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Balancing Costs and Care: A Study of Financial Sustainability at Centro Hospitalar Conde de Ferreira

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Resumo

As organizações de saúde mental procuram alcançar a sustentabilidade financeira devido à necessidade de assegurar a prestação de serviços a longo prazo e o impacto na comunidade, especialmente num contexto de recursos limitados. Apesar do crescente reconhecimento social da importância da saúde mental, o subfinanciamento e o estigma persistente continuam a comprometer a sustentabilidade operacional de instituições nesta área. O estudo tem como objetivo identificar os principais fatores que influenciam a sustentabilidade financeira dos hospitais de saúde mental e de que forma estas instituições podem otimizar a sua alocação de recursos para garantir cuidados de qualidade, mesmo sob restrições orçamentais e limitações de financiamento.

Orientada pelo enquadramento teórico da Perspetiva Baseada em Recursos Sociais, esta investigação adota uma metodologia de estudo de caso qualitativo. A recolha de dados foi realizada através de entrevistas semiestruturadas com colaboradores-chave envolvidos na gestão e operação diária de um sistema de internamento, complementada pela análise de relatórios financeiros institucionais e documentos de planeamento referentes aos anos de 2023 e 2024. Esta abordagem permitiu uma compreensão contextualizada do impacto dos recursos sociais e organizacionais no desempenho financeiro e nos processos de tomada de decisão num contexto de prestação de cuidados de saúde sem fins lucrativos.

Os resultados revelam que a sustentabilidade a curto prazo depende da otimização dos recursos internos, da redução do número de internamentos prolongados, da resolução das necessidades de recursos humanos e do aumento do envolvimento do setor público para combater o estigma. As estratégias a médio prazo centram-se na transformação digital e no planeamento estratégico de investimentos, enquanto a sustentabilidade a longo prazo assenta numa orientação organizacional clara, na diversificação e valorização dos serviços prestados e no reforço da reputação institucional e das fontes de receita. A forte dependência do financiamento público sublinha a importância de renegociar os contratos com o Estado e de diversificar as fontes de rendimento, através de parcerias e do alargamento da oferta de serviços.

Palavras-chave: sustentabilidade financeira, hospitais de saúde mental, Perspetiva Baseada em Recursos Sociais, alocação de recursos, sistema de internamento, modelos de financiamento.

Abstract

Mental health organizations try to achieve financial sustainability due to the need to ensure long-term service provision and community impact, especially in a context of limited resources. Despite the ongoing growth of societal awareness for mental health, systemic underfunding and stigma continue to hinder sustainable operations in mental health institutions. The study aims to identify the key factors that influence financial sustainability in mental health hospitals and how these institutions can optimize resource allocation to ensure quality care under limited resources and financial constraints.

Guided by the Social Resource-Based View (SRBV), the research adopts a qualitative case study methodology. Data was collected through semi-structured interviews with key staff members involved in the management and day-to-day operations of a hospitalization system, complemented by the analysis of institutional financial reports and planning documents from 2023 and 2024. This approach enabled a contextualized understanding of how social and organizational resources affect financial performance and decision-making in a nonprofit healthcare environment.

Findings reveal that short-term sustainability relies on optimizing internal resources, reducing chronic inpatient numbers, addressing staff shortages, and increasing public engagement to combat stigma. Medium-term strategies centre on digital transformation and strategic investment planning, while long-term sustainability depends on clear organizational direction, service diversification and leveraging to enhance reputation and revenue. The institution's over-reliance on public funding underscores the importance of renegotiating government contracts and diversifying income sources through partnerships and expanded service offerings.

Theoretically, this study extends the SRBV framework by demonstrating how social and organizational resources contribute to financial resilience in mission-driven mental health institutions. Practically, it provides actionable insights for hospital administrators and policymakers on developing sustainable funding models, strategic planning, and resource optimization to maintain quality care delivery. The research concludes that dynamic and inclusive financial frameworks are essential for ensuring the long-term viability of mental health hospitals operating in increasingly complex and resource-constrained environments.

Keywords: Financial sustainability, mental health hospitals, Social Resource-Based View, resource allocation, hospitalization system, funding models.

Contents

Introduction

Mental health institutions play a vital role in supporting individuals with psychological and psychiatric conditions. Despite growing awareness, stigma continues to influence help-seeking behaviour and funding priorities, often leading to underfunded mental health services (Lacey et al., 2024; Melianova et al., 2024a). Achieving financial sustainability (FS), defined as the capacity to maintain operations and service delivery without overreliance on uncertain funding while ensuring long-term value creation, is crucial for these institutions to meet increasing mental health demands (Cuadrado-Ballesteros & Bisogno, 2022; Gleißner et al., 2022).

Although mental health is increasingly recognized as a public health priority, many organizations face persistent financial difficulties. These challenges stem from limited government funding(Lee et al., 2023), rising operational costs, and dependency on unstable revenue sources such as grants and donations. A deeper understanding of these financial dynamics is essential for identifying conditions that support long-term success. This study explores the ongoing financial and management challenges of mental health hospitals, particularly inpatient units, within a resource-constrained environment. It aims to provide strategic insights to enhance their financial resilience and contribute to broader discussions on sustainable mental healthcare.

Existing literature addresses healthcare financing models but lacks in-depth exploration of how mental health organizations attain FS, especially amid stigma and limited financial avenues. Research is also scarce on the effectiveness of alternative financial strategies—such as public-private partnerships, social enterprise models, and diversified revenue streams—within this sector. Moreover, the unique challenges faced by public, social, and charitable mental

health institutions like Centro Hospitalar Conde de Ferreira (CHCF) remain largely unexplored.

To address these gaps, this research employs the Social Resource-Based View (SRBV) framework, which highlights how intangible resources such as stakeholder relationships, community engagement, and reputation contribute to resilience and financial stability (Tate & Bals, 2018). Although SRBV has been applied in broader healthcare contexts, its relevance to mental health institutions, particularly in leveraging social resources to overcome financial instability, is underexamined.

This gap raises the study's central research questions:

- What are the critical factors that influence FS in mental health hospitals?
- How can these institutions optimize resource allocation to balance costs and maintain quality of care?

To answer these questions, a qualitative case study was conducted, involving semi-structured interviews with key staff and an analysis of CHCF's financial data from 2023 and 2024. Since patient care is central to hospital activity, the study focuses on how social resources influence both FS and care quality—justifying the use of SRBV and the need to capture internal stakeholder perspectives.

This research contributes theoretically by applying SRBV to explore how internal and external resources affect FS in mental health inpatient systems, extending the traditional Resource-Based View with social and organizational dimensions often overlooked in financial performance studies. Practically, the study offers insights for managers and policymakers on enhancing FS while maintaining service quality. Findings support more effective decisions regarding budget allocation, workforce planning, and service delivery models. Additionally, they underline the importance of leveraging resources like staff know-how, collaboration, and public engagement to boost efficiency without

compromising institutional missions. Policymakers are encouraged to support environments that integrate financial and non-financial resources to foster long-term sustainability in mental health services.

