

# Financial viability within a health care organization

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Financial Viability within a Healthcare Organization Finance and accounting closely relate but differ in meaning and application in a significant way. The discipline and practice of accounting restricts itself to the tasks and processes of bookkeeping. In general, accounting involves itself with the collection and organizing of relevant financial information that connect to the various business processes within an organization (Wiedemann, 2009). Such processes may entail the recording of contracts, and the organization of receivables, collections, invoices, and payables, and other various transactions that take place within an organization or a business. On the other hand, finance deals with concepts, methods, and principles of managing the relevant accounting data for the purposes of attaining certain goals for the business or any given organization (Wiedemann, 2009). Finance involves an aspect of management precisely because it anchors on decision making using available information. Generally, the process of financial management involves the determination of a range of factors that determine the performance of a business or organization.

Alternative definitions have explained the difference between accounting and finance by terming finance as a decision science, which relies on the rational methods and means supplied by accounting to arrive at informed decisions, which appertain to the performance of an organization (Wiedemann, 2009). Some theorists have extended this definition to infer that accounting is subordinate to financial management to the extent that it supplies the raw data on which it builds its synthesis. However, experts emphasize on the complementary relationship between the two fields with clear demarcations of areas of specialization. Finance is largely used within the ranks of management although it applies to all levels that have particular

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interest in financial predictions, budgeting, risk analyses, performance projections, and many other attributes that determine the daily running of businesses and non-profit organizations. The multiple natures of application of the theories and principles of finance lend itself to various interpretations in connection with nature of processes and type of organization.

The accounting processes and financial management in a healthcare sector are special and different from the usual processes as they relate to normal businesses. According to some financial analysts, the major distinguishing aspect of healthcare finance and accounting is that sources of income are not directly connected to the beneficiaries of the services (Evans, 2009).

Third parties such as the government and insurance firms pay up for the services on the behalf of the beneficiaries. This implies that the nature of accountancy between the processes is significantly complex and relates to the manner in which the finances affect the management of the facility.

Another significant difference is that some healthcare organizations operate as not-for-profit organization. In order to sustain the operations of such organizations, the management should apply the most appropriate theories and methods that would achieve the element of sustainability while sustaining the interests and policies of the organization.

The operation of a healthcare organization requires the application of various safeguards in the accounting and finance processes in order to achieve high quality services while working within set financial goals budgets as mapped out in the organization's priorities (Kaufman, 2007). Budgeting processes, procurement, and maintaining of systems are some of processes that require the application of financial theories that focus significantly on the matter of costs and quality while ensuring sustainability. A finance manager in a

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hospital or any other healthcare organization is equally faced with the task of determining matters of remuneration, recruitment, training, and other value issues while acknowledging the macroeconomic determinants in the industry.

#### References

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