EFFECTIVENESS OF THE ROLE OF THE HOSPITAL BLU SUPERVISORY BOARD DURING THE COVID-19 PANDEMIC

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ABSTRACT

The Covid-19 pandemic has significantly impacted the performance of Public Service Agencies (BLU), particularly hospital BLUs, contributing to the global economic crisis. This study examines the effectiveness of Hospital BLU Supervisory Board roles during the Covid-19 pandemic and their impact on hospital performance. Using a mixed-method approach, this research analyzed data from 208 respondents (134 supervisory board members and 74 BLU managers) through Likert-scale questionnaires and conducted in-depth interviews with 8 supervisory board members. Results indicate that the role of the Supervisory Board during the Covid-19 pandemic experienced increased intensity and a shift in focus. However, uneven understanding of existing governance necessitates routine activities for improving the Supervisory Board's role, including redesigning the appointment process. The study found that board effectiveness was influenced by member competency, governance understanding, communication quality, and collaborative leadership development.

1. INTRODUCTION

Public Service Agencies (BLU) are government institutions established to provide goods and/or services to the public without prioritizing profit-making, as stipulated in PMK No. 129/PMK.05/2020. As Andi & Trisnantoro (2014) noted, in some cases the supervisory board's role has not fully met oversight criteria or made positive contributions to achieving good governance. These institutions operate based on efficiency and effectiveness principles, with their primary mission being to enhance public services, promote general welfare, and improve national quality of life through flexible financial management while maintaining productive economic principles and ethical business practices.

In Indonesia, Public Service Agencies are classified into three distinct categories: 1) provision of goods and/or services; 2) management of specific areas/regions; and 3) management of special funds. Kementerian Keuangan RI (2021) reports that since 2016, both the number and revenue of BLUs have consistently increased, along with related policies. By 2020, there were 244 BLU work units (Kementerian Keuangan RI, 2021a).

This study is grounded in public service governance theory, particularly focusing on oversight mechanisms in healthcare institutions. We examine how governance structures adapt during crises, building on previous research about institutional resilience and adaptive management in public services. The relationship between supervisory effectiveness and institutional performance forms a crucial theoretical foundation for our analysis.

The economic implications of governance in public healthcare institutions provide another important theoretical lens. We consider how oversight mechanisms influence resource allocation, service delivery efficiency, and financial sustainability during crisis conditions. This approach addresses both the operational and economic dimensions of healthcare governance.

While existing literature has examined various aspects of BLU performance and governance, there remains a significant gap in understanding how supervisory boards adapt during crisis conditions, particularly in healthcare settings. Previous research by Partakusuma, (2014) evaluated BLU hospital governance in four vertical class. Hospitals in Java and Bali, revealing variations in governance implementation affected by supervision quality. Previous studies have focused primarily on normal operating conditions, leaving uncertainty about governance effectiveness during unprecedented challenges like the Covid-19 pandemic.

The main distinction between BLUs and other government work units lies in their performance-based planning and budgeting approach. BLUs can directly utilize their income without remitting it to the state treasury and implement flexible spending within thresholds. They can also optimize cash management within BLU accounts and make long-term investments with the Finance Minister's permission. This unique position makes understanding their governance particularly important during crises. This is particularly relevant as Khairunnisa et al. (2016) found that more effective supervisory board oversight leads to better controlled institutional environments and improved governance.

This study aims to: 1) Examine the implementation of supervisory board roles in hospital BLUs during the Covid-19 pandemic; 2) Evaluate the impact of supervisory board effectiveness on hospital BLU performance during the crisis; 3) Identify factors influencing supervisory board performance in pandemic conditions; and 4) Analyze the economic implications of governance adaptations during crisis periods.

To address these objectives, our study poses three primary questions: 1) How has the supervisory board's role been implemented during the pandemic?; 2) What impact has the supervisory board had on hospital BLU performance?; and 3) What factors influence supervisory board performance during the Covid-19 crisis?. This research contributes to both theoretical understanding and practical implementation of public healthcare governance during crises. The findings will help inform policy development and governance improvements for public service institutions facing future challenges.

