

**"The Effect of Corporate Governance Mechanisms on
Organizational Performance Using the Balanced Scorecard
Perspectives in Jordan's Private Hospitals in Amman"**

**"اثر اليات حوكمة الشركة في الاداء التنظيمي باستخدام معايير بطاقة الاداء
المتوازن في المستشفيات الخاصة الاردنية في عمان"**

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the Masters' Degree in Business Administration**

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Authorization

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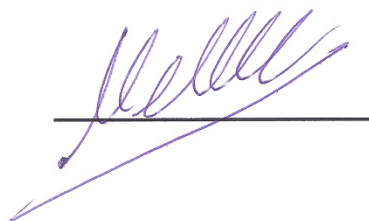
"The Effect of Corporate Governance Mechanisms on Organizational Performance Using the Balanced Scorecard Perspectives in Jordan's Private Hospitals in Amman"

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Acknowledgement:

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

وَبِهِ نَسْتَعِينُ

First and foremost I thank God, the One, the Subduer, the Creator of all existence, the One who guided me through the completion of my thesis. I hope that this paper will be a beneficial extension to previous studies in order to help improve the medical services provided in private hospitals in Amman, Jordan.

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Finally, my family. My wife and daughters have been there for me since the moment I registered to the last word written in my research. Their endless patience, care, support, and love have been the key to my success. They have been there every step of the way in order to ensure my comfort and success, especially my wife who never failed to bring me that cup of tea at just the right moment to get me through one more day.

الاقرار

بسم الله الرحمن الرحيم

وبه نستعين

الشكر لله الواحد القهار خالق كل شيء وهو على كل شيء قدير الذي اعانني على القيام بهذا البحث الانساني الذي ارجو من الله العلي القدير ان يكون اضافته جيده للابحاث السابقه لخدمة الانسانيه.

موفور الشكر وجزيل الامتنان للرجل الفاضل ذو الخلق النبيل الاخ العزيز الدكتور سامر عيد الدحيات الذي لم يألو جهدا بمساعدتي واسداء النصيحة والإرشاد والتوجيهات القيمه التي بدونها لم يكن بمقدوري انهاء هذا البحث بالطريقه التي انجز بها. جزيل الشكر والامتنان مرة اخرى.

شكري وتقديري لجميع الاساتذه والدكاتره المحترمين الذين قاموا وبكل اخلاص ومهنيه بتدريسنا كافة المواد المطلوبه بكلية الاعمال قسم الدراسات العليا. من عمادة الكليه والدكاتره وعمادة الدراسات العليا الافاضلا وخص بالذات الاخ ا. د. محمد عبد العال النعيمي . لهم جميعا جزيل الشكر والامتنان.

كما اشكر كل من عمل في جامعة الشرق الاوسط من موظفين وسكرتاريا. ولن انسى الاخوه الافاضل حرس الجامعه الذين يقومون بواجبهم على اكمل وجهه لتوفير الامن والامان لراحة الجميع.

ولن انسى من وافر شكري وامتناني اخي وصديقي العزيز معالي الدكتور نايف هائل الفايز الذي لم يتلأ ولو للحظه واحده عن مساعدتي في اتمام هذا البحث كما اشكر الاخت العزيزه والسيدة الفاضله سكرتيرته مي زعيتر على ما قدمته من مساعده لإتمام هذه الدراسه.

كل الشكر والمحبه النابعه من القلب إلى زوجتي العزيزه أم أنور وإلى أنور واخواته الاعزاء الذين شجعوني لإكمال دراستي بعد انقطاع دام اربعين عام عن الدراسه لهم كل المحبه والتقدير.

كل الشكر لكم جميعا وفقكم الله لما فيه خير البشريه.

Dedication

I would like to dedicate this accomplishment to the lady who has been my inspiration and who continuously encourages me with patience and love, my dearest wife.

Many thanks to my sweethearts: my daughters who have stood by me every step of the way, making sure that I always have what I need. All my love to them.

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My love to you all.

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"اثر اليات حوكمة الشركة في الاداء التنظيمي باستخدام معايير بطاقة الاداء المتوازن في المستشفيات الخاصة الاردنية في عمان"

Prepared By:

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Abstract

The study aimed to measure the effect of Corporate Governance mechanisms on Organizational Performance using the Balanced Scorecard perspectives. The study population consisted of (10) private hospitals located in Amman, Jordan. The researcher employed a questionnaire-based survey that targeted all managers working in all managerial levels in these hospitals. A total of (193) responses were collected. The statistical analysis used was SPSS Ver. 21. The hypotheses were tested using multiple-regression analysis.

The Corporate Governance mechanisms used included: proactive role of board of directors, board composition, and board autonomy. Balanced Scorecard perspectives to measure organizational performance included: financial perspective, customer perspective, internal process perspective and learning and growth perspective. It was found that the proactive role of board of directors, board composition and board autonomy all had a significant effect on organizational performance of Jordan's private hospitals. When testing the comprehensive effect of corporate governance mechanisms on each of the balanced scorecard perspectives, it was found that corporate governance has a significant impact on organizational performance. In particular, the proactive role of the board of directors had the most significant impact on BSC perspectives, as evidenced in Wheelen and Hunger's Board of Directors' Continuum (1994). Board composition and board autonomy also had an effect on organizational performance.

