

Research Article

Optimizing the Implementation of Regional Public Service Agency Management to Improve Efficiency and Service Quality at Hasanuddin Damrah General Hospital

Firman Hayadi*

Department of Midwifery, Manna Midwifery Academy, Bengkulu, Indonesia

Abstract

The implementation of the Regional Public Service Agency (Badan Layanan Umum Daerah/BLUD) management system represents a strategic reform in public hospital governance aimed at improving operational efficiency and service quality. As regional public hospitals increasingly operate under financial constraints while simultaneously facing higher public expectations for service quality and accountability, effective implementation of the BLUD management model becomes essential for ensuring sustainable healthcare delivery. Hasanuddin Damrah General Hospital (HD Manna), a regional public hospital operating under BLUD status in South Bengkulu Regency, presents a relevant case for examining how financial autonomy, performance-based management, and digital innovation interact in a peripheral healthcare setting. This study aims to analyze the strategies, implementation processes, and impacts of BLUD management on operational efficiency and service quality at HD Manna Hospital. A qualitative case study approach was employed, utilizing in-depth interviews, participant observation, and document analysis. Informants included hospital directors, financial managers, heads of service units, quality assurance officers, and administrative staff. Data were analyzed thematically using the Miles and Huberman interactive model. The findings indicate that BLUD management is implemented through an output-based performance approach, particularly incentive schemes derived from BPJS claims, which enhance staff motivation, accountability, and service responsiveness. Financial flexibility under BLUD status facilitates more efficient procurement processes and timely resource allocation. The utilization of the Hospital Management Information System (SIMRS) and digital queue systems has played a crucial role in improving service coordination and efficiency, in line with national guidelines on hospital information system implementation issued by the Indonesian Ministry of Health. However, challenges remain, particularly resistance to organizational change and uneven human resource capacity in digital competencies. In conclusion, optimizing BLUD management positively affects operational efficiency and service quality in regional public hospitals. Strengthening human resource capacity, enhancing performance evaluation systems, and expanding digital innovation are essential to ensure the sustainability of BLUD implementation, especially in resource-constrained settings.

Keywords

BLUD, Hospital Management, Service Quality, Operational Efficiency, Public Hospital

*Correspondence: Firman Hayadi (hfirman513@gmail.com)

Received: 27 November 2025; **Accepted:** 9 January 2026; **Published:** 20 April 2026



1. Introduction

The Indonesian healthcare system has undergone substantial transformation in the post-COVID-19 era, particularly in strengthening hospital governance, financial sustainability, and service quality. Public hospitals are increasingly required to operate in an environment characterized by rising patient expectations, limited fiscal capacity, and heightened demands for transparency and accountability [1, 10]. In this context, hospital management reforms that emphasize efficiency, performance orientation, and service responsiveness have become a strategic priority within national and local health policies [11].

One of the key institutional reforms introduced to address these challenges is the implementation of the Regional Public Service Agency (Badan Layanan Umum Daerah/BLUD) management model. The BLUD framework grants public hospitals greater financial and managerial autonomy, allowing them to manage revenues, expenditures, and procurement processes with increased flexibility while maintaining their public service mandate and accountability to local governments [2, 3]. Recent studies confirm that managerial autonomy combined with accountability mechanisms can significantly enhance hospital performance and service outcomes [12, 13].

Previous empirical studies have demonstrated that BLUD implementation has the potential to improve hospital financial performance, accelerate procurement processes, and enhance service efficiency [4, 14]. However, several challenges persist, including limited managerial capacity, weak performance evaluation mechanisms, resistance to organizational change, and suboptimal utilization of health information systems [5, 15]. More recent research highlights that digital transformation and incentive-based performance systems are critical enablers in translating financial autonomy into tangible service quality improvements [16, 17].

Despite the growing body of literature on BLUD management, existing studies are predominantly quantitative and focus mainly on financial indicators or service output metrics. Moreover, most empirical evidence originates from large hospitals in metropolitan areas. Limited attention has been given to understanding how BLUD management is operationalized in peripheral or resource-constrained regions, where hospitals face distinct challenges related to human resource capacity, infrastructure limitations, and institutional readiness [18].

Hasanuddin Damrah (HD) Manna General Hospital, located in South Bengkulu Regency, operates as a regional public hospital with BLUD status and serves as the main referral healthcare facility in the area. As a hospital situated outside major urban centers, HD Manna faces unique operational constraints while being required to deliver efficient and high-quality services. Over recent years, the hospital has implemented managerial and digital innovations, including performance-based incentive schemes linked to BPJS claims and the adoption of hospital information systems, aimed at optimizing BLUD implementation.