The thesis is structured as follows:

- **Chapter 1** reviews literature on FS in healthcare, funding models, cost and resource allocation, patient satisfaction, and the SRBV framework.
- **Chapter 2** details the methodology.
- **Chapter 3** presents the findings.
- **Chapter 4** discusses limitations, theoretical and practical implications, and future research directions.

Chapter 1
Literature Review

Investigating FS is inherently complex, and this complexity intensifies when applied to non-profit healthcare organizations. Studying the FS of such institutions requires an in-depth analysis of the critical factors influencing it, including operational efficiency, resource management and allocation, the funding models used to secure financial resources, and the strategies employed in budgeting and financial planning. The challenge lies in balancing financial viability with the mission-driven goal of providing quality care, often amid funding uncertainties and regulatory constraints.

1. Financial sustainability for Healthcare Organizations

FS is a multifaceted concept that involves dealing with different dimensions such as solvency, growth, stability and fairness. The main aspect is to first develop and then maintain the ability to preserve and deliver care services based on available sources of revenue while reducing its dependency on a variety of external factors (Cuadrado-Ballesteros & Bisogno, 2022). Gleißner et al. (2022) defined the concept as a firm's ability to reach and obtain financial success in the present time without jeopardizing long-term value creation. According to the authors, such concept requires the ability to maintain long-term financial security and viability by securing a good balance of key factors such as the ones of growth, survivability, risk exposure, and an overall attractive risk-return profile. Only by being positioned at the intersection of sustainability management, risk management and governance does FS allow organizations to create long-term

value while mitigating insolvency risks. Park & Matkin (2021) imply that a firm with FS is the one that possesses the long-term capability to meet its financial obligations while being able to maintain its day-to-day operational efficiency and a sound resource allocation decision making process. That being said, it is possible to affirm that FS in the short-term can often be prioritized at the expense of long-term risk management, due to some regional administrations choosing not to allocate the adequate financial provisions that would contribute towards the prevention of malpractice claims in the future, opting instead for an immediate budgetary relief (Wang et al., 2022).

FS is a cross-sectoral concept that holds significant relevance in the non-profit healthcare sector as well (Lee et al., 2023). The authors utilized the SRBV to explain that for said organizations the concept extends beyond economic viability to encompass the need to address the existent systemic inequities in healthcare access, particularly in underserved, minority and low-income communities that generally are disproportionally impacted by demographic factors and healthcare payment policies (Lee et al., 2023; Maynou et al., 2019). This makes factors such as community outreach essential, as they enable healthcare organizations to tackle social and environmental challenges, which in turn is crucial for maintaining a healthy financial performance. Moreover, hospitals of this nature tend to face additional challenges due to their permanent inability to issue equity and having to rely on debt as a critical tool to assure the viability of their budgets, including legal and structural constraints on debt usage, financial vulnerability due to debt aversion, the risk of inefficient financial practices and constraints from financial norms, all of which can ultimately compromise their FS (Gentry, 2002; Mitchell & Calabrese, 2019). Achieving FS in healthcare organizations requires knowledge and expertise to effectively manage funding models. Indeed, the capability to manage financial resources (e.g., secure, allocate) enables the organizations to deliver their care services with a

good quality for a long term. Understanding which are the funding models and how they operate is essential to understand how health organizations deal with financial challenges to sustain their operations.

2. Funding Models

Funding models are systematically designed approaches and methodologies that firms and organizations implement to obtain, manage, and distribute financial resources in a way that ensures operational efficiency and stability while supporting the achievement of their strategic objectives (Abraham & Tao, 2021; D. C. Ferreira et al., 2020; D. Ferreira & Marques, 2015). These models englobe various mechanisms such as public and private funding, donations and community contributions and insurance reimbursements as follows.

2.1 Public Funding

Public funding refers to structured frameworks that governments and public administrations utilize to secure and allocate financial resources for said organizations to assure equal and efficient delivery and access of healthcare services to the general public (D. C. Ferreira et al., 2020; Hirello et al., 2022). There are several ways through which public funding is provided to health organizations. Tax based funding is prominently utilized in many developed countries as a primary source of funding for healthcare providers, where public health expenditures rely on funds that originate mainly from tax revenue (Araújo et al., 2023; Marton et al., 2015). According to D. C. Ferreira et al. (2020), in some countries such as Portugal, United Kingdom, Italy and Spain, the national health services aim to ensure that the primary and secondary healthcare

providers function as "public, not-for-profit organizations, and are funded mainly by taxes collected from citizens.". The authors explain that hospitals are paid based on the Beveridge Model, trough public funds generated from direct or indirect taxation by the Central Government, which then distributes them using contract payments.

Sfakianakis et al. (2021b) explained how the public health expenditures of a country in OECD tend to be positively impacted by its fiscal capacity, gross domestic product and tax revenue, while its unemployment rate and private health insurance financing contribute to a reduced public health expenditure. The authors asserted that economic resilience and more targeted public funding are crucial for sustaining healthcare accessibility in times of fiscal austerity. Another perspective explored by Melianova et al. (2024b) is the idea that the notion of public funding of health can be extended to the impact of local government spending and investment on the overall infrastructure and social order can generally positively impact on public health outcomes.

2.2 Private Funding

Private funding consists of the role of the private sector as the provider of financial resources (*Private Finance for Development*, 2022). The healthcare sector relies on private funding models that usually operate in conjunction with public funding (Grigorakis et al., 2022). There are several ways through which private funding is provided to health organizations. First, out of pocket payments (OOP) consist of direct disbursements made by individuals to access healthcare services when voluntary private health insurances don't apply or cover the full expense and it's utilized to finance on average 20% of healthcare expenditures in OECD (Grigorakis et al., 2022; Ludlow et al., 2024). Second, Public-Private partnerships (PPPs) are mechanisms used by countries consisting of long-term partnerships between governmental administrations and private sector organizations to

finance and manage healthcare providing services and infrastructures, with the goal of diminishing the financial burden on the public sector (D. C. Ferreira & Marques, 2021). According to Fernandes & Nunes (2016), PPPs contribute towards better resource management, healthcare service delivery improvement and an increase on healthcare access. Third, Kettlewell & Zhang (2024) found that health insurance contributions also function as a key funding mechanism for health institutions by generating revenue through premiums, reducing the strain on public healthcare systems. The study highlights how government-imposed financial incentives, such as the Medicare Levy Surcharge and premium subsidies, encourage private health insurance uptake, leading to an increase in insured individuals and helping fund hospital treatment costs.

Fourth, corporate sponsorship also acts as a funding mechanism for nonprofit healthcare organizations. As stated by Bennett et al. (2013), corporations play a key part in "boosting the coffers of nonprofits and providing much-needed resources", in a win-win relationship that improves the donor's public perception. Lastly, loans and credit also play a crucial part in the complex ecosystem of private resource gathering for health providers. To finance major expenses in improving or expanding equipment, services or infrastructures, healthcare managers can resort to debt financing if they anticipate an increase in revenue from those previously mentioned investments (Financing for the Private Health Sector A Tool to Assist the Private Health Sector in Developing Countries to Identify and Obtain Financing COMMERCIAL MARKET STRATEGIES, 2002).