"اثر اليات حوكمة الشركة في الاداء التنظيمي باستخدام معايير بطاقة الاداء المتوازن في المستشفيات الخاصة الاردنية في عمان"

اعدت من قبل :

فرحان فارس الفايز

باشراف:

الدكتور سامر دحيات

الخلاصة

هذه الدراسة تهدف لقياس مدى تأثير اليات الحوكمة على اداء المنظمة . من خلال استخدام بطاقة الاداء المتوازن بابعادها هذه الدراسة تخص العشرة مستشفيات الخاصة في عمان – الاردن استخدم الباحث لهذا القياس مجموعة من الاسئلة في استبيان وزع على مدراء هذه المستشفيات في الاقسام المختلفة للاداره العليا والاداره المتوسطة والاداره من الدرجة الثالثة هذا ولقد حصلت على (193) استبيان مجاب عليها اجابه مقتعه وقد استعمل التحليل الاحصائي

. SPSS Ver.21. وتم فحص الفرضيات عن طريق الانحدار المتعدد للاحصاء.

اليات الحوكمة التي استعملت هي (الحاكميه النشيطة وتأثيرها على الاداره العليا، تركيبة اعضاء ادارة الحاكميه، من الداخل او الخارج، استقلالية ادارة الحوكمة

استخدمت بطاقة الاداء المتوازن لقياس تأثير الحاكميه الاداريه على اداء المنظمه بابعادها الاربعه (البعد المالي، العملاء، الاداء الداخلي للمنظمه بكافة اقسامها التعليم ، والاستفاده منه لتطوير المعرفه والخبره لاداء المنظمه .

هذا وقد وجدنا ان دور (الحاكميه النشيطة ، و تركيبية اعضاء الحاكميه واستقلالية الحاكميه) لها تأثير قوي على اداء المنظمه في المستشفيات الخاصة الاردنيه .

بعد اجراء الاختبار الشامل لاليات الحاكميه الاداريه على ابعاد بطاقة الاداء المتوازن الاربعه وجد ان هناك تأثير قوي للحوكمة على اداء المنظمه وخاصة بعد (الاداره الحاكميه النشيطة) له تأثير قوي جدا على ابعاد بطاقة الاداء المتوازن الاربعه كما اثبت ذلك ('Wheelen and Hunger's Board of Directors' (Continuum , 1994) وكذلك البعدين الاخرين تركيبية اعضاء الحوكمة ، واستقلاليتها لهما تأثير على ابعاد بطاقة الاداء المتوازن .

Chapter One

Study General Framework

(1-1) Introduction

(1-2) Study Problem and Questions

(1-3) Study Objectives

(1-4) Study Significance

(1-5) Study Hypotheses

(1-6) Study Model

(1-7) Research Terms and Operational Definitions

(1-8) Study Limitations

(1-1): Introduction:

Corporate governance involves monitoring a firm's top management to ensure that a firm's organizational interests and goals are kept. According to Wheelen and Hunger (2010), when the board of directors practices good governance, they tend to be actively involved in the running of the organization. This involves monitoring top management, evaluating and influencing top management decisions and actions, and lastly, initiating and determining the organizations missions and goals. After several financial crises all over the world, it came to the attention of many, that poor governance practices may be a cause to these problems. In an effort to mitigate these problems, regulations and guidelines were introduced in each country to help encourage good governance practices (e.g. the Cadbury, Hampel and Higgs Reports in the UK, the Bosch Report in Australia and the Business Roundtable in the US).

Interestingly, although many studies have been compiled to research the effect of good governance on performance, there is no overwhelming evidence to suggest that corporate governance has an effect on organizational performance (Hermalin and Weisbach, 2002; Hannifa and Hudaib, 2006; Kyereboah-Coleman and Biekpe, 2006). Other studies have suggested that the effect of good corporate governance depends on the type of economy, culture and market the firm is operating in. For example, Western countries encourage having a larger proportion of outside directors serving on the board in order to create an unbiased environment of strategy formulation and decision making (Wheelen et al., 2010).

In the past most studies only used one corporate governance dimension to measure organizational performance (Klein, 1998; Kiel, 2003). However, it has been found that using a comprehensive view of governance dimensions to measure performance, shows that good governance is positively correlated to good performance (Klein, et al., 2005).

Financial measures such as return on investment, return on assets and earnings per share are the traditional measures of performance that most organizations use. However, they do not reflect any

intangible aspects of the firm such as customer interactions, operations and learning processes (Bose and Thomas, 2007). The balanced scorecard is a tool to help investigate tangible and non-tangible aspects of the firm.

The Balanced Scorecard (BSC) was introduced as a comprehensive performance measurement in 1992 by Kaplan and Norton. The BSC measures four perspectives: financial, customer, internal processes and learning and growth. Using the BSC, top management can "find out information about the goal, driver and indicator elements for each of the four perspectives" (Abran and Buglione, 2003).

The organizations board must be proactive in monitoring its employees, customer concerns, internal processes and financial targets (Norton et al., 1992).