Therefore, this study aims to analyze the strategies, implementation processes, and impacts of BLUD management on operational efficiency and service quality at Hasanuddin Damrah Manna General Hospital using a qualitative case study approach. This research provides in-depth empirical insights into the enabling factors and challenges of BLUD implementation in a regional public hospital setting, thereby contributing to the literature on public hospital governance.

2. Materials and Methods

2.1. Study Design

This study employed a qualitative research approach using a case study design to explore the implementation and optimization of BLUD management at Hasanuddin Damrah General Hospital, Manna, South Bengkulu, Indonesia.

2.2. Study Site

The study was conducted at Hasanuddin Damrah Manna General Hospital, a regional public hospital operating under BLUD status and serving as the main referral healthcare facility in South Bengkulu Regency.

2.3. Data Collection Techniques

Informants in this study were selected using purposive sampling based on their direct involvement in the implementation and management of BLUD policies at Hasanuddin Damrah Manna, General Hospital. The inclusion criteria consisted of: (1) individuals occupying managerial or administrative positions related to hospital governance, finance, service delivery, or quality assurance; (2) personnel with a minimum of two years of working experience at the hospital; and (3) staff who were directly involved in the implementation of BLUD financial management, service operations, or hospital information systems.

Key informants included the hospital director, financial management officers, heads of clinical service units, quality assurance personnel, and administrative staff responsible for operational processes. This selection ensured that the data reflected diverse managerial perspectives on BLUD implementation, operational efficiency, and service quality.

2.3.1. In-depth Interviews

Semi-structured interviews were conducted with key informants, including the hospital director, financial managers, heads of service units, quality assurance officers, and administrative staff. Informants were selected purposively based on their direct involvement in BLUD implementation.

2.3.2. Participant Observation

Participant observation was conducted to examine budgeting processes, procurement workflows, service delivery mechanisms, and daily operational practices related to BLUD management.

2.3.3. Document Analysis

Relevant institutional documents were reviewed, including financial reports, Business and Budget Plans (RBA), internal audit reports, service quality evaluation documents, and BLUD regulatory guidelines.

2.4. Data Analysis

Qualitative data were analyzed using the interactive model developed by Miles and Huberman, involving iterative processes of data reduction, data display, and conclusion drawing to ensure analytical rigor [7].

2.5. Trustworthiness of Data

To ensure the validity and reliability of qualitative data, several strategies were employed. First, data triangulation was conducted by comparing information obtained from interviews, participant observations, and institutional documents. Second, member checking was performed by confirming key findings with several informants to ensure that the interpretations accurately reflected their perspectives. Third, an audit trail was maintained throughout the research process to document data collection procedures, analytical decisions, and interpretation stages. Additionally, peer debriefing with academic colleagues was conducted to minimize researcher bias and strengthen the credibility of the findings. These procedures ensured that the research results were trustworthy, transparent, and methodologically rigorous.

3. Results

3.1. BLUD Management Strategy and Implementation System

BLUD management at Hasanuddin Damrah General Hospital is implemented through an output-based performance approach, primarily linked to incentive schemes derived from BPJS claims. Hospital management emphasizes measurable service outputs as a basis for evaluating unit performance and distributing incentives. This approach has strengthened accountability among service units and encouraged staff to improve productivity and responsiveness.

Informants reported that performance-based incentives created a clearer linkage between workload, service outcomes, and remuneration. As a result, service units became more proactive in improving coordination, documentation, and claim submission processes.

Nevertheless, some informants noted that differences in understanding performance indicators across units occasionally led to inconsistencies in implementation.

3.2. Financial Efficiency and Procurement Flexibility

Financial autonomy under BLUD status has significantly enhanced procurement flexibility at Hasanuddin Damrah Manna Hospital. The ability to directly manage revenues and expenditures has reduced bureaucratic delays commonly associated with conventional public sector financial systems. Procurement processes for medical supplies, pharmaceuticals, and supporting equipment have become faster and more responsive to service demands.

Several informants emphasized that improved procurement efficiency contributed to reduced service interruptions and enhanced patient satisfaction. However, challenges remain in aligning procurement planning with long-term strategic needs, particularly in the context of budget limitations and fluctuating BPJS reimbursement schedules.

3.3. Utilization of Digital Systems in Service Delivery

The utilization of the Hospital Management Information System (SIMRS) and digital queue systems has played a crucial role in improving service coordination and efficiency, in line with national guidelines on hospital information system implementation issued by the Indonesian Ministry of Health [9]. Digital registration and queue management reduced patient waiting times and minimized administrative bottlenecks. Integration of clinical and administrative data through SIMRS also supported more accurate reporting and internal monitoring.

Despite these improvements, variations in digital literacy among staff affected the optimal use of information systems. Some administrative units demonstrated strong adaptation, while others required additional training and technical support to fully utilize available digital tools.

