of governance frameworks on hospital performance, this study aims to contribute valuable insights for policymakers and healthcare administrators in Indonesia, ultimately fostering a more effective and equitable healthcare system.

KEYWORDS: Leadership, Management, System

BACKGROUND

The Indonesian healthcare system is changing significantly to meet the needs of improved service delivery, patient safety, and equity in accessing quality care. The World Health Organization reports that Indonesia faces significant challenges in its healthcare system, including a high burden of disease, limited access to healthcare services, and disparities in health outcomes across different regions (World Health Organization, 2021). Despite continuous reform efforts in the healthcare system, inconsistent quality of healthcare, inefficient use of resources, and lack of accountability in healthcare providers have remained some of the key concerns for the country.

Hospital governance is the framework of rules, practices, and processes by which hospitals are directed and controlled; it is vital in addressing these challenges. Good governance in hospitals is essential for establishing an open, accountable, and continuously improving culture in healthcare institutions. It includes elements of leadership, stakeholder engagement, regulatory compliance, and performance monitoring. In Indonesia, where health inequalities are common, the implementation of robust governance frameworks can have a significant effect on the quality of care and patient outcomes. A study that hospitals with clear governance structures are more likely to achieve better health outcomes and higher patient satisfaction levels (Bhati et al, 2023).

However, researchers have found that the very phenomenon allows the unclear governance structure to translate into ambiguity at the executive and operational levels, leading to poor decision-making, miscommunication among staff, and ultimately, impaired patient care. This can be shown by the report of the Indonesian Ministry of Health, which stated that a majority of hospitals have issues regarding governance that hinder their output on the level of service delivery and regulator standards (Kementerian Kesehatan Republik Indonesia, 2022).

Besides, increasing complexity in the delivery of health care, together with rising expectations of patients, among other stakeholders, demands a rethinking of existing governance arrangements. This paper will discuss the issue of hospital governance in Indonesia in its implication for health care quality, accountability, and overall system performance.

Research Question

The development and implementation of appropriate frameworks for effective hospital governance, how will these influence quality healthcare provision and system performance of Indonesian hospitals in respect to leadership, stakeholder involvement, regulatory compliance, and resource management?



METHODOLOGY

The design of this study involves qualitative research based on observational methodologies and practical experiences that investigate how Indonesian hospital governance influences the quality of healthcare in Indonesian hospitals. This research is a case study, which requires deep investigation into two private hospitals in Jakarta, whose names are not mentioned for their protection. This type of design provides in-depth insight into governance practices and their effects with regard to the quality of healthcare within such institutions.

Data will be collected using several techniques. Direct observation will be done in selected hospitals to assess the governance practices, such as observing leadership meetings, stakeholder interactions, and daily operations within the settings of the hospital. In this study, semi-structured interviews will be conducted among key stakeholders, including hospital administrators, health professionals, and patients, to get information on how governance practices are perceived and affect the quality of services. Formal structures and processes will also be explored through documents relating to the subjects, including those on hospital policies and governance frameworks as well as performance reports. A purposive sampling technique shall be employed in ways that would indicate the variability across the private healthcare sector settings in Jakarta wherein the two case study hospitals are located. This helps the research study to envelop all aspects that relate to hospital governance within this selected urban context. Qualitative data collected from observations, interviews, and reviews of documents will be analyzed using thematic analysis. This therefore involves data coding to identify recurring themes and patterns respecting hospital governance, its relation to healthcare quality, and anchors around key components such as leadership effectiveness, stakeholder engagement, regulatory compliance, and resource allocation.

Ethical considerations remain paramount in this study. In that respect, ethical clearance for the research project will be obtained from relevant institutional review boards prior to actual data collection, while informed consent from all interview participants will be sought to ensure confidentiality and the right to withdraw at any time during the interview. Researchers should look to guidelines on ethical conduct to protect the privacy of patients and other stakeholders who are involved with this study.

The study recognizes its possible limitations, including the subjective nature of qualitative research and the challenges of generalizing findings across all Indonesian hospitals. However, the insights gained from this research will add to a deeper understanding of hospital governance in the Indonesian context. This methodological framework will provide an in-depth look at the relationship between hospital governance and healthcare quality in Indonesia, thereby generating valuable insights that can inform policy and practice in the healthcare sector.

RESULTS

The study identified a number of key findings in respect of the impact of hospital governance on the quality of healthcare services in the two private hospitals in Jakarta. Observational data indicated that both hospitals were effective in terms of governance to varying extents, and this impinged directly on their operational efficiency and quality of patient care. Where governance arrangements were clear, there was marked accountability and transparency, hence good communication at the staff level and sound decision-making. In those hospitals where governance arrangements were not well defined, ambiguity characterized the executive and operational levels, which led to confusion among staff and inefficiency in service delivery.

