

Chapter 1

EVALUATION OF BUSINESSES IN FINANCIAL TERMS: A STUDY ON HEALTHCARE SECTOR

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INTRODUCTION

Public healthcare institutions are businesses that do not have aims of profit and utilize limited resources. These institutions are built to provide great benefits to societies. It is important to plan limited resources correctly. Following the “Transformation in Health Program” implemented to establish a way of change in 2003, a sense of competitiveness was established between public healthcare organizations and private healthcare organizations. The quality of service was aimed to be improved with this situation. It is believed that conducting measurements with a certain financial performance evaluation to reveal how effective are the flaws and limited resources are utilized in the public health sector, compared to the private health sector, will improve the quality standards of public healthcare institutions.

Healthcare institutions, due to the variety of resources used and high prices, are placed among large businesses. Today, the share of the budget allocated for the field of health in the national income has demonstrated increases. 59% of the hospitals in Turkey are under the administration of the Ministry of Health and are of high quality; however, these institutions do not have aims of profits, utilize low budgets, and provide public services. Performance evaluation is conducted in a basic sense in which the first step is technical while the second step covers financial evaluation. Because efficiency and personnel are at the forefront in healthcare businesses, technical performance measurement is used more commonly. Following the Transformation in Health Program in 2003, it was enabled that public healthcare businesses and private healthcare businesses provided services in the same environment of competition. Healthcare businesses have started to pay more attention to subjects such as financial planning, cost and pricing to improve quality of service with the Transformation in Health Program. Whether healthcare businesses have aims of profit or not, healthcare services amount to

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certain costs and measuring these costs is important for improving efficiency and controlling costs in terms of using the resources effectively. Therefore, it is of importance to evaluate the performance in public healthcare businesses.

In this study, financial performance measurement and ratio analysis, by comparing annual statements, were conducted in public health services. The study was conducted in the city of Gaziantep while the samples investigated for statement analysis included healthcare institutions under the management of the Gaziantep Provincial Directorate of Health. Conclusions were drawn by investigating the periodical statements of the institutions in the 2017-2018 period. The required financial data were requested from the authorities of the Accounting and Finance Unit of the Gaziantep Provincial Directorate of Health and were obtained via the Uniform Accounting System (UAS). Additionally, a literature review on the subject was conducted. Most of the studies on similar subjects were utilized.

1. CONCEPTS RELATED TO THE SUBJECT

In this section, the concepts of financial performance and analysis, balance, statement of changes in equity and ratio analysis were explained and information related to the definitions of these concepts was provided.

1.1. Financial Performance

In businesses, it is inevitable to conduct financial analyses to enable planning and supervision effectively in healthy decision-making processes. Therefore, one of the most important aspects requested by administrators is the measurement and analysis of financial performance. To carry out this responsibility in a successful way, it is required to know about the data that can reflect the performance of the business well and learn how the data can be combined and evaluated in the most correct way (Acar, 2003).

In Turkey, one of the major problems experienced by healthcare businesses is the failure to utilize the available resources, apart from the quantitative inadequacy (Şahin and Özgen, 2001). The financial performances of institutions are also affected by this circumstance. For healthcare businesses to provide efficient and quality service, it is necessary to regulate their financial performance and flexibility constantly. The reason for conducting financial performance measurements, which include financial and technical analyses, in healthcare institutions is monitoring the financial situation, measuring the reliability of investments and evaluating the status of risks. The measurement of financial performance in healthcare institutions plays a vital role in terms of financial planning. For financial planning and financial performance to perform more successfully, it is required to meet the matters stated below (Çam, 2008).

