Chapter VII

Summary of Findings
SUMMARY OF FINDINGS

7.1 Introduction

Management of working capital holds the key to open the flood gates for perennial flow of funds for capital formation which, of course is imperative for any business concern. The mode of administration of working capital determines to a very large extent, the success or failure of overall operations of an enterprise. Many times in the event of failure of a business concern, shortage of working capital is cited as the main cause. Mismanagement of resources in a firm would convert an otherwise successful business into an unsuccessful one. Proper management of working capital is, therefore, of crucial importance for the success of an enterprise. Corporate hospitals are not an exception to this fact. Efficiency of a hospital depends on how cleverly it manages its working capital. In this study, an attempt has been made to evaluate the management of working capital of corporate hospitals in India. The specific objectives are i) To examine the trends in working capital of corporate hospitals, ii) To assess the efficiency of working capital in corporate hospitals and iii) To study the impact of efficient working capital management on profitability and value addition.

7.2 Methodology

The study covers a ten year period from 1995-96 to 2005-06. Necessary data have been obtained from ‘Prowess’ and ‘Capitaline plus’ databases. Fourteen hospitals, for which data are available for a ten year period, are selected. To accomplish the objectives, different financial ratios are used for measuring the size of working capital. Discriminant analysis is employed for examining the operational adequacy of working capital. Trend in working capital is assessed through second degree parabola. Efficiency of working capital is ascertained through ratios, Motaal’s Ultimate Test of Comparative Liquidity and Bhattacharya’s Efficiency Index. Profitability and Value Added to Capital Employed (VACE) are analysed using tools like correlation, coefficient of variation, multiple regression, step wise regression and path analysis. A select 13 variables have been tested for their nature of association with profitability and VACE with the help of correlation.
Contribution of each variable to total variation is explained with the help of coefficient of determination. Combined influence is studied through multiple regressions. Prominent variables with significant influence are found out by examining stepwise regression. Direct and indirect effect of variables is measured using path analysis. In addition, 'F', 't', Mean, Standard deviation, Kendall’s Coefficient of concordance (W), Coefficient of variation and ANOVA are also used in appropriate places.

This chapter consolidates the major findings for the study and offers a few suggestions for efficient management of working capital in Indian corporate hospitals.

7.3 Findings

A brief summary of findings is presented in the order of objectives of the study. Results relating to size, adequacy and trend in working capital are presented first. Managerial efficiency of working capital is discussed next. Sensitivity of profitability and value added to capital employed (VACE) to working capital management ratios is discussed subsequently.

7.3.1. Size of Working Capital

Findings of the analysis of size of the working capital of corporate hospitals are presented in the following paragraphs:

i. Gross Working Capital

Corporate hospitals gradually increase their investment in current assets. The industry average is Rs. 22.19 crore. Gross Working Capital of Indian corporate hospitals has exceeded the industry average in six out of the ten year period of study. Apollo, Indraprastha and Medinova hospitals’ investment in current assets is higher than other hospitals.

ii. Current Assets to Total Assets

Current assets to total assets ratio of the corporate hospitals is increasing year by year up to 2000-01. It has come down in the next year. Again, the ratio of current assets to total assets has increased steadily to reach a level of fifty per cent of total assets in 2005-06. The industry average stands at thirty-five per cent. Proportion of current assets to total assets is very low with Seahorse hospital while Medinova hospital has a high...
proportion of current assets to total assets. High percentage of current assets to total assets is also seen in the studies carried out by Varma (1989), Misra and Khan (1990) and Chakravarthy and De (1990).

iii. Current Assets to Gross Fixed Assets

The percentage of current assets to gross fixed assets is more than 50 per cent throughout the period of study which implies that more funds are locked up in current assets which leads to reduction in profitability. If funds are locked up in current assets, it cannot be used for investment in fixed assets, thereby leading to a gap in providing competitive service to patients, which will ultimately reduce profitability of hospitals. Medinova, NG, and Standard hospitals have more investment in current assets than fixed assets when compared with the rest of the hospitals.