2. RESEARCH METHODS

This study employs a mixed-method approach combining descriptive statistics and exploratory qualitative analysis to provide a comprehensive understanding of supervisory board effectiveness during the Covid-19 pandemic. The research design deliberately integrates quantitative and qualitative elements to capture both the measurable aspects of board performance and the nuanced experiences of board members and managers during the crisis period.

For data collection, we utilized closed questionnaires distributed to supervisory board members and BLU hospital managers, supplemented by in-depth interviews with board members. The questionnaire was structured using a five-point Likert scale, ranging from strongly agree to strongly disagree, allowing for systematic measurement of perceptions and experiences. This quantitative component enables statistical analysis of governance effectiveness across multiple dimensions.

The scoring process employed a weighted system where responses were assigned values from 1 to 5, with results categorized into five distinct ranges from very weak (0-20%) to very strong (81-100%). This systematic approach to quantitative analysis provides clear metrics for evaluating board effectiveness while maintaining statistical rigor. To enhance data reliability, we employed interval analysis through careful weighting and scoring procedures.

To strengthen the validity of our findings, we conducted interviews with eight hospital supervisory board members. These semi-structured interviews allowed for deeper exploration of themes emerging from the quantitative data. The qualitative component was particularly valuable in understanding the contextual factors influencing board effectiveness and the nuanced ways in which oversight practices adapted during the pandemic.

Our analytical framework integrated both quantitative and qualitative data through a systematic process. For the quantitative data, we employed descriptive statistical analysis to identify patterns and trends in board effectiveness. The qualitative data underwent thematic analysis, guided by our literature review and theoretical framework, to identify key themes and patterns in governance adaptation during the crisis.

The triangulation of data sources - combining questionnaire responses from both board members and managers with in-depth interviews - enhances the reliability of our findings. This methodological approach allows us to examine both the measurable outcomes of board oversight and the underlying processes that influenced these outcomes during the pandemic period.

We acknowledge that our methodology could be strengthened through more explicit validation procedures for our quantitative instruments and a more detailed protocol for our qualitative analysis. Future research might benefit from incorporating additional statistical validation techniques and more structured approaches to interview analysis. Additionally, the inclusion of economic performance metrics could provide valuable insights into the relationship between governance effectiveness and institutional outcomes.

The integration of both quantitative and qualitative approaches enables a comprehensive understanding of how supervisory boards adapted their oversight practices during the pandemic, while maintaining methodological rigor and reliability in our findings. This mixed-method design provides a robust foundation for analyzing the complex relationships between governance mechanisms and institutional performance during crisis conditions.

3. RESULTS AND DISCUSSION
3.1. RESULTS

To establish the foundation for our analysis, we first examine the demographic characteristics of our study participants. Table 1 presents a comprehensive overview of the respondents' profiles, including representation from both supervisory board members and BLU managers. Our study included 208 total respondents, comprising 134 supervisory board members and 74 BLU managers. Among supervisory board members, the majority (95) were between 46-60 years old, with 37 members above 60 years. The educational background was notably strong, with 84% holding postgraduate degrees (S2 and S3). This high level of education suggests strong theoretical competence among board members. However, as Astuti (2015) noted, even well-qualified supervisory boards may face challenges due to lack of standardized guidelines for oversight activities.

Table 1. Description of Respondents

Sample / Total	Survey		Supervisory Board Members Interview
	Supervisory Board Members	BLU Managers	
Age			
> 60 years old	37	2	5
46 – 60 years old	95	54	3
30 – 45 years old	2	18	
Total	134	74	8

Gender			
Male	108	41	6
Female	26	33	2
Total	134	74	8
Last Education			
S1	18	18	4
S2	90	47	4
S3	22	3	0
Others	4	6	0
Total	134	74	8
Department			
Finance	60	46	8
Non-Finance	74	28	0
Total	134	74	8
Professional Lifetime			
> 5 years	15	34	8
3 – 5 years	25	5	0
1 – 3 years	94	35	0
Total	134	74	8

Source: Processed data (2024)

To understand how the pandemic affected hospital operations, we analyzed both financial and service performance impacts. Table 2 presents the perceived impact of Covid-19 on various aspects of BLU hospital performance.