1.2. Financial Analysis

Financial analysis has been used in recent years to evaluate and supervise the financial circumstances of whole institutions and businesses as a major indicator of financial performances. Statements are created by utilizing the accounting records of institutions and businesses along with systems that cover financial and administrative information. Primary and supplementary statements are obtained from accounting records and accounting and financial statements specific to their sectors are formed. In Turkey, by transitioning to the Uniform Accounting System in 1994, the creation of a standard accounting record and a financial statement was enabled. According to general and accepted standards of accounting, financial statements are organized by recording periodical financial activities to be present to related individuals (Capital Markets Board, Administrators, Ministry of Finance) at certain times. Thus, financial statements have a common definition, such as “the texts that enable the information recorded in accounting systems to be presented at certain times to individuals who need to use this information” (Akdoğan and Tanker, 2010).

2. PUBLIC HEALTHCARE BUSINESSES IN TURKEY

As the World Healthcare organization's definition, health services are institutions that are organized countrywide and serve the public in certain health establishments according to the requirements and needs of the public by utilizing the knowledge of personnel in different fields and ensuring the healthcare and treatment of the public with preventative activities. Hospitals are a subsystem of this health system and they are service institutions that provide treatment systems and have technical, economic and legal aspects. Hospitals in Turkey are divided into three groups. These hospitals serve in three grades as the hospitals that act under the administration of the Ministry of Health, private hospitals, and university hospitals. Additionally, the hospitals that were under the administration of the Ministry of National Defense were assigned to the Ministry of Health within the framework of the decree-law that was issued on 31.06.2017 with legislation number 669 (Avci, 2014: 20). According to the data of the Turkish Statistical Institute (TSI) in 2017, there were 879 hospitals under the administration of the Ministry of Health, 68 hospitals under the administration of universities and 571 hospitals that served in the private sector within Turkey. Based on the data, the share of the hospitals throughout Turkey was determined as 57.91% for hospitals under the administration of the Ministry of Health, 4.48% for the hospitals under the administration of universities, and 37.62% for private hospitals (TSI, 2017). The share of the hospitals under the administration of the Ministry of health is higher

in the health sector. The number of private hospitals has also come close to the number of hospitals under the administration of the Ministry of Health (Tuncer, 2008).

In Turkey, it is the official responsibility of the Ministry of Health to develop policies in the field of health, provide healthcare services, develop strategies to use supplied resources in a balanced, efficient and effective way. In recent years, the Transformation in Health Program was established to provide customer satisfaction in Turkey. Performance processes were significantly influenced by the entry into force of the Social Security Institution (SSI), which gathers all the citizens under the same roof, and General Health Insurance (GHI) and financial changes brought by the changes in the presentation of services. The macroeconomic changes of recent times also positively affected the performance of the health sector. The international and national studies similar to the subjects of this study were presented in Table 1.

Table 1. Similar Studies

Duffy and Friedman 1993	In this study, the healthcare institutions that demonstrated low performances were investigated. In the study, it was revealed that these hospitals were small-scaled and had low costs, low occupancy rates and high rates of patients without insurance. As a result of the study, it was suggested that these hospitals should reduce the number of patients admitted without insurance, be selective in admitting patients and reduce modernization investments with low-income services.
Özgülbaş et al. 2006	In their study, they aimed to evaluate 797 private hospitals, which were in the record of the Central Bank of the Republic of Turkey, in financial terms by considering their data between 1994 and 2005. Within this scope, the financial status of the hospitals was investigated in terms of ratio and trend analyses while investigating the elements that affected financial performance with the Mann-Whitney U test. It was discovered that 52.95% of the hospitals in the study did not have liquidity problems despite being in the negative in terms of financial performance level and the hospitals were businesses that had the power to pay short-term debts.
Fernandes et al. 2007	In their study, the analysis of the health-promoting sector was conducted by using the data provided by the National Regulatory Agency for Private Health Insurance and Plans (ANS) for the last quarter of 2002 in Brazil. Within the scope of the study, information and insight were presented on the incompatibility between public investment per person and income distribution in Brazil, which occurred in the negative circumstances that were caused by health-promoting institutions. The results of the analyses demonstrated that health-promoting institutions had negative and unproductive financial performances.
Çam 2008	In this study, the financial statements of Karaman State Hospital between 2003 and 2007 were used and it was aimed to measure the financial performance of the institution. In the study, the information, which was obtained from the Karaman State Hospital's circulating capital accounting, hospital archives and the interviews conducted with the hospital administration, was utilized and the method of ratio analysis was used. In the study, it was concluded that the financial ratios positively progressed in 2007.
Kısakürek 2010	In this study, which was conducted to investigate the financial status of Cumhuriyet University, Faculty of Medicine, Research Hospital, the income of the hospital was first determined and the costs were specified for each department. As a result of the study, it was determined that the highest costs consisted of personnel costs.
Erkol and Ağrbaş 2011	In this study, the activity-based costing method was used as the cost accounting technique in hospitals and it was aimed to reveal the possibility to achieve clinic process cost with a real-like scale. In conclusion, it was determined that activity-based costing practice can be used in all public or private hospitals and the flow of information and service can become easier and more productive in departments that have cost accounting.