Interviews with hospital administrators and healthcare professionals revealed that effective leadership was critical to creating a culture of quality improvement and patient safety. Respondents indicated that strong leadership was associated with higher morale among staff and better patient outcomes. However, one theme that emerged time and again in the interviews was the lack of clarity in the governance relationship between hospital owners and directors. The feeling of restraint for many directors was because of the owners who often acted as though they had unilateral freedom in the running of their decisions that undermined the professional authority and expertise of the directors. This is usually not right since directors are often employed as a professional to help manage the effective running of the hospital, yet they are the ones usually relegated into subservience by the owners.

Ambiguous responsibility can often be serious ramifications from governance. This was often followed by evidence of underperformance at hospitals, laying blame on the directors for problems occurring, quickly develops into a debilitating culture of blame. This cycle not only hampers the hospital's ability to deliver quality care but also demoralizes staff, who may feel caught in a system that lacks accountability and clear leadership. Document analysis revealed that hospitals with unclear governance



frameworks reported higher levels of patient complaints and lower satisfaction scores, further illustrating the negative impact of this governance issue.

Moreover, the study indicated that there was an issue of possible financial misfeasance because of a lack in the transparency of governance practices. Where there is poor definition in governance, the possibility of misfeasance or poor practice in finance occurs. Participants voiced apprehension that if not properly checked through transparent methods, financial resources could be diverted or poorly utilized to the detriment of the operational integrity and quality of patient care.

DISCUSSION

This study has illustrated the crucial part played by governance in improving care within Indonesia. Governance frameworks provide clear strategies toward accountability and transparency of health facilities. In the paper by Peter et al. 2023, good structures for governance have good patient outcomes with resultant organisational performance. This corresponds with the findings of this study, since those hospitals that had better governance practices also had fewer incidents of medical errors and higher levels of patient satisfaction. (Peter, et al, 2023).

Leadership became a key determinant of success in hospital governance. The effective leaders are not limited to defining the vision and giving direction, but they allow stakeholders in decision-making processes. A study by Tsapnidou et al. (2024) emphasized that transformational leadership in health facilities leads to the inculcation of safety and quality culture, necessary in changing the lots of patients' care. From the interviews carried out in the study, it was established that those leaders who focused on communication and teamwork among their staff greatly contribute to improving their hospital's overall performance.

The most disturbing phenomenon is that ambiguous structures have created ambiguity at both the executive and operational levels. This finding is supported by research which found that hospitals without proper governance arrangements have been plagued by inefficiency and poor patient outcomes (Bhati et al, 2023). Document analysis also supported these observations in the current study, where better-complying hospitals were associated with few adverse events and greater patient trust.

Difficulty in governance relationships occurring between owners and directors creates potential for blame-shifting and dysfunction as reflected in the findings. This corresponds to the work of Declercq et al. (2022), in the context of unclear roles and responsibilities being a barrier to organizational performance in health settings. In addition, a study highlight the fact that good governance ensures health organizations have their challenges met and conquered to ensure better service provision (Debie et al, 2022). Lack of transparency also facilitates the opportunities for financial misfeasance. Adeusi et al (2024) show in their research that financial transparency is an important ingredient of trust and accountability in organizations.

This study has shown that better governance of private hospitals will enable improved quality enhancement in Indonesian healthcare. Accountability, leadership, and compliance with the rules and regulations within a hospital ensure better performance and, eventually, quality care for the patients. This study further calls for clarity in the governance relationship between owners and directors to break the cycle of blame and dysfunction. These findings contribute to an emergent literature on hospital governance and its implications for healthcare reform in Indonesia: strong leadership was associated with higher staff morale and better patient outcomes. The other recurring theme in these interviews was the lack of clarity in the governance relationship between the owners of the hospitals and the directors. Many directors felt constrained by the owners since owners acted as if they had the latitude of making decisions unilaterally at any instance and undermining the authority and professional expertise of the directors. This dynamic is problematic because directors are hired as professionals to run the hospital efficiently, while they end up playing second fiddle to the owners. The ramifications brought along with ambiguity in governance structures can be quite serious. This, according to the study, often leads to poor performance in hospitals, and directors often take the blame for problems that come up, leading to a vicious cycle of blame and dysfunction. This cycle interferes not only with the ability of the hospital to provide quality care but also demoralizes staff, who may feel caught in a system that has no accountability or clear leadership. Document analysis revealed that hospitals with unclear governance frameworks reported higher levels of patient complaints and lower satisfaction scores, further illustrating the negative impact of this governance issue.



Besides, the research pointed out concerns about possible financial misfeasance arising from poor governance practices with a lack of transparency. In contexts where governance is not well defined, there is always a chance of financial mismanagement and unethical behavior. The participants mentioned that without proper accountability and transparency, financial resources might be diverted or misused, which will lead to the collapse of the operational integrity and quality of patient care at the hospital.

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