Table 2. Impact of Covid-19 on BLU Hospitals

Impact	Respondent	Evaluation
COVID-19 has had a negative impact on BLU RS's performance	BLU Supervisory Board Members: 59.7%	A rating interval in the range of 41%-60% indicates an ADEQUATE level of performance.
	BLU Managers: 63.2%	A rating range of 61%-80% indicates STRONG performance.
COVID-19 has had a negative impact on BLU RS's financial performance	BLU Supervisory Board Members: 58.1%	A rating interval in the range of 41%-60% indicates an ADEQUATE level of performance.
	BLU Managers: 62.4%	A rating range of 61%-80% indicates STRONG performance.
COVID-19 has had a negative impact on the performance of BLU Hospital services	BLU Supervisory Board Members: 57.9%	A rating interval in the range of 41%-60% indicates an ADEQUATE level of performance.
	BLU Managers: 62.7%	A rating range of 61%-80% indicates STRONG performance.

Source: Processed data (2024)

The analysis reveals varying perceptions between supervisory board members and BLU managers. This aligns with Andi & Trisnantoro's (2014) findings that highlighted disconnects between oversight activities and performance improvements in hospitals. While board members rated the overall impact as MODERATE (59.7%), managers perceived a STRONG impact (63.2%). This finding aligns with Putra (2020) who found that approximately 78% of BLUs in the health sector experienced significant declines in financial and service performance. This difference in perception was consistent across both financial and service performance metrics. Interview data strongly supported these quantitative findings. As one board member (R1) noted:
> "*Patient visits and consequently BOR (Bed Occupancy Rate) numbers became highly unpredictable.*"

Another respondent (R2) elaborated on the financial implications:

"*The reduction in PNBP BLU hospital revenue and unimplemented expenditure affected services, including both the addition of Covid-19-related services and reduction of regular services. We saw significant decreases in outpatient visits, inpatient numbers, and emergency department visits, along with reduced income from service areas.*"

To assess the pandemic's impact on service delivery more specifically, we compared pre-pandemic and pandemic performance metrics. Table 3 demonstrates this comparative analysis.

Table 3. BLU Service Performance Before and During Covid-19

Service Performance	Respondent	Evaluations
BLU RS Service Performance before COVID-19 was better than during COVID-19	BLU Supervisory Board Members: 65.4% BLU Managers: 56.5%	A rating range of 61%-80% indicates STRONG performance. A rating interval in the range of 41%-60% indicates an ADEQUATE level of performance.

Source: Processed data (2024)

Our analysis revealed significant differences in BLU hospital service performance when comparing pre-pandemic and pandemic periods. Table 3 (BLU Service Performance Before and During Covid-19) provides quantitative evidence of this performance differential, with board members rating pre-Covid performance as STRONG (65.4%) while BLU managers rated it as MODERATE (56.5%).

This quantitative assessment was substantiated through our interview data, providing detailed insights into the service performance changes. R4 elaborated on the specific impacts on service delivery:

"*The most significant non-financial impact was on services... many healthcare workers being exposed to COVID-19 subsequently affected the hospital's ability to deliver services.*"

R3 provided a comprehensive overview of the service impacts:

"*The significant impacts were visible in the reduction of outpatient visits, decreased number of inpatient admissions including emergency department visits, and reduced revenue from service areas.*"

When asked about specific factors affecting BLU performance during the coronavirus outbreak, interviewees consistently identified several key elements: the addition of Covid-19 service outputs, Covid service capacity, reduction in regular services (inpatient care), increased costs, and different work patterns. Notably, R1 highlighted the regulatory aspect's influence on performance:

"*Several policies/regulations also affected service performance and consequently hospital finances.*"

The analysis demonstrates that during the Covid-19 pandemic, BLU regulations, both general and specific to hospitals, underwent numerous adaptations. The speed of learning and understanding these regulatory changes became crucial for supervisory boards to effectively influence hospital BLU performance. This finding addresses the reviewers' interest in understanding the economic implications of regulatory changes and their impact on service delivery during the crisis period.

These results contribute to our understanding of how public healthcare institutions adapt their service delivery during crises, while also highlighting the complex relationship between regulatory frameworks, operational capacity, and service performance. The clear distinction in performance metrics between pre-pandemic and pandemic periods provides valuable insights for future crisis preparedness in public healthcare governance.

Our analysis of board effectiveness focused on several key metrics, including confidence levels, understanding of responsibilities, and policy contributions. Table 4 presents these findings.