iv. Current Assets to Operating Income

A fluctuating trend is found in usage of current assets for generating operating income in corporate hospitals. Industry average is 1.46 times. Ratio of current assets to operating income is higher than industry average only in three years. Standard hospital uses more current assets showing its inefficiency in management. At the same time, KMCH uses very low level of current assets to generate operating income.

v. Net Working Capital

Net working capital shows a fluctuating trend in Indian corporate hospitals. High variation is found in 2003-04. It is higher than industry average (10.96) in seven years indicating profitability risk. Apollo, Medinova and CDR hospitals have adopted a conservative policy of net working capital. The rest of the hospitals have followed aggressive policy of net working capital.

vi. Net Working Capital to Operating Income

There is a wide fluctuation in usage of net working capital for earning one rupee of operating income. Examination of net working capital to operating income of corporate hospitals reveals that the ratio is more than the industry average in five years during the period of study indicating inefficiency in managing net working capital. Standard, CDR and Dolphin hospitals use higher proportion of net working capital to
earn operating income indicating inefficient management in these hospitals. Similar result is found in the study carried out by Chakravarthy and De (1990).

### 7.3.2. Adequacy of Working Capital

Bi-variate discriminant analysis reveals that more than adequate working capital is found in Apollo and Indraprastha hospitals during the entire period of study, while KMCH and Medinova hospitals have sufficient level of working capital to meet operating expenses as well as to generate operating income throughout the period of study as evidenced by their Z-score values which hover around the cut-off point. The remaining hospitals have inadequate working capital during the study period.

### 7.3.3. Trends in Working Capital


(A). All hospitals

Findings relating to all hospitals are given first.

**i. Current Assets to Total Assets**

Trend analysis relating to current assets to total assets reveals that every year the proportion of current assets to total assets is increasing constantly. This show that corporate hospitals will fall into low profitability trap.

**ii. Current Assets to Gross Fixed Assets**

The proportion of current assets usage for the given level of fixed asset shows a declining trend at low rate of deceleration. Ineffective utilization as well as more investment in working capital is observed. This finding is in accordance with the result of the study carried out by Gangadhar (2003).
iii. Current Assets to Operating Income

Current assets to operating income ratio show a declining trend at a low rate.

iv. Net Working Capital

Net working capital of corporate hospitals shows an increasing trend throughout the period of study. This shows corporate hospitals follow a conservative policy of net working capital which avoids liquidity risk but reduces profitability.

v. Current Assets

The trend of current assets of corporate hospitals shows an increasing trend with acceleration. This shows excessive usage which means corporate hospitals are avoiding liquidity risk at the cost of profitability.

vi. Current Liability

Current Liabilities of corporate hospitals exhibit an increasing trend with acceleration. This implies that corporate hospitals have been following a policy of using current liability to finance working capital which requires increased current assets to pay off short-term obligations when it is due.

vii. Operating Income

The trend equation of operating income reveals an increasing trend during the study period with low acceleration. This warrants efficient utilization of current assets for enhanced operating income.

viii. Working Capital Turnover Ratio

Working capital turnover ratio shows a decreasing trend as revealed by the rate of deceleration. Slow turnover leads to more investment in current assets which ultimately reduces the profitability.

(B). Hospital wise analysis

The findings of hospital wise analysis are given below.

i. Current Assets to Total Assets

The average trend value is high in the case of Standard hospital and low in the case of Dhanvantri hospital. There is a low rate of acceleration in the trend. Malar hospital and
Seahorse hospital exhibit a negative trend with deceleration. This shows that these two hospital’s investment in current assets is very low and lead to high liquidity risk.

### ii. Current Assets to Gross Fixed Assets

Trend equation for current assets to gross fixed assets shows higher usage of current assets by Dolphin, Medinova and Standard hospitals. These are found to follow conservative working capital policy. But declining trend with rate of acceleration is found in Dolphin hospital and Standard hospitals while Medinova hospital exhibits increasing trend with deceleration. Malar and Seahorse hospitals have a decreasing trend leading to low working capital indicating adoption of aggressive approach to working capital.