Saraçoğlu et al. 2012	<p>In this study, the changes in the financial performances of hospitals before and after the reforms of the Ministry of Health in 2003. In the analyses conducted within this framework, the profit rate of 469 public hospitals in 2001 and 2007 was used and it was discovered that the profit rate of 70% of the hospitals increased after the reform. In the analyses conducted by considering the sizes of the hospitals, it was determined that the greatest differences in mean profit rate were between the hospitals with 100-400 beds capacity.</p>
Ardıç and Köşkeroğlu 2014	<p>In their study, it was aimed to conduct an implementation with the private hospitals that aimed to conduct financial evaluations in health services. In conclusion of the study, it was determined in the analyses that private hospitals had rather great fixed costs and it was not possible to reduce these. As a solution to this result, it was suggested that private hospitals should utilize financial technique methods to reduce the costs of services. Furthermore, it was stated that private hospitals should have systems that can enable personnel and doctors, which constituted the highest service cost, to work in the most efficient and effective way.</p>
Yücel and Önal 2015	<p>In their study, it was aimed to investigate the approaches towards financial assets and restructuring processes in private hospitals. Within this scope, taking hold against financial problems, financial structures and institutional structures in healthcare businesses were investigated and the sample of the study was formed from hospitals that had private capital and served in the city of Adana. As a result of the analyses, it was determined that the main income of private hospitals consisted of public health insurance in the first place. In these hospitals, it was determined that the income items that provided the highest incomes were surgeries and medical intervention practices. Moreover, it was observed that the highest cost occurred in the service process was labor costs.</p>
Dayı et al. 2016	<p>In their study, it was aimed to conduct the analysis of the previous period before coming into operation with the public health unions of 10 State Hospitals in the city of Zonguldak. Accordingly, financial statements and various statistical information of the 2009-2012 period were utilized. In conclusion of the study, it was determined that the incomes of the state hospitals in the 2009-2012 period were increased and their expenditure increased more than their incomes.</p>
Mut and Ağırbaş 2016	<p>In their study, the administrative, financial, medical and statistical data of a state hospital that provided services in the city of Ankara in 2014 were investigated in detail. Within the study, the costs of a group of polyclinics and clinical units were calculated. In the study, the polyclinic costs calculated were compared with the prices of Health Practice Notification (HPN). In conclusion, it was determined that polyclinic costs were generally above the HPN prices.</p>

3. AIM, SCOPE, AND METHOD

In this section of the study, the aim, scope and method of the study were presented.

3.1. The Aim of the Study

Most of the healthcare businesses in the health sector in Turkey consist of public health institutions that have no aims of profit. These businesses make use of limited resources while having no aim of profit. Therefore, the importance of using resources is great in healthcare businesses. Accordingly, in the study, it was aimed to measure the financial performances of public healthcare businesses and reveal deviations in the ratio analyses by using financial statements with balance and income statement data in 2017-2018. The study is a cross-sectional study due to the limited amount of time and it was prepared by using the descriptive research method. Additionally, a literature review, in which various studies were examined and -utilized, was conducted. The financial statements of all of the hospitals in the city in the 2017-2018 period were investigated and the related information was presented.