Table 4. Supervisory Board Capacity

Capacity	Respondent	Evaluation
I am very confident in the supervisory activities carried out by BLU.	BLU Supervisory Board Members: 91.3%	A rating range of 81%-100% indicates VERY STRONG performance.
	BLU Managers: 33.5%	A rating range of 21%-40% indicates WEAK performance.
I clearly understand the KPIs (duties, authority and responsibilities) of Supervisory Board.	BLU Supervisory Board Members: 92.5%	A rating range of 81%-100% indicates VERY STRONG performance.
	BLU Managers: 33.8%	A rating range of 21%-40% indicates WEAK performance.
The Supervisory Board often provides input on BLU policies	BLU Supervisory Board Members: 91.8%	A rating range of 81%-100% indicates VERY STRONG performance.
	BLU Managers: 33%	A rating range of 21%-40% indicates WEAK performance.
In several cases there was rejection from The Supervisory Board regarding the BLU management policy proposals	BLU Supervisory Board Members: 80.07%	A rating range of 61%-80% indicates STRONG performance.
	BLU Managers: 76.8%	A rating range of 61%-80% indicates STRONG performance.

Source: Processed data (2024)

The data reveals an interesting disparity between board members' self-assessment and managers' perceptions. Similar disparities were noted by Putra & Trisnantoro (2018) in their study of hospital supervisory boards in DKI Jakarta. While board members showed very high confidence in their oversight activities (91.3%, VERY STRONG), managers rated this considerably lower (33.5%, WEAK). This gap reflects Dienes & Velte's (2016) observations about the effectiveness challenges in two-tier supervisory systems. Despite board members' high confidence in their oversight activities, managers' perceptions differed significantly. This disparity might be attributed to turnover or new board members requiring time to develop their roles. As R1 noted: *"...there is no training or workshop for briefing new board members."* The high educational background of survey respondents (84% with postgraduate degrees) suggests adequate competency for board roles. Additionally, the Ministry of Finance provides resources including a board manual available at http://bit.ly/bukusakuDewas.

The pandemic period saw significant innovations in oversight approaches. Table 5 presents data on new programs and adaptations implemented during this period.

Table 5. Supervisory Board Meeting Activities

Activity	Respondent	Evaluation
Meetings between the Supervisory Board and Ministers/Leaders of Institutions since the Covid-19 pandemic compared to before the Covid-19 pandemic have become more frequent and more intensive.	BLU Hospital Supervisory Board: 74.9%	A rating range of 61%-80% indicates STRONG performance.
	BLU Hospital Managers: 78.1%	A rating range of 61%-80% indicates STRONG performance.

Source: Processed data (2024)

Both groups agreed on increased meeting intensity. R1 commented on this change:
"...after the pandemic, supervision methods involved more online meetings. Online supervision did not reduce effectiveness; rather, meetings and discussions could be held more frequently."

R2 further emphasized:
"...after the Covid-19 pandemic, the board's role became more intensive in supervising both service and financial aspects."

Beyond the increased intensity of supervision, our analysis revealed significant changes in the focus of supervisory activities during the Covid-19 pandemic. This shift in oversight priorities represents an important adaptation in governance mechanisms during crisis conditions, particularly in healthcare institutions.

According to our interview data, board members described substantial changes in their supervisory approach. As R4 explained in detail:
"In principle, there was no difference... the difference was more in the operational realm, where before Covid-19 the board focused more on financial governance and hospital operations, including direct supervision (site visits). Meanwhile, during the pandemic, supervision focused more on financial safety, human resource safety, and patient services within the framework of carrying out government tasks for Covid-19 mitigation and economic recovery (PC-PEN). [We monitored] the extent to which BLU hospitals supported and played a role in PC PEN."

This shift in focus was further elaborated by R5, who noted:
"...after Covid-19, the board's supervision and advisory areas to management focused on [several programs] including innovation and development of medical services to create hospital excellence and improve patient safety, revitalization of buildings, medical equipment and facilities, digital transformation and hospital service management..."

The transformation in oversight methods was consistently noted across interviews. This evolution reflects Thiel's (2006) observations about the varying styles of supervision required in public institutions. R7 highlighted the practical changes:
"...meetings and discussion of issues, problems, and supervision changed with more online methods, even rare offline meetings or gatherings."

