Competence of Managing Assets in Healthcare Industry

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Abstract- *The main objective of asset management is to improve decision making process for allocating funds among an agency's asset so that the best return on investment is obtained. To achieve the objective, asset management embraces all of the processes, tools, and data required to manage assets effectively. For this reason asset management is also defined as "a process of resource allocation and utilization". The asset management elements can be grouped into five major building blocks: basic information, performance measures, need analysis, program analysis and program delivery. Asset management is the generic framework of tools and methodology aimed at enhancing infrastructure management by emphasizing good business practises and asserting the holistic approach. It incorporates elements of various diverse discipline such as accounting, value engineering, life cycle cost analysis, economics, risk management and user satisfaction.*

Keywords- Asset, liquidity, profit, liability and working capital.

I. OBJECTIVE OF THE STUDY

- To evaluate efficiency of asset management of HLL Lifecare Ltd.
- To assess the efficiency of profit management and to measure liquidity pattern.
- To find out association between asset management and profit management.

II. NEED AND SIGNIFICANCE OF THE STUDY

Asset management is concerned with the problem that arises in attempting to manage the Current Asset, the Current Liability and interrelationship that exist between them. The term Current Asset refer to those assets that in the ordinary course of business can be, or will be turned into cash within one year without undergoing any dilution in value and without disrupting the operation of the firm. In this study an attempt has been made to do the analysis and asses the working capital trend and liquidity position of HLL Lifecare Ltd. The study covers a period of five years ranging from 2013-2014 to 2016-2017.

III. SCOPE OF THE STUDY

The scope of the study aims at analysing the asset management of HLL Ltd through various techniques like ratio analysis, trend analysis and correlation etc. Prompt asset management enables a business concern to make soundness of the firm and hence help in creating and maintaining goodwill. Proper asset management leads to better profitability and liquidity and also help to estimate suitable level of asset liability position. This study aims to bring out the relevance of asset management in the organization.

IV. LIMITATION OF THE STUDY

- This study was limited to specific time period so an extensive and deep study was not possible.
- Unavailability of full-fledged data from the firm.

V. INTRODUCTION ABOUT THE STUDY

Asset Management basically refers to the process by which institution manages its balance sheet in order to allow for alternative interest rate and liquidity scenarios. Banks and other financial institutions provide services which expose them to various kinds of risk like credit risk, interest risk and liquidity risk. Asset Management is an approach that provides institution with protection that make such risk acceptable. Asset Management model enable institutions to measure and monitor risk, and provide suitable strategies for the management. It is therefore appropriate for the institutions (banks, finance companies, leasing companies, insurance companies and others) to focus on asset liability management when they face financial risk of different types. Asset Management includes not only formalization of this understanding, but also a way to quantify and manage these risks .Further even in the absence of a formal asset management program, the understanding of these concepts is of value to an institution as it provides a truer picture of the risk/reward trade off in which the institution is engaged

(Fabozzi & Kanishi, 1991).Asset management is a first step in the long term strategic process. Therefore, it can be considered a planning function for an intermediate term. In a sense ,the various aspects of balance sheet management deals with planning as well as direction and control of the levels, changes and mixes of assets ,liabilities and capital.

VI. RESEARCH METHODOLOGY

It is necessary the researcher to know not only the research method techniques but also the methodology. The study is descriptive in nature as it intends to understand and present a real picture of the financial situation of the company. Both primary and secondary data were used for the present study. The research design used in this study was both descriptive and explanatory and based on both quantitative and qualitative. Trend Analysis, Correlation Analysis and One way ANOVA are the tools and techniques applied in this study.