2.3 Grants and Donations

Harris & Cresswell (2024) explore how grants and donations have historically played a central role in hospital financing, explaining that inherited endowments and patronage consist of a major budgetary aid for healthcare providers. Therefore, charitable contributions play a major role in supporting the

quality of the services provided and infrastructure development, with a major impact on the overall financial resources of non-profit healthcare entities (Rosenman & Li, 2002).

2.4 Insurance Reimbursement

Insurance reimbursements function as a beacon of healthcare financing for healthcare providers, with both public and private health insurance serving as a mechanism for health service obtainment for a major number of individuals (Grigorakis et al., 2017; Ludlow et al., 2024). These mechanisms are crucial in healthcare financing, ensuring healthcare providers obtain compensation for the services they deliver. Public and private health insurance systems operate within this framework, with reimbursement structures influencing cost management and service accessibility. In fact, voluntary health insurance is seen as an essential component of healthcare financing across a multitude of OECD countries, offering financial coverage in times of need to those who can afford it. (Sfakianakis et al., 2021a).

Private health insurance consists mainly of individually purchased and employer sponsored insurance plans (Wray et al., 2021). Per the authors, private insurance plans involve higher out-of-pocket costs, including deductibles, copayments and coinsurance, while employer-sponsored insurance may offer cost-sharing benefits through employer contributions to premiums but still entail significant OOP expenses. Comparatively, public health insurance aims to improve healthcare access and reduce the associated financial burden of excessive OOP (Soni, 2020).

3. Cost and Resource Allocation

Cost and resource allocation are crucial mechanisms for the day-to-day efficiency of healthcare providers. Cost allocation is defined as the process where "healthcare facilities distribute overhead and joint costs among various centers of activity." (St-Hilaire & Crépeau, 2000), with the utilized methods having different impacts on factors like investment decisions and financial reporting within an organization (Baldenius et al., 2007). Resource allocation refers to a process in which an entity "allocates available future resources to a number of similar units […] in order to improve performance." (Nasrabadi et al., 2012a). Efficiently allocating limited resources represents many challenges in organizations as complex as healthcare providers, encompassing operational, logistic, economic and technologic factors that can ultimately have an impact on the quality, efficiency and equitable distribution of care (Wang et al., 2022).

Efficient management of inventory can play a crucial role in ensuring the availability of critical resources while controlling costs. For example, Saha & Ray (2019) developed a Markov Decision Process model which integrates bed occupancy data into pharmacy inventory management. Their model reduced costs significantly by dynamically aligning inventory levels with patient demand. This underscores the potential of data-driven approaches in minimizing waste and ensuring a continuous availability of resources. Additionally, Kumar & Kumar (2015) proposed an interpretive structural modelling approach to identify relationships between inventory management factors in healthcare organizations and emphasized the importance of integrated decision-making frameworks to optimize stock levels and reduce inefficiencies in the hospital's supply chain. Aligned with this is the study by Betcheva et al. (2021a), who advocates that adopting supply chain strategies in healthcare can enhance resource allocation and efficiency, highlighting the importance of utilizing a

systems-based approach that integrates clinical, operational, and financial dimensions.

From a technological perspective, Xie et al. (2021) utilized real world hospital case studies to understand how data analytics can enhance hospital resource planning in inpatient care services. Their work showcased that predictive models and simulation tools contribute towards optimizing factors like bed occupancy and personnel distribution, reducing congestion and improving the quality of care.

4. Patient Satisfaction

Customer satisfaction is the desired outcome of all businesses and organizations, making patient satisfaction, which encompasses patient health services outcomes and informal referrals by the customers of said services, a major building block for the providers of care (Ali et al., 2024). Many authors have discussed the factors that determine patient satisfaction, each offering a unique perspective. Alemu et al. (2024) concluded that patient satisfaction for those undergoing impatient health treatment was higher when elements such as "privacy assurance, fast services, availability of direction signs, provision of services with adequate information transfer […]" where present. Aligned to this are the findings of a study made on value co-creation in hospitals in the UAE, which concluded that a stronger relationship between the health service provider and the patient, highlighted by better and effective communication and more personalized services, tends to lead to an overall enhancement of patient satisfaction (Sandhu et al., 2024).

5. Social Resource-Based View

The SRBV is an excellent lens to analyse the FS in healthcare organizations. SRBV integrates the social capabilities of a firm as a fundamental and strategic component in the quest for long-term competitive advantage, especially within the context of triple-bottom-line value creation, which highlights the simultaneous consideration of economic and financial prosperity, environmental responsibility and social well-being. This theory aims to ensure that organizations not only accomplish financial success but also contribute positively to society and operate sustainably, fostering a more holistic and resilient competitive edge in the marketplace (Tate & Bals, 2018).

Social capital is an intangible resource embedded in both external and internal networks of a firm which contributes towards facilitating trust, reciprocity, and knowledge-sharing among employees, enhancing collaboration with external stakeholders, creating competitive advantage by fostering access to valuable resources and information that is not publicly available (Nielsen & Chisholm, 2009). Therefore, adopting an SRBV framework by utilizing relational resources such as trust-based partnerships and collaborative governance structures can serve as essential mechanisms for achieving long-term organizational sustainability (Tate & Bals, 2018).

Human resources are also a central component of the SRBV framework, as they provide organizations the necessary components to implement strategies effectively (Gerhart & Feng, 2021). The authors also explain that organizations with a competent management of human resources are better equipped to handle uncertainties and sustain operations, therefore enhancing the FS of said institutions.

Hitt et al. (2016) argue that organizations must efficiently incorporate both its internal and external resources to streamline coordination that would ultimately

lead to improved performance. The study suggests that adopting the SRBV framework would allow organizations who strategically manage their resource integration and coordination processes to better sustain competitive advantage by fostering dynamic adaptation and collaboration.

Chapter 2
Methodology

1. Research Methodology

A qualitative research design was used to conduct this study and focused on semi-structured interviews with the institution's key actors as the main method for data collection and analysis. As mentioned by Eisenhardt & Graebner (2007), by gathering the interviewee experience and feedback, interviews can serve as a great source of empirical evidence that permits the exploration of complex social occurrences shaped by its contextual setting. Interviews were structured in a way that allows for insights to be closely connected with the context, enabling me to ensure that the chosen method fits well with the theoretical goal (Gehman et al., 2018). In doing so, this allowed me to develop a robust understanding of the key factors and dynamics that ultimately impact the FS of the hospitalization system of a mental healthcare provider.