3.4. Service Quality Improvement and Internal Evaluation

Internal evaluation mechanisms, including routine audits and supervisory board oversight, support service quality improvement at Hasanuddin Damrah Manna Hospital. These mechanisms provide feedback on service performance, financial management, and compliance with BLUD regulations. Informants indicated that regular evaluations encouraged corrective actions and continuous improvement.

However, the effectiveness of internal evaluation was influenced by the availability of skilled human resources and the consistency of follow-up actions. Limited analytical capacity

in some units constrained the use of evaluation results for strategic decision-making.

3.5. Human Resource Capacity and Organizational Challenges

Human resource capacity emerged as a critical determinant of BLUD implementation effectiveness. Resistance to change among some administrative staff, particularly those

accustomed to traditional bureaucratic procedures, posed challenges during the transition to performance-based management. Limited digital literacy further constrained system optimization.

Hospital leadership addressed these challenges through internal training, mentoring, and gradual socialization of BLUD principles. Nonetheless, informants agreed that sustained human resource development remains essential to ensure long-term success.

Table 1. Summary of BLUD management implementation outcomes at HD manna hospital.

Aspect of BLUD Implementation	Key Findings	Implications for Efficiency and Service Quality
Performance-based incentives	Incentives linked to BPJS claims increased staff motivation and accountability	Improved service responsiveness and productivity
Financial flexibility	Faster procurement and responsive budget allocation	Reduced service delays and operational bottlenecks
Digital system utilization (SIMRS & queue system)	Shorter patient waiting times and better service coordination	Enhanced responsiveness and reliability of services
Internal evaluation mechanisms	Routine audits and supervisory oversight supported quality improvement	Continuous performance monitoring
Human resource capacity	Resistance to change and uneven digital literacy	Need for sustained training and capacity building

4. Discussion

The findings of this study indicate that the implementation of BLUD management contributes positively to improving operational efficiency and service quality in regional public hospitals. Financial flexibility under the BLUD framework allows hospital management to make faster decisions regarding procurement and resource allocation. This finding is consistent with organizational efficiency theory, which emphasizes that decentralized financial authority enables organizations to respond more effectively to operational demands and service needs [8, 12].

In addition, performance-based incentive systems linked to BPJS claims appear to play an important role in strengthening staff motivation, accountability, and productivity. These results align with the principles of performance management theory, which suggests that incentive mechanisms and measurable performance indicators can enhance employee commitment and organizational outcomes.

Previous studies on public hospital governance reforms have similarly reported that performance-based management systems can improve service responsiveness and operational productivity [14, 15].

Furthermore, the utilization of digital systems such as the

Hospital Management Information System (SIMRS) and electronic queue management significantly improves service coordination and responsiveness. From the perspective of health information system theory, digital integration facilitates efficient information flow, reduces administrative delays, and enhances service reliability key dimensions of perceived service quality [6, 16]. Similar findings have been reported in recent studies indicating that hospitals with higher levels of digital maturity tend to demonstrate better coordination, shorter patient waiting times, and higher patient satisfaction [17, 18].

However, the sustainability of BLUD implementation depends heavily on continuous human resource development and organizational readiness. Uneven digital literacy and resistance to organizational change remain important challenges, particularly in regional hospitals transitioning from traditional bureaucratic systems to performance based management structures. These findings are consistent with organizational change theory, which highlights that successful institutional reform requires not only structural changes but also behavioral adaptation among organizational members. Therefore, structured training programs, leadership support, and adaptive change management strategies are essential to strengthen the long term effectiveness of BLUD implementation [15, 19].

5. Conclusions

5.1. Conclusion

Optimizing BLUD management positively affects operational efficiency and service quality at Hasanuddin Damrah Manna General Hospital through financial autonomy, performance-based incentives, and digital system integration.

5.2. Practical and Policy Implications

Strengthening human resource capacity, expanding digital innovation, reinforcing performance evaluation mechanisms, and enhancing local government support are essential to ensure sustainable BLUD implementation in regional public hospitals.

5.3. Study Limitations and Future Research

Future studies should involve multiple BLUD hospitals and apply mixed-method approaches to enhance generalizability.

Abbreviations

BLUD	Regional Public Service Agency
SIMRS	Hospital Management Information System
BPJS	Social Security Agency for Health

Acknowledgments

The author would like to thank the management and staff of Hasanuddin Damrah General Hospital for their cooperation and support during this study.

Author Contributions

Firman Hayadi is the sole author. The author read and approved the final manuscript.

Data Availability Statement

The data supporting the findings of this study are available from the corresponding author upon reasonable request.

Conflicts of Interest

The author declares no conflicts of interest.