(1-2): Study Problem and Questions:

There have been very few studies addressing the issue of corporate governance in terms of the separation between the ownership and the management of privately owned healthcare providing organizations particularly hospitals in Jordan. Corporate governance practices have been shown to enhance the effectiveness and efficiency of those organizations adopting them, since the interests of both shareholders and the organization itself will be balanced. Business organizations require transparency of actions on the part of the management team and shareholders have the right to hold the management team accountable in terms of whether their decisions and actions serve their interests. On the other hand, the organizational

performance of private hospitals has rarely been studied in Jordan, particularly through using the balanced scorecard perspectives. This represents an important gap in the literature. Many Jordanian private hospitals claim to have applied international standards related to quality management systems and ISO certification (Hammouri, 2013), however it is not known whether the actual performance of those hospitals has in fact improved. It is believed that there are other factors, most important of which is the adoption of corporate governance mechanisms that has a more crucial effect on their performance. Corporate governance is key to monitoring firms' activities with regards to financial goals, enhancing customer relationships, optimizing internal business processes and the continuous learning and growth of the firm.

The research questions addressed in this study are as follows:

1. What is the effect of corporate governance mechanisms (proactive role of board of directors, board composition, and board autonomy) on organizational performance using balanced scorecard measures in Amman's private hospitals?
2. What is the effect of the proactive role of board of directors on organizational performance using the balanced scorecard in Amman's private hospitals?
3. What is the effect of board composition on organizational performance using the balanced scorecard in Amman's private hospitals?

4. What is the effect of board autonomy on organizational performance using the balanced scorecard in Amman's private hospitals?

(1-3): Study Objectives

This study aims to investigate the effect of Corporate Governance (proactive role of board of directors, board composition and board autonomy) on organizational performance using Balanced Scorecard perspectives (financial, customer, internal, learning and growth) to help improve the performance of private hospitals in Amman, Jordan. It aims to:

1. Investigate the effect of corporate governance mechanisms (proactive role of board of directors, board composition and board autonomy) on organizational performance using the balanced scorecard perspectives in Jordanian private hospitals in Amman.
2. Investigate the effect of corporate governance mechanisms on organizational performance using each of the balanced scorecard perspectives (financial, customer, internal process and learning and growth).
3. Provide the management of Jordanian private hospitals in Amman with empirical evidence that can help them in appreciating the importance of enhancing the contribution of their board of directors in formulating and monitoring the implementation of their strategies.

(1-4) Study Significance:

Jordan is considered a key destination for medical tourism (Hammouri, 2013). This means priorities and goals with regard to financial targets, customer interactions, internal operations

and the growth of the health sector is susceptible to continuous change. There is a need to enhance the autonomy of the board to enhance and improve interest of patients. Few known studies have been conducted studying the role of the board of directors on organizational performance in Jordan, particularly in the health sector. Using the balanced scorecard to study corporate governance in Jordan's private hospitals will offer an insight that has not been previously studied and add to the literature pertaining to governance in Jordanian private hospitals in Amman.

(1-5): Study Hypotheses:

The current study tests the validity of the following hypotheses:

HO₁: There is no statistically significant effect of corporate governance mechanisms (*proactive role of board of directors, board composition and board autonomy*) on organizational performance in Amman's private hospitals at level ($\alpha \leq 0.05$).

HO₁₋₁: There is no statistically significant effect of proactive role of board of directors on organizational performance in Amman's private hospitals at level ($\alpha \leq 0.05$).

HO₁₋₂: There is no statistically significant effect of board composition on organizational performance in Amman's private hospitals at level ($\alpha \leq 0.05$).

HO₁₋₃: There is no statistically significant effect of board autonomy on organizational performance in Amman's private hospitals at level ($\alpha \leq 0.05$).

HO₂: There is no statistically significant effect of corporate governance mechanisms (*proactive role of board of directors, board composition and board autonomy*) on Financial Perspective of organizational performance in Amman's private hospitals at level ($\alpha \leq 0.05$).

HO₃: There is no statistically significant effect of corporate governance mechanisms (*proactive role of board of directors, board composition and board autonomy*) on Customer Perspective of organizational performance in Amman's private hospitals at level ($\alpha \leq 0.05$).

HO₄: There is no statistically significant effect of corporate governance mechanisms (*proactive role of board of directors, board composition and board autonomy*) on Internal Process Perspective of organizational performance in Amman's private hospitals at level ($\alpha \leq 0.05$).

HO₅: There is no statistically significant effect of corporate governance mechanisms (*proactive role of board of directors, board composition and board autonomy*) on Learning and Growth Perspective of organizational performance in Amman's private hospitals at level ($\alpha \leq 0.05$).

(1-6) Study Model:

Figure 1 depicts the study model showing Corporate Governance mechanisms (Proactive Role of Board of Directors, Board Composition, Board Autonomy) as the independent variable and Organizational Performance using Balanced Scorecard Perspectives (Financial, Customer, Internal, Learning and Growth) as the dependent variable.