VII. INTRODUCTION ABOUT THE INDUSTRY

According to Global Industry Classification Standard, this industry includes Heath care equipment and services, pharmaceuticals, biotechnology and life science. Particular sector connected with these groups are: Biotechnology, Diagnostic substances, drug manufactures, hospitals, medical equipment and instruments, diagnostic laboratories, nursing homes, providers of health care plans and home health care. The industry is considered to be one which people exercise of skill of a service related to the improvement of the health of individuals or the treatment or caring of individuals. The delivery of modern health care depends on an expanding and diversified group of trained professionals coming together as an interdisciplinary team. World population reached 6.1 billion in mid-2001 and is expected to increase by 50 percent by 2050, to over nine billion people. This growth will occur primarily in developing countries while developed nations experience aging and population decline. The amount of growth in the developing world will depend largely on women's access to education and health, especially family planning, services. Given that the growth rate of 1.6 percent in developing countries is so much higher than in the developed world (0.1 percent), the unmet need and demand for contraceptives is most evident. Ever since the Merill Young came up with the manufacturing and distribution of condoms world over, new companies have come to the scenario. In the past men had to do labour cutting, shaping, slicing the intestine of lamps and sheep for the usage.

VIII. LITERATURE REVIEW

Milling (1991, p.48), he mentioned that: Average collection period measures the time that a firm's average sales dollar remain outstanding as an account receivable by sales and multiplying by the number of days in a year (365).It is the average number of days which a firm manages to collect its outstanding debts from customers**.** According to **Lazaridis and Tryfonidis (2006)**, average collection period is one of the components to measure the cash conversion cycle which is manageable to maximize the profitability and improve firm's growth. **Raheman and Nasr (2007)** research adaption, the correlation analysis between average collection period and net operating profitability shows a negative coefficient. This means that if the average collection period increases, it will lower the profit in return. **Pike and Cheng (2001)** felt it is important to control the credit management policy and practices choices in order to maximize value. The lower investment placed on account receivable, the more reduction in interest cost, hence, a respectable increase in earnings. According to **Reynolds (1999)**, inventory turnover analysis has major importance because inventory management directly impact operation's profitability .This analysis serves as a measure of firm's efficiency and profitability. Inventory turnover analysis can assist financial managers in recognizing problems and can help reduce associated costs, time period to pay their debt. **Richard and Laughlin (1980)** consequently operated this concept by measuring the number of days funds are committed to receivables and inventories and less the number of days payments are deferred to suppliers. **Shin and Soenan (1998)** are able to prove a strong correlation between cash conversion cycle and profitability. Even so, they used a substitute of cash conversion cycle called the net trading cycle. Using this cash conversion cycle, also known as cash to cash (C2C), companies could establish a point of reference for inter –firm companies. **Richards and Laughlin (1980) and Emery (1984**) had noted the constraints of using traditional financial ratios and believed in the liquidity management measures to reflect the ability of firms meeting their short term financial obligations. **Jose, Lancaster and Stevens** concluded that there are key findings for ROA and ROE. These asset management returns and levered returns an increase in performance and benefits **. Lazaridis and Tryfonidis in year 2006**.They investigated the relationship between working capital management and corporate profitability of a sample of 131 companies listed in the Athens Stock Exchange. Data was collected from year 2001-2004.In this research profitability was measured through gross operating profit and cash conversion cycle**. Deloof (2003),** confirmed that firms can improve profitability by lowering outstanding accounts receivable and payables and inventories. A univariate analysis was conducted to determine differences in variables, followed by a multivariate analysis to determine working capital management on corporate profitability. Return on asset ratio

was set as the dependent variable to establish profitability. **Hossain and Akon (1997)** two well known economists believed that current asset should be considered as working capital as the whole of it helps to generate profits. In their study, it shows that a vast amount of short term finance was used in financing fixed and current assets to the extent of 100 percent. This caused a lower capacity to earn profits, but increases the risk of insolvency.

IX. DATA ANALYSIS AND INTERPRETATION

TREND INDICES

This analysis is an important tool of horizontal financial analysis. This method is immensely helpful in making a comparative study of financial statement of severs years. Under this method trend percentage is calculated for each items of the financial statement taking the figures of the base year as 100.

The starting year is usually taken as the base year. The trend percentage shows the relationship of each item with its preceding year's percentage.