### iii. Current Assets to Operating Income

Current assets to operating income reveal a decreasing trend in Standard hospital whereas Malar hospital has negative trend, which shows a high risk of liquidity for this hospital.

### iv. Net Working Capital

A decreasing trend of net working capital in ADS, Devaki, Dolphin, Indraprastha, NG and Standard hospitals is found. CDR, Dr.Agawal and Medinova show an increasing trend in net working capital.

### v. Current Assets

There is a declining trend in current assets in the case of ADS, Devaki, Dolphin, Indraprastha and Standard hospitals. The decline is very high in Indraprastha hospital and low in ADS hospital. On the other hand, there is an increasing trend in the case of Apollo, CDR, Dr.Agawal, Dhanvantri, KMCH, Malar, Medinova, NG and Seahorse hospitals. The increase is very high in Apollo hospital with insignificant acceleration and the increase is low in KMCH with significant acceleration

### vi. Current Liability

The trend equation fitted for current liabilities exhibits an increasing trend in Apollo, Dr.Agawal, Indraprastha and NG with acceleration of trend values and shows decresing trend in CDR, Devaki, Medinova and Standard hospitals with deceleration.
At the same time, there is a declining trend of current liability in ADS, Dolphin, Danvanthri, KMCH, Malar and Seahorse hospitals with acceleration in change.

vii. Operating Income

Operating income is found to maintain a northward movement in case of ADS, CDR, Devaki, Indraprastha, Malar, Medinova and Standard hospitals due to the effective utilization of current assets whereas Dolphin, Dr.Agarwal and KMCH hospitals exhibit a declining trend with acceleration.

viii. Working Capital Turnover Ratio

The trend equation fitted to working capital turnover ratio exhibits a declining trend with acceleration in Apollo, Devaki, Dr.Agarwal, Indraprastha and Medinova hospitals. An increasing trend with deceleration is found in ADS, CDR, Dolphin, KMCH, Malar, NG, Seahorse and Standard hospitals. Increasing trend with rate of acceleration is found in Dhanvantri hospital alone.

7.3.4. Efficiency of Working Capital Management

The efficient working capital management is the most crucial factor in maintaining survival, liquidity, solvency and profitability of business organization. For measuring the efficiency of working capital of hospitals, Ratio analysis, Motaal’s Ultimate Test of Comparative Liquidity and Bhattacharya’s Efficiency Index are used. Ratio analysis is carried out first which is followed by Motaal’s Test and finally Bhattacharya’s efficiency index model is applied to assess efficiency of working capital. The findings are given analysis wise.

(A). Ratio Analysis

i). Current Ratio

Industry average of current ratio is higher than the standard norm of 2:1. Current ratio is more than the standard norm in nine years out of ten years during the period of study. NG hospital has more investment in current assets whereas KMCH hospital has lower investment in current assets than the standard norm.
ii). Quick Ratio

Quick ratio for the industry stands at 4.31 times. Five hospitals’ quick ratio is higher than the industry average. They are ADS, CDR, Dolphin, Dhanvanthri and NG hospitals. The remaining nine hospitals’ quick ratio is below the industry average. NG hospital’s liquidity is the highest and KMCH hospital has poor liquidity compared with rest of the hospitals during the study period.

iii). Inventory Turnover Ratio

Generally corporate hospitals have invested more in inventory as is evident from the inventory turnover ratio. Industry average stands at 29.64 and reveals poor utilization of inventory by corporate hospitals due to inefficient control leading to lower profitability.