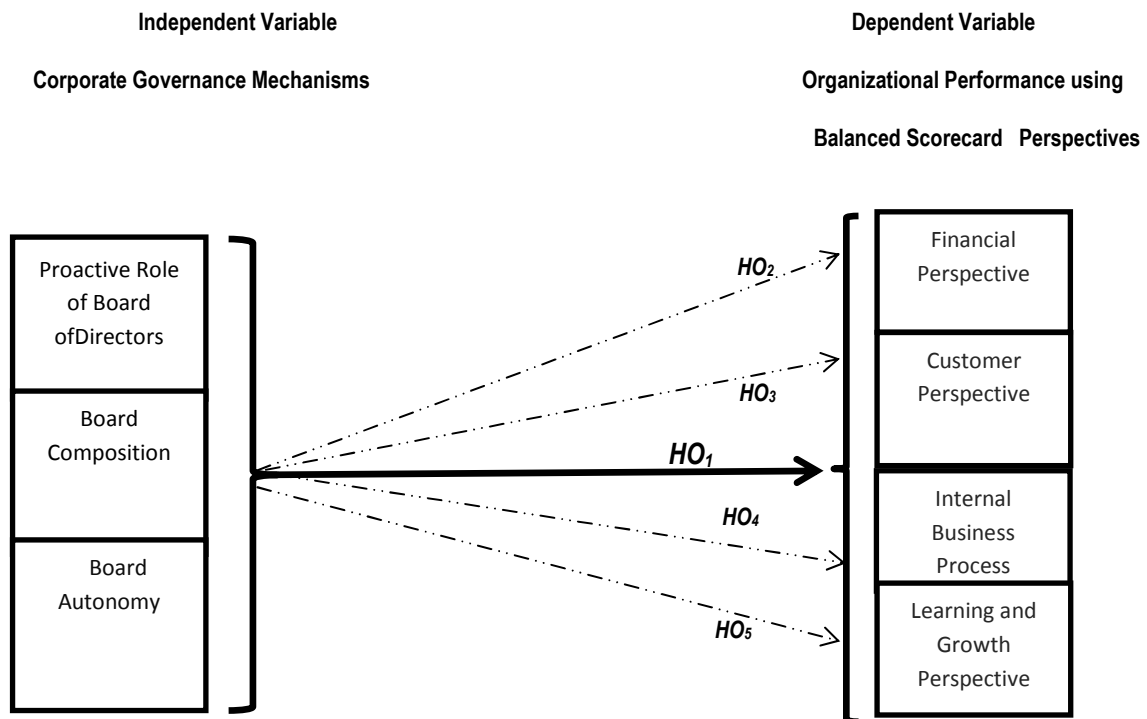


Figure 1-1: Study Model (Kaplan and Norton, 2001; Klein, Shapiro and Young, 2005; Wheelen and Hunger, 2010)

(1-7): Research Terms and Operational Definitions:

This section includes the terms and definitions to be used in the course of this study:

Corporate Governance: Describes the relationship between three groups: board of directors, top management and shareholders; where the BOD oversees the top management with the concurrence of shareholders in order to determine organizational direction and performance.

Corporate governance dimensions include: proactive role of board of directors, board composition and board autonomy (Demb and Nebauer, 1992).

Proactive Role of Board of Directors: The degree to which an organization's board is involved in directing and leading an organization (Wheelen and Hunger, 2010).

Board Composition: The members which make up a board, known as inside directors and outside directors. Inside directors typically include executive managers of the firm while outside directors are executives employed by other firms (Wheelen and Hunger, 2010).

Board Autonomy: Measured through many indices of board independence. Independence requires that board members are not associated with the organization, its parent or any other affiliated organization that it conducts business with. Sub-indexes contains measures such as whether or not Chair and CEO positions are split and board effectiveness, including regularity of meetings (Klein, Shapiro and Young, 2005).

Balanced Scorecard: A performance management system that measures organizational performance from financial and non-financial perspectives. These perspectives include financial, customer, internal business process and learning and growth perspectives (Kaplan and Norton, 2001).

Financial Perspective: This is related to organization's profit and is measured subjectively through return on investment, return on capital employed and economic value added (Abran and Buglione, 2003).

Customer Perspective: This includes customer satisfaction, customer retention and market share in target markets (Abran and Buglione, 2003).

Internal Business Process Perspective: This is related to all internal processes that have the greatest impact on customer satisfaction and achieving financial goals (Abran and Buglione, 2003).

Learning and Growth Perspective: This is related to how the organization manages to create continuous growth and improvement through people, systems and organizational procedures (Abran and Buglione, 2003).

(1.8) Study Limitations:

The limitations for the current study are as follows:

1. **Place Limitation:** Jordanian private hospitals located in Amman.
2. **Human Limitation:** The study applies to employees of hospitals working in private hospitals in Amman in the three managerial levels (top management, middle management, and lowest management).
3. **Time Limits:** The study took place between March 2014 and July 2014.
4. **Scientific Limitation:** The study was based on previous studies and theoretical literature on corporate governance mechanisms (proactive role of board of directors, board composition and board autonomy) and organizational performance using the balanced scorecard measures (financial, customer, internal business process and learning and growth).

Chapter Two

Theoretical Framework and Previous Studies

(2-1): Theoretical Framework

(2-2): Previous Studies

(2-1): Theoretical Framework:

Corporate Governance:

According to Demb and Neubauer (1992), corporate governance describes the relationship between three groups: board of directors, top management and shareholders; where the BOD oversees top management with the concurrence of shareholders in order to determine organizational direction and performance. Furthering that definition, by focusing on shareholders' interest Shleifer and Vishny (1997) describe corporate governance as "dealing with the ways in which suppliers of finance to corporations assure themselves of getting a return on their investment" and aims to solve the core problem of compensation to investors. The interested parties that shareholders aim to protect include "equity holders, creditors, and other claimants who supply capital as well as other stakeholders such as employees, consumers, suppliers and the government" (John and Senbet, 1998).