TABLE 1 CURRENT ASSET

YEAR	CURRENT ASSET	TREND INDICES
2013	41776.69	100
2014	63853.23	152.8441578
2015	66682.15	159.6156852
2016	81508.33	195.1048061
2017	80170.03	191.901345

ANALYSIS

As from the above observation we can see that the current asset indices has been increasing constantly except in the year 2018.During the year 2014 the current asset indices was 152.8441578.In the year 2015 the trend indices increases to 159.6156852.Again in the year 2016 there is an increase in current asset indices to 195.1048051. It's only in the year 2017 that the current asset indices decreases slightly to fall at 191.901345.It shows the current asset has been increasing.

TABLE 2 CURRENT LIABILITIES

YEAR	CURRENT LIABILITIES	TREND INDICES
2013	36347.37	100
2014	60872.89	167.4753634
2015	63407.54	174.4487703
2016	83352.88	229.3230019
2017	8017.97	22.05928517

ANALYSIS

From the above table it can be observed the trend analysis of current liability shows an increasing order every year except in the year 2017 where it decreases considerably. As compared to the base indices of 2013,the trend indices increased in the year 2014 to 167.4753634.During the year 2015 the trend indices further increased to 174.4487705.Again in the year 2016 the current liability trend indices increased to 229.3230019 in the year 2015.But in the year 2017 the trend indices decreased considerably to fall at 22.05928517.

TABLE 3 WORKING CAPITAL

YEAR	WORKING CAPITAL	TREND INDICES
2013	5429.32	100
2014	2980.34	54.89343048
2015	3274.61	60.31344625
2016	-1844.55	-33.9738678
2017	-1847.94	-34.0363066

ANALYSIS

From the above data it can be observed that the working capital trend indices show a decreasing trend from the past 5 years. During the year 2014 the working capital trend indices was 54.8934308.There was a slight increase in trend indices in the year 2015 to 60.31344625..During the year 2016 the working capital decreased considerably and was -33.9738676.In the year 2017 also the work capital indices again decreased to -34.0363066.

TABLE 4 TOTAL CAPITALIZATION

YEAR	TOTAL CAPITALIZATION	TREND INDICES
2013	19313.6	100
2014	43087.1	223.0920181
2015	47661.89	246.7789019
2016	47782.42	247.4029699
2017	58834.31	304.6263255

ANALYSIS

As from the above observation we can see that the total capitalization indices have been increasing constantly. During the year 2013 the total capitalization indices was 223.0920181.In the year 2014 the trend indices increases to 246.7789019.Again in the year 2015 there is an increase in total capitalization indices to 247.4029699. In the year 2017 the total capitalization indices again increased to 304.6263255.

TABLE 5 FIXED ASSET

YEAR	FIXED ASSET	TREND INDICES
2013	16252.62	100
2014	21958.17	135.1054168
2015	25663.53	157.9039564
2016	30903.52	190.1448505
2017	32957.81	202.7845972

ANALYSIS

As from the above observation we can see that the fixed asset indices have been increasing constantly as compared to base year 2013. During the year 2014 the fixed asset indices was 135.1054168.In the year 2015 the trend indices increases to 157.9039564.Again in the year 2016 there is an increase in fixed asset indices to 190.1448505.In the year 2017 the total asset indices again increased to 202.7845972.

X. CORRELATION ANALYSIS

Correlation is a term that refers to the strength of a relationship between two variables. A strong, or high, correlation means that two or more variables have a strong relationship with each other, while a weak or low correlation means that the variables are hardly related. Correlation analysis is the process of studying the strength of that relationship with available statistical data**.** Correlation coefficients can range from -1.00 to +1.00. The value of -1.00 represents a perfect negative correlation, which means that as the value of one variable increases, the other decreases. While a value of +1.00 represents a perfect positive relationship, meaning that as one variable increases in value, so does the other. Values like these--of + or - 1.00--signal a perfectly linear relationship between the two variables, so that if you plot the results on a graph it would make a straight line. A value of 0.00 means that there is no relationship between the variables being tested**.**