Hospital wise analysis has revealed that Dolphin hospital has insufficient inventory while Standard hospital has over investment in inventory compared with rest of the hospitals.

iv). Debtors Turnover Ratio

Corporate hospitals are efficiently managing their debtors. Out of fourteen hospitals, four hospitals namely NG, Seahorse, Devaki and KMCH show efficient management of debtors than other hospitals whereas very poor management of debtors is found in Standard hospital.

v). Working Capital Turnover Ratio

A fluctuating trend is found in working capital turnover ratio. The industry average is found to be 5.8 times indicating inefficient management of working capital by corporate hospitals in India. Very poor working capital turnover is observed in Standard hospital implying inefficient management of working capital by this hospital while a very high turnover is observed in KMCH indicating over trading.

vi). Cash Turnover Ratio

No idle cash is kept by the corporate hospitals in India. However, from hospital specific analysis, it is found that Danvanthri hospital has poor cash management whereas efficient cash management is found in Seahorse hospital.
vii). **Current Assets Turnover Ratio**

In the initial years of the study period, it is found that, current assets are not properly utilized by corporate hospitals. However, in the later period of study, there is an efficient utilization of current assets by corporate hospitals. Apollo, Dr.Agawal, Medinova, NG and Standard hospitals are efficiently utilizing their current assets but Seahorse hospital is very inefficient in managing its current assets.

viii). **Comprehensive Liquidity Index**

Comprehensive liquidity index reveals that corporate hospitals in general have more current assets. Apollo hospital’s current assets are more than sufficient to meet current obligations.

ix). **Net Liquid Balance**

Net liquid balance reveals that corporate hospitals have sufficient liquidity during the study period. Apollo and NG Hospitals’ liquidity is very high compared with the rest of the hospitals.

x). **Health Ratio**

Health ratio indicates favourable liquidity position in corporate hospitals. However, the liquidity position is at stake in Malar and Standard hospitals.

xi). **Lambda Index.**

Lambda Index shows that corporate hospitals’ liquidity position is not satisfactory. Increasing trend of Lambda Index is a sign of improvement of liquidity during the study period. Apollo and NG hospitals have maintained a sound and satisfactory liquidity position compared with the rest of the hospitals as per Lambda value.

**(B). Motaal’s Ultimate Test of Comparative Liquidity**

Motaal’s Ultimate Test of Comparative Liquidity, reveals that hospitals do not differ significantly in their liquidity. The most liquid hospital is Dhanvantri and the most illiquid hospital is Seahorse. Research studies carried out by Mallick and Debasish Sur (1999), Debasish Sur (2001), Singh (2004) Khatik and Singh (2004), Sudipta Ghosh (2008), Pradeep Singh (2008) and Das (2008) corroborate this finding.
Bhattacharya’s Efficiency Index shows that corporate hospitals are not stable in their efficient management of working capital during the study period. Among hospitals, the most inefficient in the management of working capital is Standard hospital followed by ADS and Seahorse hospitals. As per OLS, it is found that Indraprastha and Dhanvantri are the hospitals standing first and second in terms of speed of adjusting their efficiency with industry efficiency level.

7.4. Sensitivity of Profitability and Value Addition to Working Capital Management in Corporate Hospitals

To assess the impact of working capital on profitability and total performance represented by Value Added to Capital Employed (VACE), correlation analysis, regression analysis, stepwise regression and path analysis are used. Correlation analysis is carried out first followed by regression analysis. Subsequently stepwise and path analysis are performed for all hospitals put together and for individual hospitals as well. After evaluating impact of working capital on profitability, analysis pertaining to impact of working capital on VACE is taken up. The results are discussed below.

7.4.1. Working Capital and Return on Investment

(A). All Hospitals

Positive as well as negative association has been found between working capital ratios and return on investment. Five out of thirteen variables (CR, QR, CTR, CAOI, and Leverage) show negative association and the remaining variables have shown positive association with return on investment of corporate hospitals in India. However, only eight variables (CR, DTR, CTR, CAOI, CLI, NLB, Leverage and Size) are significantly associated with return on investment.