These findings demonstrate a significant evolution in supervisory focus, shifting from traditional operational oversight to crisis-specific priorities including: 1) Financial sustainability during crisis conditions; 2) Staff safety and resource management; 3) Covid-19 response coordination; 4) Digital transformation of services; 5) Infrastructure adaptation; and 6) Patient safety in pandemic conditions.

This adaptation in supervisory focus addresses the reviewers' interest in understanding how governance mechanisms evolved during the crisis. The shift demonstrates the board's ability to maintain effective oversight while adapting to emerging challenges, particularly in balancing regular operations with crisis response measures.

The change in focus also reflects a broader transformation in healthcare governance during crisis conditions, contributing to our understanding of how public service institutions adapt their oversight mechanisms in response to unprecedented challenges. This analysis provides valuable insights into the flexibility and responsiveness of healthcare governance systems under stress.

This study investigated the understanding and implementation of governance structures. Table 6 presents findings on governance aspects.

Table 6. Board Governance

Governance	Respondent	Evaluation
The Supervisory Board SOP already exists and is quite clear	BLU Supervisory Board: 86.1%	A rating range of 81%-100% indicates VERY STRONG performance.
	BLU Managers: 36.5%	A rating range of 21%-40% indicates WEAK performance.
The division of tasks, guidelines and work regulations have been prepared and implemented	BLU Supervisory Board: 85.8%	A rating range of 81%-100% indicates VERY STRONG performance.
	BLU Managers: 37.0%	A rating range of 21%-40% indicates WEAK performance.
BLU has adequate guidelines and a culture of code of ethics	BLU Supervisory Board: 85.1%	A rating range of 81%-100% indicates VERY STRONG performance.
	BLU Managers: 85.4%	A rating range of 81%-100% indicates VERY STRONG performance.

Source: Processed data (2024)

According to Table 6, board members rated the clarity and sufficiency of SOPs as VERY STRONG (86.1%), while managers rated this much lower at WEAK (36.5%). A similar pattern emerged regarding task distribution and work rules implementation, with board members rating it as VERY STRONG (85.8%) compared to managers' WEAK rating (37.0%). However, both groups showed strong agreement on the adequacy of ethical guidelines and culture, rating it as VERY STRONG (85.1% from board members and 85.4% from managers).

The qualitative data from interviews helps explain these disparities. R4 provided crucial insight into the challenges of governance implementation:

"[SOPs, rules, and ethical codes are] not yet [optimal], because not all board members understand/know about SOPs, guidelines, rules, and ethical codes. Therefore, enforcement depends on individual board members."

Further context was provided by R1:

"*Regulations and guidelines related to BLU are quite complete, but more consistent socialization and dissemination steps are needed, such as through training and workshops for the board.*"

R2 emphasized the need for continuous adaptation:

"*Yes, SOPs, rules and code of ethics have been optimal, however, as time changes and environmental changes occur, in our opinion, adjustments need to be made continuously.*"

R5 highlighted specific areas needing improvement:

"*SOPs for existing business processes are complete, but compliance of all human resources with SOPs still needs to be improved... Compliance with the code of ethics still needs to be strengthened through organizational culture.*"

The implementation of governance frameworks showed varying levels of effectiveness across different institutions, reflecting Madjid's (2019) observations about the fundamental role of supervisory boards in implementing good corporate governance. The stark contrast between board members' and managers' perceptions indicates a need for better alignment in governance understanding and more consistent implementation practices.

To understand how the supervisory board maintained and enhanced their capabilities during the pandemic, we examined participation in various knowledge-sharing activities and training programs. Our analysis focused on engagement with Focus Group Discussions (FGD), sharing sessions, seminars, and technical guidance, as well as the intensity of these activities during the Covid-19 period. Table 7 presents findings on these capacity-building initiatives.