TABLE-6 CORRELATION BETWEEN CURRENT ASSET & CURRENT LIABILITIES

YEAR	CURRENT ASSET	CURRENT LIABILITIES	XY	X2	Y2
2013	41776.69	36347.37	1518472809	1745291827	1321131306
2014	63853.23	60872.89	3886930646	4077234981	3705508737
2015	66682.15	63407.54	4228151093	4446509129	4020516129
2016	81508.33	83352.88	6793954049	6643607859	6947702604
2017	80160.03	80170.97	642800895.4	6427233710	64287842.92
TOTAL	**333990.43**	**251998.65**	**17070309493**	**23339877507**	**16059146619**

Coefficient of correlation (r)

$$= \frac{N\sum XY - \sum X.\sum Y}{\sqrt{n\sum X^2-(\sum X)^2}\ \sqrt{n\sum Y^2-(\sum Y)^2}}$$

$$= \frac{-1186409992}{\sqrt{5149780203}\ \sqrt{16792413493}}$$

r = -0.1275804

ANALYSIS

There exists a negative correlation between current asset and current liability as the value of coefficient of correlation is -0.1275804.The correlation is said to be negative whenever the value of one variable makes an opposite change in the other variable .It means that whenever there is a decrease in the value of current asset, it will result in increase in the value of current liability.

TABLE-7 CORRELATION BETWEEN CURRENT ASSET & PROFITS

YEAR	CURRENT ASSET (X)	PROFIT (Y)	XY	X2	Y2
2013	41776.69	3056.38	127685439.8	1745291827	9341458.704
2014	63853.23	3780.87	241420761.7	4077234981	14294977.96
2015	66682.15	3621.08	241461399.7	4446509129	13112220.37
2016	81508.33	3752.79	305883645.7	6643607859	14083432.78
2017	80170.03	3803.04	304889830.9	6427233710	14463113.24
TOTAL	**333990.43**	**18014.16**	**1221341078**	**23339877507**	**65295203.05**

Coefficient of correlation (r)

$$= \frac{N\sum XY - \sum X.\sum Y}{\sqrt{n\sum X^2-(\sum X)^2}\ \sqrt{n\sum Y^2-(\sum Y)^2}}$$

$$= \frac{90148344.74}{\sqrt{5149780203}\ \sqrt{1966054.761}}$$

r = 0.895913

ANALYSIS

There exists a positive correlation between current asset and profit as the value of coefficient of correlation is 0.895913..The correlation is said to be positive whenever the value of one variable makes a same change in the other variable also .It means that whenever there is an increase in the value of current asset, it will result in increase in the value of profit also.

TABLE-8 CORRELATION BETWEEN EQUITY & DEBT

YEAR	EQUITY (X)	DEBT (Y)	XY	X2	Y2
2013	17466.09	38194.9	667115560.9	305064299.9	1458850386
2014	37821.6	66138.4	2501460109	1430473427	4374287955
2015	39939.51	71129.92	2840894151	1595164459	5059465519
2016	42628.82	88506.48	3772926805	1817216295	7833397002
2017	54739.2	86113.08	4713761109	2996380017	7415462547
TOTAL	**192595.22**	**350082.78**	**14496157735**	**8144298497**	**26141463409**

Coefficient of correlation (r)

$$= \frac{N\sum XY - \sum X.\sum Y}{\sqrt{n\sum X^2-(\sum X)^2}\ \sqrt{n\sum Y^2-(\sum Y)^2}}$$

$$= \frac{5056518643}{\sqrt{3628573717}\ \sqrt{8149364192}}$$

r = 0.92986901

ANALYSIS

There exists a positive correlation between equity and debt as the value of coefficient of correlation is 0.92986901.The correlation is said to be positive whenever the value of one variable makes a same change in the other variable also .It means that whenever there is an increase in the value of equity, will result in increase in the value of debt also.