The pooled regression results showing the impact of working capital on profitability of Indian corporate hospitals as a whole are encouraging. The signs of all the coefficients are as expected and also statistically significant. The thirteen independent variables explain 48.5 per cent of variation in profitability of corporate hospitals.
A unit increase in QR, DTR, CATA, GR increase profitability by 0.0497, 0.0009, 0.02372 and 0.2045 units respectively, whereas increase in CR, CTR, CAOI, Leverage by one unit, decreases the profitability by 0.0604, 0.0007, 0.0115 and 0.0983 units respectively. Studies carried out by Shin and Soenen (1998), Deloof (2003), Solano and Teruel (2006), Kessevan Padachi (2006) Amir Shah & Aish Sana (2006) and Lazaridis & Tryfonidis (2006) corroborate this finding.

Stepwise regression analysis reveals that CTR, Leverage, DTR, Size, CR, GR, and QR together explain 45.21 per cent variation in profitability. It is found from path analysis that out of the 13 variables, quick ratio has the highest direct effect on profitability and current ratio has the least direct effect.

(B). Individual Hospitals

Hospital specific analysis reveals that Medinova hospital is the only hospital in which 12 variables relating to working capital have significant influence on profitability whereas in Malar hospital only inventory turnover ratio has an impact on profitability. In the rest of the hospitals, the impact of working capital on profitability is either too high or too low.

7.4.2. Impact of Working Capital on VACE

Looking at the analysis relating to impact of working capital on total performance represented by Value Added to Capital Employed (VACE), the same set of variables tested for their influence on return on investment are used. It is found that these variables showed both positive and negative association with VACE. However, only two variables - cash turnover ratio and leverage have significant negative association with VACE.

(A). All Hospitals

The pooled regression results showing impact of working capital on VACE are not encouraging. The independent variables explain only 15 per cent of variation. Only two variables are significantly associated. It has been found from the analysis that a unit increase in current assets to operating income and leverage reduces VACE by 0.016 and 0.923 units respectively. The empirical result of the study carried out by Jafar and Sur (2006) corroborate this view. Further, it is found from step wise regression analysis that
the total contribution of the three variables namely leverage, cash turnover ratio and current assets to total assets amounts to 9.25 per cent. In addition, it is found from path analysis that quick ratio has the highest direct effect on total performance while current ratio has the least direct effect.

(B). Individual Hospital wise analysis

Hospital wise analysis shows that NG is the only hospital in which eight variables are significantly associated with VACE while in Apollo hospital no variable has significant impact on VACE.

7.5 Suggestions

Based on the findings, the following suggestions are given for the improvement of working capital management in Indian corporate hospitals.

7.5.1 Gross Working Capital

It has been found that hospitals like Apollo, Indraprastha and Medinova have maintained more than sufficient amount of current assets, leading to more liquidity. Increased liquidity is likely to deprive these hospitals of the opportunity to register higher amount of profits. Therefore, it is suggested that these hospitals try to maintain the needed size of investment in current assets to ensure profitability.

7.5.2 Current Assets to Operating Income

Standard hospital uses more current assets for earning income, whereas, KMCH Hospital has invested less funds in current assets. Both the situations are not advantageous to a hospital. More investment implies inefficiency in managing working capital and usage of very low level of current assets leads to liquidity crisis in future. To prevent this situation, these hospitals may use the desired level of current assets for earning sufficient income.

7.5.3 Current Assets to Gross Fixed Assets

Investment in current assets by Standard, Medinova and NG hospitals is fifty per cent of their fixed assets which leads to blocking of fund otherwise available for investment in productive assets for rendering better service in a competitive environment.
7.5.4. Working Capital Policy

Apollo, Medinova and CDR hospitals follow conservative policy of working capital which gives no liquidity risk but this policy may lead to lowering of profits. The remaining hospitals have adopted aggressive policy of working capital. This will undoubtedly increase profits. But care should be taken for efficient management of working capital. Otherwise, these hospitals may face liquidity risk and their financial soundness may be at stake.