According to various studies, corporations which practice good governance have been found to "generate positive returns and boost confidence." (Gompers, et al., 2003; Kyereboah-Coleman and Biekpe, 2006). The corporate governance structure involves the different mechanisms which make up corporate governance. These include specifically: board size, board composition, CEO-Chair duality, proactive role of board of directors, board autonomy, independent directors and multiple ownerships (Holthausen and Larcker, 1993; Dahya et al., 1996; Klein, 1998, Latif et al., 2013; Apadore and Zainol, 2014).

Proactive Role of Board of Directors

The board of directors is involved in strategic management. According to Wheelen and Hunger (2010) their role is a three-fold task: (1) monitoring firm's management (activities, expenditure, and developments inside and outside the organization) (2) evaluating and influencing managers' plans, proposals, decisions and actions by offering advice and alternatives and (3) initiating and determining the organizational mission, strategy and ultimately, goals. The degree of involvement (on the part of the board) depends on how active the BOD is in carrying out its tasks. Wheelen et al.(1994) created a continuum which depicts this degree of involvement ranging from active to passive. Highly involved boards (referred to as "catalyst") are highly involved. They take an active role in creating, implementing and modifying (when needed) organizational mission, strategy and goals. These boards perform all three tasks (monitoring, evaluating and influencing, and initiating and determining) with great seriousness and are likely to meet periodically to discuss firms' progress. At the other end of the spectrum, are boards that have no degree of involvement (a "phantom" board), and would leave most decisions to top management. This type of board may not perform even the basic task of monitoring or meet periodically to discuss performance reviews. According to a 2005 study of directors all over the world by McKinsey and Company, it was found that the majority of boards worldwide were (to some degree) actively involved in their role as members of the board. The least task the board may carry out is reviewing performance indicators and selected key decisions (Wheelen and Hunger, 1994).

Board Composition

Board composition is the inside directors (those executive managers that work in the firm) and outside directors (executives employed by other firms) that make up a board (Wheelen et al., 2010). Dey and Chauhan (2009), have defined board composition as referring to "the number

of directors (board size) and the type, as determined by the usual insider-outsider classification. Insiders are the current members of top management teams, and employees of the company or its subsidiaries. Outside directors have no such association, but are further classified into affiliated or non-affiliated (independent). Affiliated outsiders are not members of the current management, or employees of the company, but have some influential link with the firm, such as consultants. Non-affiliated outsiders are usually referred to as independent directors, recruited because of their expertise, name, recognition and skills."

According to previous research, having a majority of outside directors, as opposed to inside directors means the organization is effectively practicing good corporate governance (Wang and Huynh, 2014). John and Senbet (1998) argued that "the boards of directors become more independent as the proportion of outside directors increased." According to Hermalin and Weisbach (2002) there is "very little theory on the determinants of optimal board composition." However, when looking at corporate governance across the world, it is found that in many countries (i.e the Eastern Asian countries) it is culturally preferred and more effective to have more inside directors than outside directors.

Board Autonomy:

Autonomy is measured through several sub-indexes measuring independence, effectiveness and structure. Independence requires that "board members have no affiliation with the company, its parent, or any firm with which the company does business". The independence index includes whether or not the CEO and Chair positions are split and the independence of audit and compensation committees from the influence of top management. The effectiveness index measures various aspects such as regularity of board meetings (Klein, Shapiro and Young, 2005).

Corporate Governance Practices at the Country and International Level:

Following several financial crises at both domestic and international levels (i.e. Asia Financial Crisis in 1997) corruption and poor governance practices were exposed in corporations across the world. To solve the problems attributed to poor practices, governments introduced frameworks and guidelines of good corporate governance practices (Sarbanes-Oxley in the U.S, MCGG in Malaysia, and the Cadbury Report) (Denis and McConnell, 2003; Yusuf et al. 2012). A key point that researchers stressed on was that the impact of corporate governance measures on performance differ across cultures. One difference between countries corporate governance systems is the differences in the ownership control of firms that exist across countries. Systems of corporate governance therefore can be distinguished according to the degree of ownership and control and the identity of controlling shareholders (Hannifa and Huddaib, 2006). For example, in countries in the Far East, most companies are family-owned and it is considered normal that corporations would have more than one family member serving on the board of directors. It was found that "two-thirds of listed firms in East Asia countries are controlled by a single shareholder with 60% of managers in these companies members of the family of the controlling shareholder" (Bruton, Ahlstrom and Wan, 2003; Filatochev et al., 2005). Therefore, it comes as no surprise to assume that those who favor a higher proportion of outsiders is likely to be less biased and are able to objectively monitor managers' performance. In most Western countries (U.S, U.K and France) the law, (or even the trend) would require that there be a higher or equal proportion of outside directors to inside directors. Japan, on the other hand is the opposite, where the average board would have 2 outsider and 12 inside directors (Wheelen and Hunger, 2010).

Benefits of Corporate Governance:

Good corporate governance practices will help organizations to avoid the conflicts of interests among stakeholders by ensuring that proper monitoring, evaluating and influencing, and determining the firm's strategy (Wheelen and Hunger, 2010). This will hence create competitive advantages that lead to sustainable economic development as well as improved performance for the organizations.