3.2. The Scope of the Study

The study was conducted with the findings obtained from the Accounting and Finance Unit of the Gaziantep Provincial Directorate of Health. Prior to the selection of the sample, the financial statements and financial statistical data of the public health businesses that served in Gaziantep were examined. Within the scope of the study, the following hospitals were included in the study:

- Provincial Directorate of Health
- District Directorate of Health
- Public Hospitals
- Public Health Centers
- Family Health Centers

3.3. The Method of the Study

In the study, the required permissions to access the desired data were obtained and then, the study was commenced. The authorities in the Accounting and Finance Unit of the Gaziantep Provincial Directorate of Health were contacted and the financial statements, which constituted the subject of the study, were accessed via the UAS (Uniform Accounting System) and the analyses were conducted according to the data. By conducting a literature review, the studies related to the subject were examined. Because the study covered a certain period, it is a

periodical study and the descriptive research method was adopted. In the study, the ratio analysis, which is one of the methods used for measuring financial performance. In the study, each year was first analyzed and evaluated independently from each other. Finally, the financial ratios were compared with each other and it was attempted to measure the financial performances of public healthcare businesses in Gaziantep between 2017 and 2018.

4. FINDINGS

By collecting the data from the healthcare institutions under the administration of the Gaziantep Provincial Directorate of Health and presenting the findings of the ratio analysis of balance and income statement data, mathematical relationships between account calculation groups.

4.1. Analysis and Evaluation of Liquidity Ratios²

In the study, the liquidity ratio analyses and evaluations were conducted to obtain the data of 2017 and 2018. The liquidity ratios of the years were presented in Table 2.

Table 2. Liquidity Ratios		
LIQUIDITY RATIOS	2017	2018
Current Ratio	3.97	3.84
Liquidity Ratio	3.39	3.46
Cash Ratio	0.02	0.02

As can be seen in Table 2, the current ratio was decreased from 3.97 to 3.84. The liquidity ratio experienced an increase of 0.07% compared to the previous year. Conversely, there were no changes in the cash ratios.

4.1.1. Current Ratio³

The current ratio examines the sufficiency of the liquidity of a business and net working capital. The ratio shows how much a business has a working capital for each debt of 1 TL (Turkish Liras). It provides general insights into the short-term debts of the business. The ratio should be higher than 1. Otherwise, the business is in a state where it cannot pay its short-term debts with working assets. If the

² Liquidity is the name used for the convenience of a financial product, security or realty to be turned into cash.

³ Current ratio is defined as the ratio between the total of the working assets, which shows the liquid assets of the business, and the debts with a shorter fixed date than a year. As a significant indicator of liquidity, it is used to analyze the solvency performance of short-term debts.

current ratio is higher than 2, the business has more working assets than necessary. The health institutions under the administration of the Gaziantep Provincial Directorate of Health had 3.97 TL working assets for 1 TL liabilities in 2017 and 3.84 TL working assets for 1 TL liabilities in 2018. In these circumstances, the current ratios of business in both years are high. This indicates that they will not have problems paying their short-term debts. The current ratios of healthcare institutions under the administration of the Gaziantep Provincial Directorate of Health in 2017 and 2018 were presented below.

- Working Assets / Short-term liabilities

2017

$$\text{Current Ratio} = 15.407.357,98 / 3.882.843,49 = 3.97$$

2018

$$\text{Current Ratio} = 20.050.841,75 / 5.226.639,25 = 3.84$$

4.1.2. Acid - Test (Liquidity) Ratio⁴

The acid-test ratio measures the liquidity state of a business. This rate appeared due to the wonder that what would the capability of a business to pay short-term debts be if the sales in the business were stopped for a moment or decreased significantly. Generally, this ratio should be 1. The institutions under the administration of the Gaziantep Provincial Directorate of Health had 3.39 TL working assets for 1 TL short-term debts in 2017 and 3.46 TL working assets for 1 TL short-term debts in 2018, except for the holdings. These circumstances indicated that the liquidity ratios of the businesses were sufficient in both years. The liquidity ratios of healthcare institutions under the administration of the Gaziantep Provincial Directorate of Health were presented below.