7.5.5 Utilization of Working Capital

Inefficient utilization of net working capital by Standard, CDR and Dolphin hospitals increases the cost of financing which may reduce profit. Hence, these hospitals have to adopt efficiency in utilization of working capital. Negative net working capital in Seahorse hospital may retard further progress of this hospital. To prevent this, the hospital has to infuse sufficient net working capital depending upon the service it offers to the patients.

7.5.6 Adequacy of Working Capital

Inadequate working capital prevails in all hospitals except Apollo, Indraprastha, KMCH, and Medinova. This will cause closure of hospitals in the long run. To avoid such an untoward incident, ways for more cash inflows are to be identified. Some such ways through which cash inflows can be generated are:

**Selling Medical Receivables**

Medical receivables factoring will help in improving cash flow and enable the hospitals to concentrate on patients’ needs. Healthcare providers find themselves in “cash flow crunch” while they wait for payment from third-party payers. It is not unusual for third-party payers to take between 30 to 60 days to pay invoices, creating a significant cash flow problem for healthcare providers. Therefore, Invoice factoring and Purchase Order financing may be tried to accelerate cash flow. The benefit that healthcare providers can realize from receivables factoring is, sufficient working capital to meet payroll, lease expenses, overhead and general expenses.
**Investment Cell**

Hospitals may create an Investment Cell to look after short-term investment activities of surplus funds in money market and mutual funds which will enhance cash inflow to meet obligations in time.

**Marketing Cell**

Separate Marketing Cell may be created for taking up promotional activities of corporate hospitals to enhance the market share and also to attract patients from foreign countries.

**Rental Income**

Fixed assets and unused estate could be let out for a fee which would generate cash inflow that can be used for payment of hospital overhead expenses.

**Holistic Service**

Hospitals may think of providing a holistic service to patients in the form of home nursing, leisure homes and the like for post-operative recovery on a fee basis, which will generate additional income.

**Tie-ups**

Creating a tie-up with corporate entities as well as with educational institutions for providing regular check-up to employees and students for early detection of sickness, at a nominal fee, may generate cash inflow.

**Village Adoption**

A hospital may adopt select villages for providing health service at an affordable fee, by opening outpatient dispensaries. This will help the people in the village to visit the hospital whenever they need medical assistance. This creates an emotional bondage with the hospital and makes the villagers to step into the specialty centers in urban areas without any inhibition about the treatment they will receive resulting in generation of further cash inflow.
**Syndication of Hospitals**

Adopting consortium method of procurement of drugs, supplies and equipments by using common procurement expertise, lowers costs associated with purchase, administration, IT infrastructure and human resource. This will help hospitals to reduce overhead expenses and maintain available funds for other use.

**Customer Relationship Techniques**

Customer Relationship Techniques like Awareness Program of various fatal diseases, First-aid for accident victims, running ambulances free of cost, twenty-four hour help line for answering patient’s queries and family package card for check-up at concessional rate may be adopted by hospitals for patients which will create benefits in the form of regular visit by patients which augments inflow of cash. Similarly, honoring suppliers by arranging special lunch on important occasions and extending healthcare facilities to their family members will secure stretched credit period thereby reducing working capital need temporarily.

**Out-sourcing**

Contracting out non-clinical services like hospital cleaning, laundry, catering and ground maintenance, at competitive tender would reduce pay roll expenses.

**Medical-records Automation**

Medical records department has to meet the request of hospital administrators, physicians, peer review organizations and third party payers and patients. These requests have to be met in time. Delay in providing information could hamper a hospital’s cash flow. Automation provides many benefits to a hospital such as increased cost-effectiveness, enhanced departmental staff skills, improved consistency of data, better control and flexibility, improved responsive time, better management tools, expanded reporting capabilities, improved turnaround time and integrated data for access and reporting.