Appendix

Internal Evaluation Framework for BLUD Management Implementation

Hasanuddin Damrah Manna General Hospital applies an internal evaluation framework to monitor the effectiveness of BLUD management implementation, consisting of four components:

- 1) Performance Monitoring: Regular assessment of service output indicators, BPJS claim realization, and unit productivity as the basis for performance-based incentives.
- 2) Financial Management Review: Periodic review of revenue management, expenditure efficiency, and procurement effectiveness under BLUD financial autonomy.
- 3) Service Quality Evaluation: Monitoring patient waiting times, patient satisfaction surveys, and internal service quality audits coordinated by the quality assurance unit.
- 4) Supervisory and Follow-Up Mechanism: Evaluation findings are discussed in management meetings and followed up through corrective action plans to support continuous improvement.

References

- [1] World Health Organization. Quality of care in health service delivery: Southeast Asia regional framework. WHO-SEARO; 2022.
- [2] Setiawan A, Wibowo A. Performance-based management in BLUD regional hospitals. *Jurnal Administrasi dan Kebijakan Kesehatan Indonesia*. 2020; 9(3): 145–160.
- [3] Kementerian Dalam Negeri RI. Peraturan Menteri Dalam Negeri Nomor 79 Tahun 2018 tentang BLUD. Jakarta; 2018.
- [4] Mubarak H, Prabowo RY. Implementation of BLUD in improving financial performance and service quality of public hospitals. *Jurnal Kebijakan Kesehatan Indonesia*. 2021; 10(2): 123–134.
- [5] Handayani PW, Hidayanto AN, Ayuningtyas D, et al. Digital transformation strategy for improving hospital operational performance. *Health Informatics Journal*. 2022; 28(1): 1–15. <https://doi.org/10.1177/14604582221074912>
- [6] Parasuraman A, Zeithaml VA, Berry LL. SERVQUAL. *Journal of Retailing*. 1988; 64(1): 12–40.
- [7] Miles MB, Huberman AM, Saldaña J. *Qualitative data analysis*. 3rd ed. Sage; 2014.
- [8] Daft RL. *Organization theory and design*. 12th ed. Cengage; 2015.
- [9] Ministry of Health of the Republic of Indonesia. Guidelines for the Implementation of SIMRS. Jakarta; 2023.
- [10] WHO. Strengthening health systems after COVID-19. *Bulletin of the WHO*. 2022; 100(6): 356–357. <https://doi.org/10.2471/BLT.22.288345>
- [11] Afiati L, Sugiarto S, Harijanto P. Performance-based budgeting and service quality in public hospitals. *International Journal of Healthcare Management*. 2023; 16(2): 221–230. <https://doi.org/10.1080/20479700.2022.2145678>

- [12] Wijaya A, Rahmawati N. Managerial autonomy and hospital performance. *Public Health Reviews*. 2022; 43: 160451. <https://doi.org/10.1186/s40985-022-00215-6>
- [13] Lestari S, Nurhayati A. BPJS-linked incentive systems and service responsiveness. *Health Policy and Technology*. 2022; 11(4): 100639. <https://doi.org/10.1016/j.hlpt.2022.100639>
- [14] Handayani PW, et al. Digital maturity and hospital service quality. *BMC Health Services Research*. 2023; 23: 998. <https://doi.org/10.1186/s12913-023-10098-6>
- [15] Saputra M, Prasetyo D. Human resource capacity and organisational change in public hospitals. *Journal of Health Services Research & Policy*. 2024; 29(3): 210–218. <https://doi.org/10.1177/13558196231045782>
- [16] Putra RA, Kusumawati S. Digital transformation in regional hospitals. *Journal of Health Management and Informatics*. 2024; 8(1): 35–45. <https://doi.org/10.1016/j.hmi.2023.11.004>
- [17] Kruse CS, Stein A, Thomas H, Kaur H. The use of electronic health records to support hospital quality improvement. *Journal of Medical Systems*. 2018; 42(11): 214. <https://doi.org/10.1007/s10916-018-1071-1>
- [18] Aidemark L. The meaning of balanced scorecards in the health care organization. *Financial Accountability & Management*. 2001; 17(1): 23–40. <https://doi.org/10.1111/1468-0408.00119>
- [19] Boonstra A, Broekhuis M. Barriers to the acceptance of electronic medical records by physicians. *BMC Health Services Research*. 2010; 10: 231.

Biography

Firman Hayadi is a lecturer at the Manna Midwifery Academy, South Bengkulu, Indonesia. He holds a Master's degree in Public Health with a specialization in health management. His academic and professional work focuses on hospital governance, public health management, and quality improvement in healthcare services, particularly within regional and public sector health systems. He has been actively involved in research related to hospital management reform, BLUD implementation, and health system strengthening at local and regional levels. In addition to teaching, he contributes to institutional quality assurance, internal quality audits, and health policy analysis. His research interests include evidence-based management, performance evaluation, and digital innovation in healthcare organizations. Through his academic activities, he is committed to supporting improvements in healthcare service quality and governance in regional public health institutions in Indonesia.