2. Research Setting

A comprehensive analysis of the hospitalization system of CHCF was performed, a centenary mental healthcare provider in Porto, Portugal, that operates under the administration of Santa Casa da Misericórdia do Porto (SCMP), an institution dedicated to charity and social assistance. CHCF was chosen as the research setting due to several factors. First, a curricular internship was conducted there, which provided data accessibility and rich contextual insights into the FS of psychiatric hospitalization. Second, it's a long-established

institution that specializes in mental care, with years of experience and know-how in the treatment and hospitalization of individuals suffering from chronic mental diseases, which makes the hospital a benchmark in its field in all northern area of Portugal, and therefore an appropriate setting for any study on the financial viability of a mental health organization. Third, CHCF operates with a distinct financial model that requires balancing the provision of quality care with economic sustainability and therefore examining its financial mechanisms will offer valuable insights in the broader nonprofit public and private landscape. CHCF is structured around six wards dedicated to inpatient care: Nossa Senhora de Fátima, Santa Teresa D´Ávila, Paulo VI, João Paulo II, João XXII and São João, each one individually contributing towards the overall financial health of the hospitalization model. Paulo VI is currently not operating as a part of the hospitalization system, as it has been contractually rented to another organization, and therefore won't be considered on the analysis. The findings will hopefully provide insights into cost management strategies, resource efficiency and the balance between quality of care and financial constraints in psychiatric institutions.

3. Data Collection

The interviewing process was conducted with key staff involved in the daily operations of the wards and overall hospitalization system. The goal was to gather feedback from professionals across all roles, from administrators to nursing staff, and the questions targeted their experience with resource utilization, distribution and/or shortages in their daily work, as well as their perspective regarding the general financial health and future sustainability of the institution. To further sustain the feedback of the staff interviewed, we collected

written information from various official documents of both SCMP and CHCF. The analyzed documents were both CHCF's 2024 and 2025 "Plano de atividades & orçamento", SCMP's 2025 "Plano de atividades & orçamento" and SCMP'S 2023 "Relatório de gestão e contas".

4. Data Analysis

The interviews were analysed through an inductive approach to extract the meaning and the case interpretation from key terms and themes shared by the participants. The development of concept trough patterns in data makes it suitable for understanding social processes trough the interviewees narratives (Corbin & Strauss, 2012).

I firstly proceeded with open coding, by breaking the gathered answers into discrete parts that supported the same themes and ideas (Urquhart, 2017), and was consequently able to assign the proper labels, correctly dividing those answers into homogenic groups. This step was critical as it allowed me to develop an in depth understanding grounded in participant experiences and systematically constructed trough those codes.

The next step consisted of gathering more information from official documents of the institution, that would sustain the identified first-order concepts in the coding process. This was achieved through the identification and extraction of representative quotes by means of thorough analysis of text documents that contained the institution's reflections of the previous years and the goals and expectations for the following. This allowed us to obtain a more concise compatibility between the participants' narratives and the institution.

Chapter 3
Findings

This part will present the findings of the study on how a mental healthcare provider aims towards the FS of its hospitalization system, while always maintaining the quality of patient care as its priority. Drawing from staff perspectives, the findings are organized around three interconnected timeframes: ongoing actions to maintain short-term FS, required actions to achieve medium-term FS and forward-thinking actions to prolong long-term FS. These activities aren't separate, as they build on and influence each other, reflecting how structural and operational limitations, financial decision making and care priorities are constantly interacting. The core belief is that patient quality of care always comes first, shaping how every financial challenge is approached and addressed. I also look at the institution's funding models to understand how financial resources are gathered. Altogether, the findings offer a grounded view of how this organization and organizations alike balance financial responsibility with their fundamental mission of saving lives.

1. Ongoing actions to maintain short-term financial sustainability

The idea of improving efficiency by sharing resources across the hospital's unit came through as a practical way of dealing with financial and structural challenges. Instead of each ward operating on its own fixed resources, there's a growing sense that a more flexible approach, where staff, medication and equipment can be shifted based on actual needs, could make a valuable

difference. This type of collaboration aids the hospital in better responding to sudden shifts of demand or shortages of resources, as well as avoiding waisted capacity. Encouraging these intraorganizational collaborations can not only make daily operations smoother but also support a more sustainable way of delivering care in the long run, as Salvador mentioned,

> *What we do is maximize the sharing of resources. No resource is exclusive to one unit. If one unit is experiencing low demand, while another is operating at full capacity, resources and personnel are reallocated as needed to optimize operations.*

Staff allocation was a key component of all discussions leading towards better financial health. Staff shortages were seen as catalysts for unnecessary pressure on existing teams, increasing lead times and reducing the overall efficiency of processes of distribution and delivery of resources to the wards. Hiring more staff could help ease this burden and improve workflow, as well as preventing the kind of overstretching that results in mistakes or service delays. Despite increasing costs, increasing staff levels can be seen as a necessary investment to avoid greater operational strain in short term, as ensuring teams are properly staffed helps maintain the quality of care and support a more stable work environment, ultimately contributing to a smoother and more cost-effective operation of the hospitalization system, as explained by Maria:

> *If we had at least one administrative assistant to support the inpatient service, it would make a big difference. This person could rotate across services, for example, spending different days in different units or even dedicating an hour to each service daily. This would greatly improve efficiency for the team, allowing us to focus more on patient care and other essential activities.*

There is an emphasis on reducing the number of chronic hospitalized patients in the institution. The goal isn't to reduce the level of response to the community, but rather to ease off pressure on resources and guarantee patients receive their care at an appropriate environment. Due to a high demand and low offer setting

of mental health specific institutions in Portugal, patients are distributed to the existent ones, which sometimes leads to patients with different levels of care requirements to be institutionalized in the same organization, creating pressure on the existing services and obligating them to adapt. Additionally, patient hospitalization is usually permanent due to the usual chronic aspect of mental health diseases, meaning each patient hospitalized at the hospital represents a long-term financial responsibility given the overall costs associated with inpatient care. Therefore, CHCF has been aiming towards a gradual and responsible reduction of hospitalization rates, while investing and innovating in a broader range of services to keep SCMP mission of responding to the community needs, as explained by Maria:

> *We will soon have a home care support team, which will provide significant assistance in this area and help further reduce hospital admissions.*
>
> *The hospitalization of patients should maintain the trajectory/trend defined since 2018, in accordance with the best practices and policies recommended for mental health.*

An immediate challenge CHCF's FS faces, as well as any other institution of this nature, is the overall stigma revolving the subject of mental health still embedded in society, which indirectly harms the levels of demand of ambulatory and inpatient services the hospital provides, as explained by Maria:

> *We have a major handicap, which is the stigma surrounding mental health. Society as a whole still hasn't fully accepted that mental health is a fundamental part of every human being and needs to be treated and cared for just like any other aspect of health—just as we regularly go to the dentist*

When people feel ashamed or afraid to seek help, they often delay care until their condition becomes more severe. Trough marketing and different initiatives, as well as broadening the offered services, CHCF can work to change public

perception and normalize the use of mental health services. The hospital can encourage earlier intervention and more regular engagement with care. This can help reduce the need for extended hospitalization and make treatment more manageable, both clinically and financially. Promoting openness around mental health is not only a matter of fulfilling the mission of social responsibility but also a way for the hospital to remain accessible, efficient and better equipped to handle demand in a more sustainable way, as described by Matilde:

> *This involves various projects, some of which have already been discussed, aimed at attracting new clients. For example, certain initiatives, such as rebranding the portfolio and investing in marketing and service promotion, have already been implemented (…) We cannot remain confined to the current dynamic, which is primarily centred around long-term inpatients. While we must continue caring for these patients, we also need to broaden our vision and reach new target audiences*

It's normal for CHCF's hospitalization system to face continuous challenges intrinsic to the nature of mental healthcare. First, the level of mental health deterioration and associated complexity of treatment and care varies from patient to patient, making staff and resource distribution a continuous challenge of adaptation to each specific case. This comes to play mainly when it comes to patient distribution among the existing wards. CHCF's, following the best practices of the sector, can accurately calculate the average complexity of their demand. While the average complexity of outpatient's consultations has an index of 1.67, the level of complexity of inpatients varies from ward to ward, ranging from São João, the highest complexity ward, with an index of 6.21, to Nossa Senhora de Fátima, with an index of around 3. This variation presents an array of challenges. The absence of formal guidelines for staff-to-patient ratios, combined with inconsistent assessments of patient complexity, leads to a subjective distribution of medical personnel, as described by Daniel:

It is an ongoing debate. Lack of official guidelines for staff/patient ratios and varying weight of patient complexity makes the staff allocation arbitrary.