- Working Assets - Holdings / Short-term liabilities

2017

$$\text{Liquidity Ratio} = 15.407.357,98 - 2.237.786,59 / 3.882.843,49 = 3.39$$

2018

$$\text{Liquidity Ratio} = 20.050.841,75 - 1.973.768,60 / 5.226.639,25 = 3.46$$

4.1.3. Cash Ratio

Cash ratio indicates how much the available cash and securities can pay the short-term debts of the business in case no cash enters the business. The cash ratio is also known as the disposability ratio. This ratio should be higher than 1.00.

⁴ Acid-test ratio is calculated by the ratio between liquid assets to short-term obligations. This rate indicates the comparison of the assets that can be turned into cash and short-term obligations of a business.

The institutions under the administration of the Gaziantep Provincial Directorate of Health had 0.02 TL cash ratios in both 2017 and 2018. The reason for the low cash ratio in both years is the fact that securities item is zero. The cash ratios of the healthcare institutions under the administration of the Gaziantep Provincial Directorate of Health were presented below.

- Liquid Assets – Securities / Short-term liabilities

2017

$$\text{Cash Ratio} = 96.525,89 + 0 / 3.882.843,49 = 0.02$$

2018

$$\text{Cash Ratio} = 111.369,88 + 0 / 5.226.639,25 = 0.02$$

4.2. Financial Structure Ratio Analysis and Evaluation

In the study, financial structure ratio analyses and evaluations were conducted and the data for 2017 and 2018 were obtained. The financial structure ratios of both years were presented in Table 3.

FINANCIAL STRUCTURE RATIOS	2017	2018
Financial Leverage Ratio	0.19	0.22
Short-term Liabilities Ratio	0.19	0.22
Long-term Liabilities Ratio	0	0
Equity Capital Ratio	0.80	0.78
Ratio of Fixed Assets to Equities	0.27	0.19

4.2.1. Financial Leverage Ratio⁵

This ratio indicates how much of the assets of a business are financed to liabilities. Generally, a financial leverage ratio of 0.5 is assumed to be appropriate. Due to the ownership structure of public health businesses, long-term liabilities are not used. Additionally, short-term liabilities occur at levels that can be called low. Therefore, another major reason for public health businesses to have a debt structure based on equity capital is the lack of long-term debts. Considering the data obtained under the guidance of this information, it was observed that financial leverage ratios were 0.19 in 2017 and 0.22 in 2018. The financial level ratios, short and long-term liabilities ratios, equity capital ratios and fixed assets ratios of healthcare institutions under the administration of the Gaziantep Provincial

⁵ Financial leverage ratio is a measurement that indicates the effect of changes in operating income on earning per share.

Directorate of Health were presented below.

- Liabilities Total / Active total

2017

Financial Leverage Ratio = $3.882.843,49 / 19.623.225,52 = 0.19$

2018

Financial Leverage Ratio = $5.226.639,25 / 23.581.335,64 = 0.22$

- **Short-term Liabilities Ratio**

Short-term liabilities total / Passive total

2017

Short-term liabilities ratio = $3.882.843,49 / 19.623.225,52 = 0.19$

2018

Short-term liabilities ratio = $5.226.639,25 / 23.581.335,64 = 0.22$

The short-term liabilities ratio measures how much of the assets owned by a business can finance short-term debts. The short-term liability financing is not desired to reach high ratios. If the ratio is high, it is concluded that active balance is financed by liabilities. In the businesses in question, this rate was 0.19 in 2017 while it increased to 0.22 in 2018. This analysis was evaluated as a positive statement for the businesses.