Poorly governed firms are expected to be less profitable, more susceptible to bankruptcy and smaller payouts to their firms. On the other hand, well-governed firms are expected to have higher profits, less bankruptcy risks and bigger cash pay-outs to their shareholders (Kyereboah-Coleman et al, 2006). Claessens (2003) also argues that "better corporate frameworks benefit firms through greater access to financing, lower cost of capital, better performance and more favourable treatment of all stakeholders", while weak corporate governance does not only lead to poor firm performance and risky financing patterns, but is also conducive to macroeconomic crises like the 1997 East Asia crisis.

Corporate Governance Barriers

Following major corporate collapses in various developed stock markets in the last two decades, steps have been taken to avoid similar situations at the micro- or macro-level. Many academicians attributed these to poor corporate governance practices (Filatochev, et al., 2005) prompted the governments in the region to seriously consider ways of improving the governance structures in their respective countries. Most of the countries in the region have each now established a Code of Corporate Governance to ensure the continuance of good corporate governance practices as well as boost investor confidence. However, "the principles outlined in most of the Codes in these countries are largely derived from recommendations in developed countries and may not necessarily be applicable to developing countries." Every

nation has its own national character as well as social and economic priorities and as such, what is desirable in one country may not be so in another. Likewise, every corporation has its own unique history, culture and business goals. Hence, efforts to reform corporate governance should take into account all of these factors (Hannifa et al., 2006)

Organizational Performance and the Balanced Scorecard:

In all areas of management, organizational performance is the key tool in evaluating a firm's financial and non-financial results, as well as way to draw comparisons with rival organizations. Performance is "the most important criterion in evaluating organizations, their actions and environments" (Richard et.al, 2009)

The balanced scorecard, first introduced in 1992 by Kaplan and Norton, is a performance measurement system that gives an encompassing view of the firm's financial and non-financial perspectives. These perspectives encourage managers to look past typical financial measures. These measures include: (1) financial measures (concerned with how the firm looks to shareholders) (2) customer measures (considers how the firm looks to customers) (3) internal process measures (concerned with what the firm must excel at) (4) learning and growth (concerned with actions to improve and create value) (Bose and Thomas, 2007).

"The aim of the BSC is to formulate operational objectives and financial and non-financial performance measures in each of these four perspectives." (Lord, Shanahan and Gage, 2006).

The first part of the statement reiterates what others have studied in terms of creating objectives based on a firm's vision and strategy (Niven, 2002; Huang, 2007 and Alzwyarif, 2012).

The balanced scorecard encourages managers to look beyond traditional accounting measures and also focus on non-financial aspects of the firm (Bose and Thomas, 2007). Proponents of

the BSC argue that accounting and financial measures do not accurately reflect good or bad financial results, nor does it reflect true firm performance. These measures do not take into account intangible assets of the firms such as "research in progress, human resources and the good-will as well as the bad which the company has built." (Norreklit, 2000). By implementing benchmarks for non-financial aspects of the firm (customer processes and employee performance), the firm is able to create corporate strategy. Kaplan and Norton (1996) furthered their study of the balanced scorecard and explained that it was a tool to clarify the firm's vision, and in turn, the corporate strategy. Creating this strategy is based on turning the organization's vision into goals based on the four BSC perspectives (Bose and Thomas, 2007).

Olven et al. (1999) put forward four processes to help implement this BSC based strategic management system. These processes involve: translating the vision into translatable goals at all managerial levels; communicating those goals across the organization; integrating firm's business and financial plans; and receiving feedback such that strategic learning takes place. All these processes involve measuring a firm's daily operations through direct cause-and-effect linkages (Ronchetti, 2006).

To reinforce the notion of a translatable mission, vision and strategy, the selected BSC measures must reflect the organization's strategic objectives (financial and non-financial).

Financial measurement is the most common performance measurement tool. It typically uses return on investment (ROI), return on equity (ROE) and operating income. These numbers ascertain whether or not the company is reaching the bottom-line and reflects "economic consequences of actions already taken"(Bose and Thomas, 2007). The strategic objectives would usually include improving returns, broadening revenue mix and reducing cost structure;

therefore using traditional financial measures that would help managers answer questions like: "To succeed financially, how do we appear to our shareholders?" (Kaplan and Norton, 1996; Najjar and Kalaf, 2012).

Customer perspective is how customers view and perceive the organization. It identifies the target market and segments while measuring the success of this segment (Chia, Goa and Hum, 2009). According to Abran and Buglione (2003), this perspective includes customer satisfaction, customer retention and market share in target segments. Customers are key in developing any firm's business strategy (Najjar and Kalaf, 2012), where strategic objectives include increasing customer satisfaction with product services as well as increasing satisfaction "after the sale" or service has been given. The customer concerns are divided and measured in four different categories: quality, time, performance and cost. Quality involves the defected number of product/service the customer measures. Lead time involves the time taken to answer customer needs. It can be measured through customer satisfaction, retention and acquisition (Kaplan and Norton, 1996).