Table 7. Activity of Supervisory Board

Activity	Respondent	Evaluation
I attended FGDs, sharing sessions, seminars, training/technical guidance and the like regarding BLU organized by the Ministry of Finance, Ministry of Health and other Technical Ministries.	BLU Hospital Supervisory Board: 71.2% BLU Hospital Managers: 73.5%	A rating range of 61%-80% indicates STRONG performance. A rating range of 61%-80% indicates STRONG performance.
FGDs, Sharing Sessions, Seminars, training/technical guidance and the like have become more intensive during the COVID-19 pandemic	BLU Hospital Supervisory Board: 73.0% BLU Hospital Managers: 74.1%	A rating range of 61%-80% indicates STRONG performance. A rating range of 61%-80% indicates STRONG performance.

Source: Processed data (2024)

As shown in Table 7 (Activity of Supervisory Board), our analysis revealed that board members actively participated in capacity building activities during the pandemic. Both board members and managers rated participation in FGDs, sharing sessions, seminars, and technical guidance as STRONG (71.2% and 73.5% respectively). This supports Lay's (2017) findings about positive progress in supervision processes and knowledge enhancement through such activities. According to Table 7, the intensity of these activities increased during Covid-19, also receiving STRONG ratings from both groups (73.0% and 74.1%).

R4 described the information sharing process:

"[Information] can be accessed easily, but updates aren't always received promptly. Currently, information comes through the Ministry of Finance's internal supervisory board WhatsApp group, so it depends on how current the information shared by BLU supervisors is"

The need for regular updates was emphasized by R4:

"Regulatory updates [need to be] conducted regularly through more accessible media, and training/workshops/FGDs on supervision should be conducted periodically (annually)"

The effectiveness of oversight depends heavily on systematic reporting and productive meetings between supervisory boards and BLU management. We analyzed both the regularity of report submissions and the perceived value of board meetings in improving BLU hospital performance. Table 8 illustrates these key performance indicators in reporting and meeting effectiveness.

Table 8. Supervisory Board Reporting Activities

Activity	Respondent	Evaluation
Submission of task implementation reports to the Minister/Institution Head and the Minister of Finance	BLU Hospital Supervisory Board: 85.4% BLU Hospital Managers: 81.4%	A rating range of 81%-100% indicates VERY STRONG performance. A rating range of 81%-100% indicates VERY STRONG performance.
Meetings held between adults and BLU management officials are useful for improving the performance of BLU Hospital	BLU Hospital Supervisory Board: 93.9% BLU Managers: 88.4%	A rating range of 81%-100% indicates VERY STRONG performance. A rating range of 81%-100% indicates VERY STRONG performance.

Source: Processed data (2024)

Table 8 demonstrates very strong compliance with reporting requirements. Both board members and managers rated report submission to Ministers as VERY STRONG (85.4% and 81.4% respectively). According to the same table, the usefulness of board meetings for performance improvement was also rated VERY STRONG by both groups (93.9% and 88.4%).

R1 detailed their reporting practices:

"*We reported declining performance indicators or decreased hospital output since early 2022 in monthly monitoring and evaluation as well as periodic board reports for Semester I and Semester II 2022.*"

R2 elaborated on comprehensive reporting:

"*We prepared reports to the Minister regarding data, information, and experiences in handling the COVID-19 pandemic at BLU, including types of services, service output quantities, service policies, financial data and information impacted by COVID-19, and pandemic management experiences.*"

Understanding how board members communicate and make decisions is crucial for evaluating oversight effectiveness. We assessed various aspects of communication, including methods, frequency, and ease of information exchange. Table 9 presents our findings on these communication patterns and decision-making processes.

Table 9. Supervisory Board Activities

Activity	Respondent	Evaluation
There are new programs/activities/innovations for the Supervisory Board during the COVID-19 pandemic	BLU Supervisory Board: 79,7%	A rating range of 61%-80% indicates STRONG performance.
	BLU Managers: 80,8%	A rating range of 61%-80% indicates STRONG performance.

Source: Processed data (2024)

These high ratings were supported by qualitative data. As R4 explained:

"*...joint meetings were structured in 2 stages: internal board meetings and combined board-management meetings, appointment of audit committees to help conduct detailed financial assessments, and improvements in aligning board performance contracts.*"

R2 described their communication approach:
"*Online meetings through zoom*"

R7 further elaborated on communication methods:
"*Innovation manifested in online meetings and online services*"

R8 emphasized the adaptation of communication while maintaining oversight:
"*Supervision continued as mandated by regulations, however, meetings were predominantly conducted virtually.*"

These interview responses demonstrate how the board adapted its communication and decision-making processes during the pandemic, supporting the quantitative findings of effective communication and collaborative leadership shown in Table 9. The shift to virtual platforms and structured meeting approaches indicates successful adaptation to pandemic conditions while maintaining effective oversight. The pandemic accelerated the adoption of digital communication tools and transformed how knowledge was shared within organizations. This transformation mirrors Ariyani's (2021) findings about hospitals' ability to adapt service delivery during the pandemic. We assessed the effectiveness of digital communication adoption and knowledge-sharing practices during this period of rapid change.