- **Long-term Liabilities Ratio**

Long-term liabilities total / Passive total

2017

Long-term liabilities ratio = $0 / 19.623.225,52 = 0$

2018

Long-term liabilities ratio = $0 / 23.581.335,64 = 0$

This rate demonstrates how much of the assets of a business are financed by long-term liabilities. In line with the data obtained, this rate was calculated as “0” for the businesses in question. The reason for this circumstance is that public hospitals do not use long-term liabilities due to their ownership structure.

- **Equity Capital Ratio**

Equity Capital / Passive total

2017

Equity capital ratio = $15.740.382,03 / 19.623.225,52 = 0.80$

2018

Equity capital ratio = $18.354.696,39 / 23.581.335,64 = 0.78$

Equity capital ratio demonstrates what percentage of the assets of a business are financed by the owners of the business. The equity capital ratio of the businesses in question was 0.80 in 2017 while it was 0.78 in 2018. Generally, it is regarded as reasonable when this value is 0.50. A tendency to increase in this ratio suggests that the institution in question is administered well in addition to indicating that hospitals have the financial conditions to meet their long-term liabilities and have a tendency to improve.

- **Ratio of Fixed Assets to Equities**

Fixed Assets / Equities

2017

Ratio of Fixed Assets to Equities = $4.215.867,54 / 15.740.382,03 = 0,27$

2018

Ratio of Fixed Assets to Equities = $3.530.493,89 / 18.354.696,39 = 0,19$

This rate is calculated by dividing fixed assets into equities. It demonstrates what ratio of equities is connected to actives. If this ratio is higher than 1, it means the business uses long-term liabilities in the funding of financial fixed assets and has insufficient capital. This ratio for the businesses investigating within our study was calculated to be 0.27 in 2017 and 0.19 in 2018. These ratios are positive in terms of the institutions.

4.3. Analysis and Evaluation of Operating Ratios⁶

In the study, data for 2017 and 2018 were obtained by conducting operating ratio analysis and evaluation. The operating ratios of years were presented in Table 4.

OPERATING RATIOS	2017	2018
Accounts Receivable Turnover Ratio	5.68	43.61
Stock Turnover Ratio	-6.62	-41.00
Asset Turnover Ratio	0.55	3.49
Fixed Asset Turnover Ratio	2.55	23.32

In Table 4, the operating ratios of the institutions in question were presented in Table 4. According to these ratios, the accounts receivable turnover ratio was increased from 5.68 to 43.61 while the asset turnover ratio was increased from 0.55 to 3.49 in addition to increases in the fixed asset turnover ratio from 2.55 to 23.32. Furthermore, the stock turnover ratio was decreased from -6.62 to -41.00.

⁶ Operating Ratios demonstrate how effective and efficient the assets of the businesses, which are owned to conduct the main operations, are used. In other words, it demonstrates how long a business turns its financial assets into cash.

4.4. Analysis and Evaluation of Profitability Ratio⁷

In the study, 2017 and 2018 data were obtained by conducting analyses and evaluations for the profitability rate. The profitability ratios of years were presented in Table 4.

PROFITABILITY RATIOS	2017	2018
Ratio of net profit for the period to equity capital	-0.68	0.14
Net profit for the period	-1.00	0.03
Active profit ratio	-0.55	0.11

In Table 5, the profitability ratios of the institutions under the administration of the Gaziantep Provincial Directorate of Health were presented. It was observed that the profitability ratios of the institutions in question were increased in 2018 compared to the ratio in 2017.

4.4.1. Ratio of Net profit for the period to Equity Capital

The ratio of net profit for the period to equity capital is used to determine how effective and efficient the collected assets assigned to businesses by shareholders are used. As a result of the analyses, it was determined that the ratio in 2017 was -0.68 in the negative, which resulted from the net loss of the period while it relatively increased to 0.14 in 2018. The ratio of net profit for the period to equity capital is presented below.