Internal process perspectives measures focus on the internal processes which help the organization achieve its goals (Chi, Goa and Hum, 2009). It is related to all internal processes that have the greatest impact on customer satisfaction and achieving financial goals (Abran and Buglione, 2003). This is furthered by Al- Najjar and Kalaf's (2012) idea that the internal business processes of a firm provide a way to answer the manager's question of "What business processes must we excel at to satisfy our customers and shareholders?". The internal business process perspective puts forward a framework of analysis and measurement. The framework involves innovation processes, followed by operational processes and lastly, after-sale processes. The innovation process involves product/service development and discovering customer preferences and needs. The operational process is where the organization develops,

markets and delivers its new product/service. After-sales is the process where service/product is monitored (Bose and Thomas, 2007; Sawalqa, Holloway, Alam, 2011).

The learning and growth process differs from the other three perspectives. The first three realize where the company has *been*, whereas learning and growth reflects where it wants to *be* and how it can get there, through realizing the strategic plan (Bose et. al, 2007). This perspective has three dimensions: people, systems and organizational perspectives. Abran et al. (2003) have stated that the organization creates growth and improvement through monitoring and improving these three dimensions. This involves open communication with employees about organizational processes to create value for the firm (Chia, Goh, Hum, 2009).

Benefits of the Balanced Scorecard:

The Balanced Scorecard provides many benefits to the organization in creating the strategy and achieving the firm's goals. It provides an encompassing view of the firm's tangible and intangible assets, as well as, where those assets can take the organization into the future (Al-Najjar, et al., 2012). Unlike traditional performance measures (which only gives financial figures that do not accurately reflect a firms true performance), the balanced scorecard simultaneously works as a "performance management process and strategy implementation tool .Using the BSC means that performance measures are aligned with the mission and strategy; while at the same time creating a system of continuous feedback where all members of the organization are aware of their contribution to the firm's business processes and how those said processes can be improved (Huang,2007).

The Effect of Corporate Governance on Performance using the Balanced Scorecard:

Corporate governance is a way to establish ownership and control within an organization or "supervising and holding to account those who direct and control management" (Kyereboah-Coleman, et al. 2006). Corporate governance is concerned with the relationship between the internal governance mechanisms of corporations and stakeholders' perception of corporate accountability (Deakin and Hughes, 1997). It has also been defined by Keasey et al. (1997) to include "the structures, processes, cultures and systems that engender the successful operation of organizations".

According to Atkinson et al. (1997) the reason why the balanced scorecard redefines the vision and strategy of the firm using the four perspectives is to include all stakeholders in balancing out the company's activities. When viewing the BSC measures, we find that some stakeholders are not included in the perspectives, such as suppliers, creditors, the government, etc. The BSC perspective mostly includes internal stakeholders (customers, employees, shareholders) (Norreklit, 2000).

Corporate governance involves having the board of directors determine organizational direction and performance. In order for the BOD to be able to do that, it must formulate a strategy based on the company's vision. The formulation of the strategy must be from the top management in conjunction with the board even if goals are created at lower levels in the organization (Abdullah et al., 2013). According to Novak (2000), it is very important that all members of the organization are clear their understanding of the firm's strategy, vision and goals

In 2001, Kaplan and Norton expostulated on their study of the BSC and further developed the performance measure into helping top management and the boards of director create a strategy. After interviewing over 200 senior managers, Kaplan et al. (2001) created a "strategy

map". This strategy map was a general framework that organized the firm's vision and strategy into definable goals that were based on the four perspectives. Therefore, rather than delivering a general strategy based on financial targets, the firm would be able to create a strategy map based on the Balanced Scorecard. This framework would then be delivered to the organization "creating a common and understandable point of reference for all organizational units and employees." The authors put forward five principles illustrating how a firm can be a strategy focused organization. They include: (1) Translating the strategy into operational terms (financial and customer targets) (2) Align the organization to the strategy (3) Make strategy everyone's day job (all members of the organization will implement strategy into their internal business processes) (4) Make strategy a continual process (learning and growing with changes in the organization) (5) Mobilize leadership for change. Here we link the effect that an active board of management has on the organization's performance according to financial, customer, internal process and learning and growth perspectives.

Board composition depends on the number of inside directors as opposed to outside directors; while board autonomy involves the independence and effectiveness of a board. According to some previous studies, in most Western cultures having more outside directors means the interests of company's stakeholders are being looked out for and performance improved (John and Senbet, 1998; Wang and Huynh, 2014); while other studies found no significant relationship between board composition, board independence and performance (Hermalin and Weisbach, 2002). Many studies, however, found that a more effective board (i.e. periodical meetings where monitoring, evaluating and determining took place) was likely to get a good performance review (Klein, Shapiro and Young, 2005). Corporate governance mechanisms can therefore be reviewed by measuring whether or not organizational objectives have been met.