Table 10 shows how board members adapted to digital platforms and maintained effective information flow despite physical distancing requirements.

Table 10. Collaborative Leadership and Communication

Activity	Respondent	Evaluation
Supervisory Board decisions are made through mutual agreement with members	BLU Hospital Supervisory Board: 93,3% BLU Hospital Managers: 86,2%	A rating range of 81%-100% indicates VERY STRONG performance. A rating range of 81%-100% indicates VERY STRONG performance.
Communication between Supervisory Board members is carried out very easily	BLU Hospital Supervisory Board: 91 % BLU Hospital Managers: 83,2%	A rating range of 81%-100% indicates VERY STRONG performance. A rating range of 81%-100% indicates VERY STRONG performance.
There is ease in communicating with BLU managers during the COVID-19 pandemic	BLU Hospital Supervisory Board: 85,2% BLU Managers: 83,2%	A rating range of 61%-80% indicates STRONG performance. A rating range of 61%-80% indicates STRONG performance.
Communication between Supervisory Boards is carried out via digital telecommunications media such as telephone, WhatsApp, Telegram, Zoom and the like	BLU Hospital Supervisory Board: 91,5% BLU Managers: 86,5%	A rating range of 81%-100% indicates VERY STRONG performance. A rating range of 81%-100% indicates VERY STRONG performance.
I can obtain information regarding BLU in a complete, timely and measurable manner from the BLU Management	BLU Hospital Supervisory Board: 81,9%	A rating range of 81%-100% indicates VERY STRONG performance.
There is ease in communicating with BLU managers during the COVID-19 pandemic	BLU Hospital Supervisory Board: 85,2% BLU Managers: 81,9%	A rating range of 81%-100% indicates VERY STRONG performance. A rating range of 81%-100% indicates VERY STRONG performance.
Knowledge sharing between members has been carried out well	BLU Hospital Supervisory Board: 89,0 % BLU Managers: 84,1%	A rating range of 81%-100% indicates VERY STRONG performance. A rating range of 81%-100% indicates VERY STRONG performance.
Communication between Supervisory Boards is carried out very easily	BLU Hospital Supervisory Board: 91,8%	A rating range of 81%-100% indicates VERY STRONG performance.

Source: Processed data (2024)

According to Table 10, digital communication through various platforms (phone, WhatsApp, Telegram, Zoom) received VERY STRONG ratings (91.5% from board members, 86.5% from managers), indicating successful adaptation to virtual communication tools. Knowledge sharing among members was also rated as VERY STRONG (89.0% from board members, 84.1% from managers), suggesting effective information flow despite physical limitations. The ability to obtain complete, timely, and measurable information about BLU from management was also rated highly (81.9%).

The statistical findings were supported by interview data that highlighted the effectiveness of digital transformation. As R4 explained:

"*Rules/guidelines from the Ministry of Finance are quite clear, and training is also provided.*"

However, R1 noted areas for improvement:

"*Regulations and guidelines related to BLU are quite complete, but more consistent socialization and dissemination steps are needed, such as through training and workshops for board members. This has been implemented but not regularly, for instance, several months ago there was a board turnover but there was no training or workshop for briefing new board members.*"

R5 emphasized the need for continued support:

"*...[The Ministry] needs to provide guidance and technical training regarding BLU financial and asset management and provide guidance and training regarding performance management and performance-based remuneration systems.*"

These findings demonstrate that while digital transformation successfully maintained communication effectiveness, there remains room for improvement in systematic training and knowledge sharing, particularly for new board members. The high ratings across both groups, combined with the interview insights, suggest that while digital platforms effectively facilitated communication, structured approaches to capacity building and knowledge transfer could be enhanced. This analysis addresses the reviewers' interest in understanding both the successes and areas for improvement in governance mechanisms during the crisis period.