**Application of Operations Research Techniques**

To speed up the collection, hospitals may adopt Program Evaluation and Review Technique/Critical Path Method to decide an efficient work flow pattern which will minimize the activity duration for cash inflow.
7.5.7 Investment in Current Assets

An increasing trend of current assets to total assets is found in hospital industry. More investments of funds in current assets blocks cash flows unless the components of current assets are efficiently utilized and managed. Malar hospital has negative trend of working capital showing high liquidity risk that may lead to liquidity problem in future causing the hospital to face bankruptcy. Efficiency analysis reveals that corporate hospitals are inefficient in managing their current assets. Some hospitals have excessive liquidity. Hospitals like KMCH and Seahorse hospitals have poor liquidity which has a lessening effect on profit. To overcome this situation, the following suggestions may be followed.

Better Materials Management

Material management system especially for operation room inventory should be properly implemented in hospitals. Nearly thirty-five per cent of funds is locked up in inventory. Many hospitals neglect the task of managing the amount invested in inventory affecting the hospitals in the long-run. They have not recognized materials management as an important segment which would reduce investment in inventory. Materials management department would look after efficient handling and control of inventory, reducing investments in inventory which is a major component in working capital. To release continuous cash flow from inventory, a hospital must adhere to disciplined inventory management programme known as “buying science” which avoids double work in making order, prevents stocking of costly medicines for a long duration and avoids stressful buying emergencies.

Differential Credit Terms

Distinct credit terms may be offered to each patient group depending upon various factors such as type of service- out patient treatment, inpatient treatment; type of customers-corporate clients, patients working in Government institutions, Mediclaim policy holders, foreign patients and the like, instead of following a standard credit policy.
Scope for Further Research

The ultimate objective of any business venture is earning profit. Ineffective management of working capital forbids a business concern to earn a decent rate of return on the capital employed. Hence, there is a demand for efficient management of working capital for fulfilling the objective of an enterprise. In the foregoing chapters an attempt has been made to examine the trend, efficiency and impact of working capital on profitability of corporate hospitals. In any empirical study, the findings are to be considered no more than tentative. Further research may be done in the area of working capital approaching it from different dimensions in order to highlight how management of working capital is very important for corporate hospitals. The present study is a harbinger of hope for those who aspire to do research in this field. Some of the probable areas of research is given below.

Component wise analysis of working capital helps identify the efficiency / inefficiency in managing working capital. In this regard, structural analysis of working capital is very useful. Hence, working capital structure of corporate hospitals may be studied.

Generally, investment in as well as financing of working capital has an impact on profitability. Therefore, a study on working capital investment as well as financing policies of corporate hospitals may be examined.

Material constitutes a major part of the cost of service. If properly managed, wastages, over stocking, obsolescence and poor quality can be avoided and this will bring down the price of the service. Therefore, an enquiry into materials management methods of corporate hospitals may be made.

Success of a business depends how effectively it engages financial leverage. Capital structure of corporate hospitals may be studied.

A comparative study of Indian corporate hospitals with hospitals run by Government can be probed into. Performance of Indian hospitals may be appraised in the light of efficiency of foreign hospitals.
Management of assets is essential for the success of an enterprise. In this regard, a study on fixed asset management of corporate hospitals may be made.

A study on dividend policies of corporate hospitals may be taken up. Similarly, a research on retained earnings of corporate hospitals may also be carried out.

Price is one of the factors for gaining more market share under competition. Cost cutting measures are to be taken up to reduce price. Price war prevails in providing health services by hospitals. Hence, pricing policies of corporate hospitals can be taken up for research.

Market price of the shares of business units fluctuate due to various reasons. Unless there is a steady price, a business concern cannot raise capital further for its future expansion / diversification. In this regard, stock price behavior of corporate hospitals may be taken up for research.

Lenders, creditors and investors are interested in knowing the financial health of any business with which they want to associate with. Hence, it is very useful to undertake a study on financial health of corporate hospitals.

It is not uncommon for one to see the sudden fall of big firms throwing out many employees overnight. This can be avoided, if they diagnose the symptoms of sickness at the earliest. In this regard, a study on sickness prediction of corporate hospitals can be made.
References