Additionally, the internal guidelines that do exist deny CHCF the full capacity of some wards. Filling more beds would require a boost on staff levels of the ward that wouldn't be financially justifiable and ultimately hinder the sustainability of that ward, as explained by Salvador:

The Recovery Unit is a good example. The Nossa Senhora de Fátima ward has one floor with 16 patients, while the other floor has 10 available beds. Ideally, those 10 beds would always be occupied, but if they were, I would need a dedicated team permanently assigned to that floor. At present, however, there is no fixed staff allocation for that unit. We typically have two or three inpatients at a time, sometimes only one, and the team from the first floor manages care for all 10 beds.

The continuous rise of the cost of living, such as utility bills, upwards adjustments of staff wages, necessary to comply with labour regulations and retain talent, and other critical expenses of a hospitalization system leads to higher operational costs that continuously increases the burden on yearly budgets and progressively escalates daily rates, as reported by Maria:

Because prices keep increasing, salaries continue to rise, especially the minimum wage, electricity, water, there's an entire process involved. That's why the work we've been doing here must continue.

Previous studies regarding the functioning of the hospital led to a precise calculation of the real cost of patient stay per day. It was determined that the actual cost received did not cover the related expenses and therefore the FS of the institution was continuously being put to an arduous test. SCMP and CHCF's agreements with the government regarding social security contributions was deemed insufficient and the hospital funding demands increased, leading to a temporary halt in admissions, as exposed by Salvador:

The State's proposed funding was well below our actual costs, so a rational decision had to be made. If the State wants to place patients here, then everyone involved must take responsibility. There is a minimum cost threshold that must be respected.

CHCF needs to continuously work with government bodies to adjust the level of state help. The placement of mental health patients in the institution is fundamental for providing care for those in need, making the organization a key factor in society and considered a relevant player in Portugal's health system. Given that the government has a continuous need for allocating patients and recurring to CHCF's services due to the significant pressure of demand on the Portuguese National Health System, it's fundamental for the hospital to place its FS as a priority, persistently negotiating funding values that align with the real operational cost related to the number of patients in question, leading to a more sustainable patient care environment while still playing its part as a reference in mental healthcare in the country, as explained by Salvador:

Public hospitals were the main institutions referring patients to us. But when we started declining admissions due to insufficient reimbursement rates, patients began accumulating in the public system, left waiting indefinitely. Now, reports indicate that in 2023 alone, 203 mental health patients were inappropriately hospitalized within the SNS.

2. Required actions to achieve medium-term financial sustainability

Our findings now shift their focus towards actions that are deemed as necessary to progress towards a healthier and more viable financial system. The feedback gathered from all sectors of CHCF pointed towards the direction of an urgent need for upgrading and even acquiring new digital systems that would improve the efficiency and effectiveness of all medical and managerial

operations. The existing digital platforms were considered not intuitive and slow, as well as not appealing and with a lack of user-friendly dashboards that would allow for a cleaner view of the overall situation of the section in question. Additionally, managerial software lacks useful features such as an automated billing system, meaning issuing digital financial and accounting documents must be made manually which becomes time consuming and a waste of human resources. Finally, there is a real understanding that the logistic process of packaging pharmaceuticals into individual boxes for each patient, before sending it to the wards, which is a time-consuming and demanding process made every day by human intervention, would improve its efficiency if more automated tools were to be provided, making this investment an important step towards day-to-day lead time improvement and decreasing the probability of human error. In conclusion, investing in the overall digitalization of operations at CHCF has the potential to significantly streamline processes and lead to a reduction in costs. This process is already considered as necessary by CHCF's and SCMP's management, with gradual improvements towards this goal already in motion, as outlined by CHCF's 2024 activity and budget plan:

> *Digitalization: a) Development and profitability of clinical and administrative records to support healthcare activities; b) CHCF portal and website, simple, intuitive and practical*

Strategic decision making is fundamental in assuring CHCF's continued stability and capability of responding to medium-term challenges. In the context of limited resources, it's essential to carefully assess which investments, rehabilitations and improvements can be taken into action immediately or should wait for a future opportunity, to balance immediate operational capacity with medium-term value creation. This requires a clear vision, aligned with the mission of the hospital, as well as the ability to access the potential benefits of each initiative. CHCF lays its foundations on a historic palace, meaning

renovations and additions are always necessary to improve the conditions of the facilities. Additionally, the institution aims to broaden the services it currently offers with many plans already in place for the near future, forcing the need for prioritization of which ones should take place first. By making informed and deliberate choices, CHCF can better allocate its limited resources where they are most needed and more effective, laying the foundation for resilient and responsible growth, as declared by Salvador:

> *when it comes to prioritization, choices must be made. Deciding between advancing the integrated therapeutic centre, remodelling inpatient units, launching the home support team, renovating the main entrance, upgrading the central locker room, or improving the cafeteria requires strategic decision-making. In our 2024 action plan, several initiatives were outlined, but over the year, prioritization was necessary. Some projects, such as the renovation of the main entrance, the cafeteria, and the locker room area, had to be postponed.*

3. Forward-thinking actions to prolong long-term financial sustainability

There are actions that should take place with a longer period time frame in mind. CHCF has a rich history of over 140 years of existence, made possible by constant adaptation of its surroundings and innovations to comply with the modernization of mental healthcare standards. First, having a clear organizational direction and well-defined stance is critical when it comes to planning forward-thinking initiatives that aim to ensure the institution's economic resilience. In an always evolving landscape shaped by external pressures such as demographical alterations, population needs and sectorial trends, clarity of purpose enables the hospital to position itself strategically and anticipate challenges, so that it reacts proactively rather than reactively. This defined position can not only strengthen decision-making but also enhance

CHCF's ability to prioritize actions that reinforce its financial health long-term, as explained by Salvador:

> *If the organization starts reacting impulsively—this year moving right, next year moving left, changing direction based on short-term trends—it will lack stability. The institution must have a clear vision and a defined position, adapted to societal needs, market demand, and unmet needs, rather than short-sighted decisions*