- Net profit for the period / Equity capital

2017

$$\text{Equity capital} - \text{net profit ratio} = -10.734.500,15 / 15.740.382,03 = -0,68$$

2018

$$\text{Equity capital} - \text{net profit ratio} = 2.614.314,36 / 18.354.696,39 = 0,14$$

4.4.2. Net Profit for the Period

This ratio provides information on the net efficiency of a business. According to the analysis conducted, it was observed that no net profit for the period was achieved and it was determined that the institutions in question finished the peri-

⁷ Profitability ratio is the financial management that demonstrates what percentage of profit is brought by the assets of a business. Namely, it indicates what percentage of profit was made for 1 TL-worth asset of the business. The assets' profitability ratio shows how effective and successful the actives of the business are used.

od with net losses. However, this ratio increased to 0.03 in 2018. The net profit for the period is presented below.

- Income of the period / Net sales

2017

Net profit for the period ratio = $-10.734.500,15 / 10.732.937,49 = -1.00$

2018

Net profit for the period ratio = $2.614.314,36 / 82.338.201,00 = 0.03$

4.4.3. Active Profitability Ratio

The active profitability ratio is used to measure whether the assets in a business are used effectively. When the data of the institutions in question were considered, it was observed that the active profitability ratios were rather low in both years. The fact that active profitability ratios were at low levels is evaluated as negative. The active profitability ratios were presented below.

- Profit of the Period / Active total

2017

Active profitability ratio = $-10.734.500,15 / 19.623.225,52 = -0,55$

2018

Active profitability ratio = $2.614.314,36 / 23.581.335,64 = 0,11$

CONCLUSION

In the study, it was aimed to evaluate the financial performance of the public institutions under the administration of the Gaziantep Provincial Directorate of Health according to the data of 2017-2018. The share of healthcare business under the administration of the Ministry of health among the total healthcare business has decreased to 57% in Turkey. The reforms experienced in the healthcare sector in the last 5 years have led to a rapid increase in the number of private healthcare businesses. One of the main reasons for the changes in the healthcare system is that the costs of private healthcare services that patients receive from private healthcare businesses are financed by the social security institutions to which the patients are connected. Another change experienced in the healthcare system is that a performance-based wage system was implemented in public hospitals, which led to significant increases in the shares of circulating capital that the employees received. Another change is the establishment of the Social Security Institution (SSI), which gathered the Social Security Organization for Artisans and the Self-Employed, Social Insurance Institution and Retirement Fund together. The main

reason to implement these changes is to ensure a unification in services by eliminating privileges in presenting services. In addition to all these developments, as the healthcare businesses developed in technological terms, the competitions between healthcare businesses have started to increase. As the public healthcare businesses started to provide services in the same competitive environment with private healthcare businesses, subjects such as pricing, performance, financial management, etc. gained importance in public healthcare businesses. Now, public healthcare businesses need to create an effective organizational structure to increase sales and decrease costs, just as private healthcare businesses do.

As a result of the analyses, it was observed that the public healthcare businesses throughout the city of Gaziantep improved their operating ratios that demonstrated how effective their assets in 2017-2018 were used. In this sense, the steady increase in the mean operating ratio of public healthcare businesses in the city of Gaziantep indicated an increase in efficiency in terms of asset management. However, the profitability rate, which demonstrates how effective the assets are used, had negative values in 2017. Although this rate relatively increased in 2018, it was observed that the public healthcare businesses in the city of Gaziantep did not use their assets efficiently. When the passive sides of the balances were examined, it was determined that hospitals investigated in the study did not have long-term liabilities and it was noted that there were negative equity capital ratios that decreased to negatives with the rapid decreases in short-term liabilities.

The study can be of importance in terms of investigating the financial statement analysis of public healthcare business in the city of Gaziantep in a holistic manner. According to the results obtained, vital information can be obtained in terms of financial management and performance measurement of healthcare businesses by analyzing them in terms of ownership and type of hospitals on a regional basis.

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