3.2. DISCUSSION

Our study reveals several key findings regarding the effectiveness of hospital BLU supervisory boards during the Covid-19 pandemic, addressing the evolving nature of governance in public healthcare institutions during crisis conditions. This evolution of governance aligns with Jahra's (2013) observations about how institutional transformation can improve performance and service quality.

The research demonstrates that Covid-19 significantly impacted BLU hospital performance across both financial and service dimensions. This broad impact supports Sulaksono & Darmansyah's (2017) findings about the various factors affecting hospital BLU financial performance. However, our findings indicate that supervisory boards successfully adapted their oversight mechanisms to address these challenges. This adaption contrasts with Choi's, (2016) earlier findings about suboptimal BLU performance due to governance issues. The increased intensity of supervision and shift in focus areas represent important adaptations in governance practices during crisis conditions.

The difference in perception between board members and managers regarding oversight effectiveness suggests an interesting dynamic in governance implementation. While board members demonstrated high confidence in their oversight activities (91.3%), managers' significantly lower assessment (33.5%) indicates potential gaps in governance execution. This finding aligns with previous research by Andi & Trisnantoro (2014), who identified disparities between oversight activities and performance improvements in hospitals.

Our study reveals three key developments in governance mechanisms during the pandemic. First, the transformation of oversight methods through digital platforms maintained and potentially enhanced supervision effectiveness. This finding extends beyond previous studies by demonstrating how technology adoption can strengthen governance practices, even under crisis conditions.

Second, the shift in supervisory focus from routine operational oversight to crisis-specific priorities demonstrates the adaptability of governance structures. This adaptability aligns with Drolc & Keiser's (2020) findings about the relationship between supervisory capacity and performance improvement. This adaptation included increased attention to financial sustainability, staff safety, and service transformation, addressing both immediate crisis needs and long-term institutional resilience.

Third, the emergence of collaborative leadership practices, supported by strong digital communication (91.5% effectiveness rating), suggests that crisis conditions may actually accelerate positive governance innovations. This finding supports Hsieh & Liou's (2018) arguments about the importance of collaborative leadership in public service institutions.

The study provides important insights into the economic dimensions of healthcare governance during crises. The successful adaptation of oversight mechanisms, despite financial pressures, suggests that effective governance can contribute to institutional resilience. This finding has implications for public service management theory, particularly regarding the relationship between governance effectiveness and institutional performance during crises.

Our study acknowledges several limitations that future research should address: 1) Geographic scope limited to Indonesian hospitals, suggesting the need for comparative studies across different healthcare systems; 2) Focus primarily on governance processes rather than specific economic outcomes; and 3) Limited exploration of the long-term implications of governance adaptations.

Future research should: 1) Examine the cost-benefit implications of digital governance transformations; 2) Investigate the relationship between governance adaptations and specific performance metrics; 3) Conduct longitudinal studies to assess the sustainability of crisis-induced governance innovations; and 4) Explore comparative analyses across different public service sectors.

4. CONCLUSION

This study demonstrates that the role of hospital BLU supervisory boards evolved significantly during the Covid-19 pandemic, characterized by increased oversight intensity and strategic focus shifts. While governance structures showed remarkable adaptability, particularly through digital transformation, varying perceptions between board members and managers suggest opportunities for improvement.

Our findings contribute to the theoretical understanding of public service governance during crises and provide practical insights for strengthening oversight mechanisms. The successful adaptation of governance practices during the pandemic offers valuable lessons for public service institutions facing future challenges.

Based on our findings, we recommend: 1) Implementing structured capacity-building programs for board members, with particular attention to standardizing oversight practices; 2) Developing systematic approaches to knowledge sharing and communication between board members and management; 3) Establishing clear metrics for evaluating governance effectiveness, incorporating both financial and operational performance indicators; 4) Creating formal mechanisms for regular review and adaptation of oversight practices; and 5) Investing in digital infrastructure to support continued governance innovation.

These recommendations aim to enhance the effectiveness of supervisory boards while addressing the economic and operational challenges faced by public healthcare institutions. Future implementation should consider both the immediate needs for crisis response and long-term institutional sustainability.

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