CHCF's dimension, quality of human resources and expertise make the institution a cornerstone of mental healthcare in its surrounding environment. Situated in Porto, the biggest city in the north of Portugal, the hospital presents itself as one of the biggest care providers in its field in the region. For it to be financially sustainable in the long-term, it's critical that the hospital keeps working towards maintaining its relevance. Preserving or even enhancing this status contributes towards attracting demand, funding and fructuous partnerships for the future. Therefore, the findings highlight the importance of keeping positioning the hospital as a reference for mental health in the region, as explained by Maria:

> *The goal is to keep developing outpatient projects and services, making this institution a reference for mental health and well-being in the North.*

Profitability is not the core mission nor priory of CHCF. Despite this, basic economic and managerial logic means expenses cannot surpass revenue in a way which would put the hospital's FS at risk. With the general rise in costs, there is the ongoing necessity to adjust the levels of revenue of the institution, so that there isn't an unsustainable imbalance in CHCF's budget. With the continuous rise in the daily rates of inpatients in mental health wards, only by finding ways to increase service fees and upgrade profitability can the hospital proceed providing quality care, while still remunerating its staff and developing its operations. Such measures are already being put in place as mentioned in

archival data, more specifically in CHCF's Activity and Budgeting plan for 2024, where the need to create an investment plan and to devote resources into both general areas and the hospitalization system itself are highlighted:

> *Archival data*
>
> ***OBJECTIVES | CHCF's Goals for 2024:***
>
> ***General Areas:***
>
> *Create an investment plan*
>
> *Hospital reception*
>
> *3. Employee changing and break areas*
>
> ***Hospitalization***
>
> *Unit for privates*
>
> *Planning for the creation and opening of the short-term recovery unit.*

Estabilishing new partnerships with organizations in the renewable energy sector presents a strategic opportunity for CHCF to utilize the large areas of its infrastructures to reduce operational costs and improve its resilience in the long-term. Integrating sustainable energy solutions, either by installing solar panels and adopting solar efficiency programs or partnering with companies of the sector for a more sustainable energy management, would allow the institution to decrease its dependency on conventional energy sources and mitigate the impact of rising utility expenses. While representing a significative financial investment in the short term, embracing such initiatives would allow the hospital to redirect savings towards critical areas of innovation and care, enhancing its capacity to operate in a more sustainable way in the long term, as explained by Bruno:

> *Given the large roof area of the hospital, investing in sustainable energy (such as photovoltaic panels) would significantly reduce fixed expenses and bring substantial long-term benefits. Since energy management is not the core business of a hospital, it would be essential to establish partnerships with renewable energy organizations to develop and implement a long-term strategy.*

There are several factors that contribute towards mental healthcare. To keep itself sustainable and enhance its mission of improving the mental health levels of the public, CHCF should keep aiming towards investing in being able to offer different services that would contribute to this, like outpatient appointments in nutrition and psychology, rather than focusing only on psychiatric hospitalization and ambulatory service. This would not only improve the levels of care provided to the surrounding demographic, but could also have major economic benefits in the long term, as offering prevention and well-being services can contribute towards a future diminution of psychiatric hospitalization demand and therefore decrease costs, as explained by Salvador:

> *What do we want to do? We want to open a section of the building that is separate from inpatient care. The goal is to create a space where people can come and go freely, where they can engage with our team and learn—not just for treatment, but to improve their quality of life, balance, and overall well-being.*

CHCF offers a highly specialized service for depression care, through Transcranial Magnetic Stimulation, in its Depression Treatment Centre (DTC). CHCF must focus on making this investment a successful venture, by means of social education and promotion, as this could prove critical for future financial success. Despite the initial financial burden, the benefits associated to a high demand in the DTC are significant, due to the positive societal and health benefits of such treatment that would mean less reliance on pharmaceuticals and future inpatient admissions, which would diminish the burden on the Portuguese health system and CHCF itself, as explained by Salvador:

> *We believe that this centre could be highly beneficial, first and foremost for patients, as many people suffer from depression, and also for the public healthcare system. The more people undergo this type of treatment, the lower the costs associated with medication, since TMS is a complementary therapeutic approach that could significantly reduce the need for antidepressants.*

4. Patient care prevails over financial concerns

An important observation that emerged from our analysis is that the quality of patient care is a non-negotiable at CHCF, always prioritized over any financial consideration. The ethical and mission driven approach by both SCMP and CHCF as philanthropical institutions reflect their dedication in providing quality mental health treatment, even when budget constraints are evident. While this approach may reflect additional budgetary challenges, it reinforces the hospital's position as a major socially responsible actor. This highlights the need to find the right balance where financial management is not an obstacle but rather a catalyst for providing inpatients with everything they might require, which can only be achieved by dynamic and innovative financial and resource allocation models that ensure the institution long-term economic viability. This was described by Salvador:

> *We didn't hesitate to allocate the necessary resources because the priority was to protect lives. As a result, not a single patient died here due to a lack of essential supplies or care.*

5. Funding Models

Our findings shed light to the fact that CHCF's financial structure relies heavily on public funding, both directly and indirectly. First, almost all of inpatients of its hospitalization system suffer from long-term progressive chronic illness, making their stay extensive or permanent, and receive social security aid to pay their daily rates. Second, CHCF collaborates closely with the government and the Portuguese national health system in many fronts, with contractual agreements and received funds from governmental entities making for one of the most significant revenue sources of the institution. Both these factors make the

State critical for the FS of the hospital. The present funding method provides a consistent yet limited source of revenue. While this approach aims to ensure equal and universal access to mental healthcare services, it can inhibit CHCF's ability to invest in new projects and deter long-term strategic planning. Therefore, it's critical that CHCF works towards a diversification of its funding sources, as explained by Salvador:

> *Regarding funding, we rely on the social health service, but are there other external stakeholders, such as non-governmental organizations, that could contribute? What role could partnerships with the hospital play in ensuring its long-term sustainability.*

Collaborations with other mental health institutions can also be an important step towards FS. Besides sharing know-how and experiences with organizations exposed to the same environment and challenges, CHCF's context enables the hospital to establish contractual agreements with other mental health hospitals, which can serve as an additional source of income and are often framed as win-win arrangements, as explained by Salvador:

> *Once the renovation is complete, we will be able to negotiate with government ministries to contract these 30 beds and assess the most viable options.*

Finally, our findings explore the contractual agreements with the government, specifically with the Portuguese Ministry of Health (PMH). PMH oversees the Portuguese national health service and is therefore interested in collaborating closely with the hospital, mainly through the placement of inpatients in its hospitalization system. This means CHCF needs to navigate the negotiation of these contracts by understanding that although the State is the major contributor regarding funding, the hospital's beds constitute an asset in an overburdened national health service, and should therefore be negotiated as such. This is supported by the fact that as it was previously mentioned, the values offered by

the PMH don't usually fully cover the real cost of an occupied bed in CHCF's wards. In conclusion, negotiations with the PMH, social security and all government entities should be comprehensive and responsible, aligned with the goal of public service but never compromising CHCF's financial health, as explained by Salvador:

> *For example, regarding the infrastructure work we are planning, our strategic vision initially did not include further investment in inpatient care. My goal was for the State to fund outpatient services, including psychiatric consultations, the Depression Treatment Centre, and the day hospital, while increasing the reimbursement rates for inpatient care. But the State made it clear that before negotiations could begin, there needed to be an expectation that we would offer additional inpatient beds. In other words, this has to be a comprehensive contract. This means that I now have to invest in areas I originally did not plan to expand. That's why Unit A12 has become a bargaining tool. This is not just about what I want, but about what both sides agree on. Unfortunately, we are not in a position to dictate the terms entirely. However, the beds we are offering are highly valuable. The State is not doing us any favours, just as we are not doing them any favours.*

Chapter 4

1. Limitations

This research aims to offer valuable insights into the FS of mental health hospitalization systems, but some limitations should be acknowledged. First, the study's reliance on a small sample of interviews, may limit the depth of insights into the FS of mental health hospitals. With a limited number of perspectives, the findings may not fully represent the diversity of viewpoints within the organization or across different levels of management, which could influence the interpretation of financial strategies and challenges. Additionally, due to the clinical pathology of CHCF's hospitalized patients, I was unable to conduct interviews that would explore the other side of the care experience. This exclusion limits the exploration of the care experience from the care recipient's perspective, crucial for assessing the broader implications of FS on the quality and accessibility of care.

Second, the analysis is also based on archival financial data from the hospital, which may not provide a complete or up-to-date view of the organization's financial situation. While these documents are essential for tracing patterns in important factors such as income, expenditure, and resource allocation, they may not provide a fully comprehensive or real-time picture of the institution's financial situation. Additionally, financial reports may also fail to capture the full context behind financial decisions, such as external pressures, internal strategic shifts, or the effects of stigma on funding and resource allocation. These sociopolitical dynamics can affect everything from budget prioritization to staff recruitment and retention yet remain hidden in traditional financial documentation.

Third, the study focuses on a single mental health hospital, limiting the ability to compare its FS practices with those of other mental health organizations acting in an identical environment and facing similar financial restrains. Different facilities may operate under varying funding models, regulatory constraints, staffing structures and patient populations, which can significantly impact financial planning. Therefore, a broader comparison across different types of mental health facilities could provide a more comprehensive understanding of best practices and challenges that encompass much of this sector, offering insights into how unique organizational contexts influence financial viability.

Fourth, there is an absence of financial data on the national level or benchmarking against broader healthcare system metrics. The research focuses solely on the internal operational context of a single mental health hospital, not comparing its performance within the wider national healthcare landscape. Comparing FS at the national level could provide a broader view for understanding how mental health organizations fit into the larger Portuguese healthcare system and what external funding trends or policy changes may be impacting their FS.

Finally, this analysis was constrained by a limited time frame, which presents important limitations in terms of the depth and temporal scope of the analysis. By having conducted the research over a relatively short period of time, the ability to observe long-term financial trends, cyclical patterns or the delayed effects of financial strategies and policy changes was therefore restricted. FS in the healthcare sector often evolves over extended periods, influenced by structural shifts in funding, gradual policy implementation and the time it takes for strategic decisions to yield measurable outcomes. As a result, a more extended longitudinal study would be beneficial in observing how FS evolves over time.

2. Implications for theory and practice

This study contributes to the SRBV particularly within the context of mental healthcare. Traditionally, SRBV has focused on how intangible resources such as trust, relationships and social capital can be leveraged to create sustained competitive advantages for organizations (Nielsen & Chisholm, 2009; Tate & Bals, 2018). However, its application has been limited in the specific mission driven and resource constrained sector in which mental healthcare institutions operate. By examining the FS of mental health hospitals, this research aims to demonstrate how these complex organizations can strategically leverage specific social resources, such as stakeholder and funder relationships, community engagement, reputation and intra-organizational collaboration to improve not only their provided quality of care but also their financial viability and economic outcomes (Gerhart & Feng, 2021; Hitt et al., 2016). This work thus expands the SRBV framework by positioning financial resilience as a measurable and meaningful outcome of social resource utilization, enriching the theory's relevance to the nonprofit mission-driven mental healthcare sectors where social capital is often a primary strategic asset.

This research also bridges a crucial gap between conventional healthcare financing models and the unique sustainability challenges faced by mental health organizations. When compared to the other type of healthcare institutions existent in a country's health system, mental health hospitals often operate within a specific landscape marked by stigma and inconsistent funding, influencing financial planning and long-term viability. This study refines FS theories by incorporating these somewhat overlooked social and institutional factors into the conceptualization of FS. By doing so, the study adds depth to FS theories and promotes a more integrative perspective that aligns financial health with mission-driven goals and social value creation (Maynou et al., 2019).

By addressing FS in mental health hospitals, this study contributes to healthcare management theories by advancing existent resource stewardship models that account for both cost efficiency and quality care delivery (Nasrabadi et al., 2012b; Wang et al., 2022). Traditional frameworks often emphasize immediate financial metrics, overlooking the distinct characteristics and long-term care needs that are specific to mental health services. The study proposes a more holistic and socially embedded model of resource allocation, where financial decisions are not only about reducing costs but also about enabling the organizational and relational conditions necessary for quality care (Betcheva et al., 2021b). This theoretical refinement suggests that sustainable management in mental healthcare must be guided by an integrated understanding of economic constraints and the social mission of care institutions, bridging a gap in existing healthcare management literature.

From a practical standpoint, this thesis aims to provide actionable insights for hospital administrators and policymakers to develop short-, medium-, and long-term financial strategies, reducing dependence on unstable funding sources. Given the common reliance on fragmented or unstable funding often from public entities, grants and donations (D. C. Ferreira et al., 2020; Harris & Cresswell, 2024), mental health hospitals face challenges in stabilizing the continuity and quality of service provision. By examining how hospitals can align financial planning with their mission-driven, care delivery objectives, the findings encourage a shift from reactive budgeting to proactive strategic management, underscoring the importance of diversifying revenue streams, improving financial forecasting, and embedding financial considerations into broader organizational planning.

Additionally, this dissertation provides practical guidance for managers and policymakers by highlighting the need for long-term financial frameworks that support the sustainability of mental health services. The findings emphasize that

short-term funding mechanisms like yearly financing are insufficient to meet the ongoing and complex needs of mental healthcare delivery. Instead, the research supports the case for more stable and diversified funding models, including increased and predictable government investment, the use of tax incentives to encourage private sector involvement, and the promotion of structured PPP.

Moreover, mental health hospitals can use the research findings improve operational efficiency and build strategic partnerships that strengthen financial resilience. The dissertation highlights the potential of operational improvements like streamlining processes and optimizing resource use to reduce costs without compromising the quality of care. By fostering collaborations with external stakeholders, mental health hospitals can create more resilient networks of support. These practical strategies can collectively improve these institution's capability to deal with financial uncertainty while maintaining a strong commitment to patient care.

Finally, this study aims to contribute to the improvement of mental health service by demonstrating that, trough optimized resource allocation, hospitals can ensure that financial constraints do not compromise the quality of care they deliver. Trough the adoption of structured, data-informed approaches to manage their limited budgets, mental health institutions can reduce inefficiencies and redirect financial resources toward the internal sectors that directly impact patient outcomes, such as staffing, inpatient day-to-day processes and community outreach (Ali et al., 2024).