XI. ONE – WAY ANOVA

The one-way analysis of variance (ANOVA) is used to determine whether there are any statistically significant differences between the means of three or more independent (unrelated) groups. The one-way ANOVA compares the means between the groups you are interested in and determines whether any of those means are statistically significantly different from each other. Specifically, it tests the null hypothesis:

$$H_0: \mu_1 = \mu_2 = \mu_3 = \cdots = \mu_k$$

Where μ = group mean and k = number of groups. If, however, the one-way ANOVA returns a statistically significant result, we accept the alternative hypothesis (H1), which is that there are at least two group means that are statistically significantly different from each other. At this point, it is important to realize that the one-way ANOVA is an **omnibus** test statistic and cannot tell you which specific groups were statistically significantly different from each other only that at least two groups were.

Ho: There is no significance variance between components of current assets.

H1: There is significance variance between components of current assets.

YEAR	INVENTORY	DEBTORS	CASH	OTHER CURRENT ASSET
2013	7434.83	24421.82	1423.70	1287.87
2014	10492.67	41481.83	1172.88	2155.30
2015	11704.73	43148.25	1452.80	384.45
2016	10117.97	62261.05	1333.77	533.69
2017	9740.60	60264.61	2211.79	301.83

TABLE: 9 ANOVA TABLE

Source	sum of square	d.f	Mean of square	F	Sig P value
Between treatments	6929366693.5377	3	2309788897.8459	37.92555	0.00
Within treatments	974451782.5344	16	60903236.4084		
Total	7903818476.0721	19			

XII. INTERPRETATION

Here the significance value is 0.00.If the number (or numbers) is less than the critical value of alpha (a) set by the experimenter, then the effect is said to be significant. Since this value is set here is at 0.05, any value less than this will result in significant effects, while any value greater than this value will result in non-significant effects. Here the value is significant as **P value<0.05.**Therefore we will accept the hypothesis that there is no significant variance between different components of current asset that is debtors, inventory, cash and other current assets.

TABLE-10

Level	N	Mean	Std.dev
Inventory	5	9898.16	1561.9118
DEBTOR	5	46315.512	15504.5743
Cash	5	1518.988	402.3468
Other current assets	5	932.628	787.1913

XIII. INTERPRETATION

The standard deviation of inventory is 1561.9118 and the debtors are 15504.5743. While the standard deviation of cash was 402.3468 and standard deviation for other current assets was 787.1913. The mean of these items are 9898.16, 46315.512, 1518.988 and 932.628 respectively.

XIV. FINDINGS

The current ratio is lesser than the industry standard; this may lead to a deteriorating liquidity position of the company. The inventory turnover ratio was highest in the year 2016, which shows that the operating activity of the firm was at optimum point. The working capital ratio has been in negative in the year 2015 and 2016.This is a great threat for the liquidity position of the company. There exists a negative correlation between current asset and current liabilities. Both are moving in opposite direction. There is a positive relationship between Equity and debt, current asset and profits. The trend indices of working capital has been decreasing considerably, the trend indices of Debt and Current liabilities were increasing but showed a decline in the year 2016.The trends of cash, total capitalization, total asset, fixed asset, equity has been increasing every year. Under the Analysis of Variance, it is revealed that there is no significant difference between Debtors, Cash, Inventory and other current asset.

XV. SUGGESTION

The firm should maintain a stable liquidity position also develop liquidity standards and implement asset management procedures. They should appoint fund manager to manage funds thereby reducing working capital cycle. The concern should try to reduce their current liabilities as it has been increasing at a rate higher than current assets. This may reduce their liquidity. The study reveals that there has been fluctuation in the profitability pattern of the firm. Therefore there is a need to adopt stable financial policy. Proper asset management policy must be adopted, because in the year 2016 the current liabilities have exceeded the current asset which is not a good sign for the organization.

XVI. CONCLUSION

0.0The study helps us to know the efficiency of assets and overall performance of the company. Asset management is an important success factor of every organization .Asset Management is also an inevitable factor to understand the fund utilization of organization. This study is to know about the efficiency of HLL'S Asset management namely short term and long term assets and also to understand how assets are effectively utilized in the organization. Asset management helps the organization to keep track of all assets. It can tell where the assets are located, how they are used, and when changes were made to them. The data from the asset management solution can ensure that asset recovery will lead to better returns. If the assets are not properly managed then the management can give more attention to those assets. This will help the organization to achieve more growth.

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