3. Future Research

Future research could benefit from including a larger and more diverse group of stakeholders such as medical and nursing staff, patients, family members, and

policymakers. This would allow for a more holistic understanding of the financial dynamics and challenges faced by mental health organizations. Additionally, engaging policymakers and external stakeholders such as donors and governmental entities could contextualize institutional challenges within broader funding structures, policy frameworks, and societal attitudes toward mental health (Sfakianakis et al., 2021b), offering a more comprehensive foundation for developing sustainable financial strategies.

Future studies could compare multiple mental health hospitals or organizations with varying financial models to identify patterns and best practices in achieving FS. By examining similarities and differences across these institutions, researchers could identify recurring behaviours, successful strategies, and common barriers to FS. This would help better contextualize the findings and make them more widely applicable to different types of mental health service providers who operate in different demographic and environmental landscapes.

Upcoming analysis should also incorporate national and regional level financial data, so to compare the performance of the selected hospital with other organizations in the same healthcare system. This would provide a broader and more complete context for understanding FS and the role of external factors, such as national healthcare policies and funding trends.

At last, future research could also adopt a longitudinal research design that would be beneficial in capturing the long-term effects of financial strategies and changes in resource allocation**.** These studies can also help assess how the FS of mental health organizations evolve, providing a comprehensive overview of how mental health hospitals adapt to shifting healthcare policies, economic conditions, and social attitudes over time. Therefore, this approach would provide existent research with a more dynamic and comprehensive

understanding of sustainability, resilience, and adaptation in a complex and changing healthcare environment (Gleißner et al., 2022).

Conclusion

This thesis investigated the FS of the hospitalization system in a mental health hospital, an area of growing importance given the growing suffocation of the Portuguese National Health System and the increasing demand for mental health services, who operate under limited resources. Ensuring that mental health hospitals can maintain FS while continuing to provide quality care is essential not only for the stability of these institutions but also for the broader goal of equitable and accessible mental healthcare. The study was guided by two research questions: (1) What are the critical factors that influence FS in mental health hospitals? and (2) How can mental health hospitals optimize resource allocation to balance costs and deliver high-quality care? To address these questions, a qualitative research design was employed, consisting of qualitative data gathered through interviews with hospital staff and official institutional documentation. The integration of these methods provided a more comprehensive view of the hospital's operational challenges and informed recommendations that are contextually grounded (Gehman et al., 2018; Reay et al., 2019).

Our findings uncovered factors influencing the FS of the hospitalization system at CHCF. We identified that sustainability on the short-term relies on optimizing the existent internal resources through inter-ward collaboration, addressing staff shortages and reducing chronic inpatient numbers without compromising the institution's commitment to quality patient care. There is also a need for investing in promoting and advocating mental health treatments to change the stigma around this sector and increase ambulatory demand.

Additionally, there is an immediate need to renegotiate contractual agreements with the government and other entities to strengthen CHCF's capacity to deal with the continuous rise of costs.

Medium-term strategies focus on the urgent need for a comprehensive digital transformation that would significantly help with the efficiency and smoothness of processes in almost every sector of the institution, as well as strategic decision-making regarding which infrastructure and service expansion to prioritize given the hospital's limited resources. In the long term, sustainability depends on defining a clear organizational direction, encompassing a gradual but consistent broadening of the offered services and retaining CHCF's position as a reference for mental healthcare in Northern Portugal. Moreover, it would be highly beneficial for the institution if the investments made in innovative practices such as the DTC result in a rise of revenue. The study also highlights the weight of public funding in CHCF's financial model, underlining the need for responsible yet assertive negotiations with the State and diversification of income sources. These insights directly answer our research questions, as they identify the internal and external pressures that directly and indirectly affect FS, while also offering clear pathways for optimizing resources in a way that preserves care quality and supports long-term institutional viability.

Declaration of AI

Declaration of generative AI and AI-assisted technologies in the writing process

During the preparation of my written work/thesis, Balancing Costs and Care: A Study of Financial Sustainability at Centro Hospitalar Conde de Ferreira, ChatGPT was used for the following tasks: checking grammatical accuracy, structuring sentences, organizing ideas and determining how they should be effectively presented, with the prompts used listed at the end of the document in the Prompts List section. After using this tool, I reviewed and edited the content as necessary, and I take full responsibility for the content of the work presented.

I also declare that I am aware of and respect the Artificial Intelligence Rules of Conduct of Católica Porto Business School.

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Appendices

Appendix I – Interview Guide: Executive Director

1. In your opinion, what changes or innovations could improve the financial and operational sustainability of the hospitalization system?
2. Shifting our focus specifically to the hospitalization system of CHCF, how are resources prioritized and allocated between the different infirmaries?
3. What strategies are in place to optimize resource usage and allocation across the different infirmaries without compromising patient care quality and how do you manage unexpected expenses or financial pressures, such as emergency cases or unforeseen operational needs across the different infirmaries?

4. How does the hospitalization operational activities, such as patient flow management and bed occupancy rates, affect the hospital's financial performance?
5. How do financial goals align with the hospital's mission to provide quality care and can you share examples of how financial limitations impact patient care or operational efficiency?
6. What criteria are used to prioritize funding for different programs or departments?
7. If you had the opportunity to redesign the resource allocation process, what would you prioritize?
8. What innovative practices or technologies have been adopted by the hospital recently and are there any areas where you feel innovation is particularly needed?
9. What opportunities do you see for the hospital to improve its financial sustainability?
10. How do you see the hospital evolving in the next five years and what do you think is the most critical factor for the hospital's long-term success?
11. From your perspective, what are the key factors that influence the financial viability and sustainability of the hospital's hospitalization system?

Appendix II – Interview Guide: Staff Members

1. Can you introduce yourself and talk a bit about your role in the hospital?
2. How long have you been working in CHCF, and what has been your main area of responsibility?

3. Are there areas where you feel additional resources would make a significant difference?
4. Who is primarily responsible for financial decision-making, and how are these decisions communicated to staff?
5. Can you share examples of how financial limitations impact patient care or operational efficiency?
6. What processes within the day-to-day operations of the hospitalization system do you find to be the most resource-intensive?
7. Can you identify areas where improvements could lead to cost savings or better resource utilization?
8. How does the performance of individual infirmaries impact the overall efficiency of the hospitalization system?
9. What motivates you to work at this hospital, and what do you find most fulfilling about your role?
10. How is staff allocated across the different infirmaries? Are there any challenges in ensuring equitable distribution of personnel?
11. Are there particular tools, equipment, or training you feel are missing or insufficient?
12. In your opinion, what changes or innovations could improve the financial and operational sustainability of the hospitalization system?
13. Are there successful practices from other departments within CHCF or other institutions that you believe could be efficiently adapted in the hospitalization system?
14. How do you see the hospital evolving in the next five years?
15. Is there anything else you'd like to share about the hospitalization system, particularly regarding its financial and resource challenges?

Prompts List

1. Is this sentence well structured?
2. Is this sentence grammatically correct?
3. I want to talk about the following topic, where should I start?