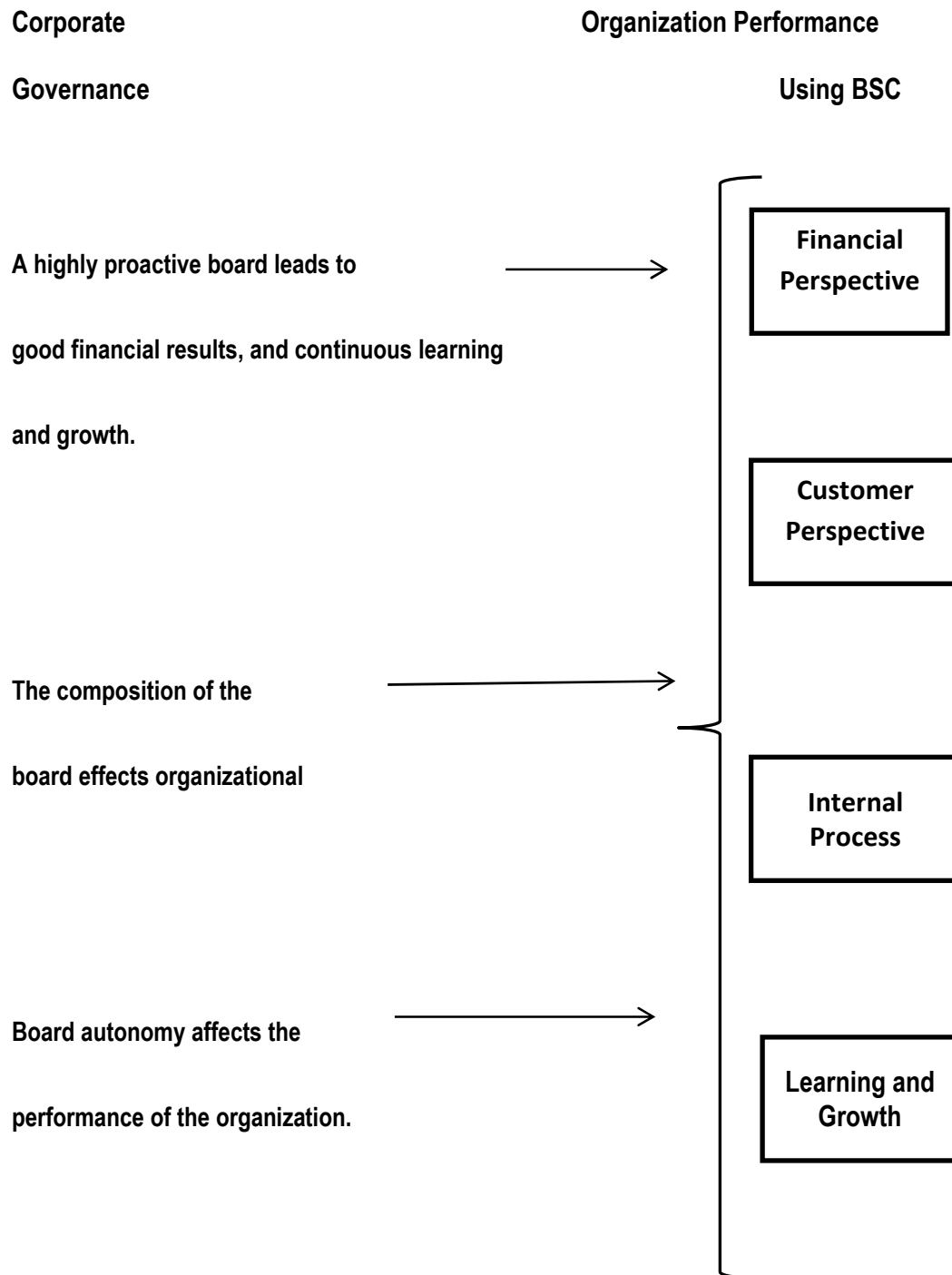


Figure (2.1): Linking Corporate Governance Practices to Organizational Performance Using the Balanced Scorecard (Kaplan and Norton, 2001; Klein, Shapiro and Young, 2005; Wheelen and Hunger, 2010).

(2-2): Previous Studies:

1- Corporate Governance, Family Ownership and Firm Value: The Canadian Evidence (Klein, Shapiro and Young, 2005)

The study contributed to the literature of the relationship between firm value and performance and newly released indices corporate governance in a sample of 263 Canadian firms. The study used a comprehensive index of corporate governance measures which included: board composition, shareholding and compensation policies, shareholder rights policies and disclosure policies. These measures were not only tested for their effect on performance but also which governance factors were found to be more important than others. The most important index addressed here is board composition. The board composition sub-index uses board autonomy, structure and effectiveness. Autonomy uses independence of the board as part of this sub index where independence "rules out family members, suppliers or customers as being independent. Independence requires that members have no affiliation with the company, its parent or any firm with which the company does business." The sub index includes measures of CEO-Chairman split (structure) and regularity of board meetings (effectiveness). It was found that the all the governance sub-indexes had a significant positive effect on firm performance, except for board composition, which was not positively related to performance or had any significant effect.

2- Corporate Governance Structure and Performance of Malaysian Listed Companies (Hannifa and Hudaib, 2006)

This study was conducted between the years 1996 and 2000. The researchers studied the relationship between corporate governance structure and the accounting and marketing performance of 347 companies listed on the Kuala Lumpur Stock Exchange (KLSE). Hannifa and Hudaib stressed that the impact of corporate governance measures on performance differ across cultures (i.e. in Malaysia there is a high concentration of ownership (little protection for minority shareholders). There is no separation between owners and shareholders, while corporations enjoy close relations with banks, resulting in possible moral hazard lending in times of financial bailouts. They studied the effects of board size, board composition, role duality, multiple directorships, top five shareholders, and managerial shareholders on accounting performance (return on assets, gearing, sales, and capital expenditure) and market performance (industry type based on KLSE classifications). The key findings of this study (as pertaining to this one) showed that board composition has no significant effect on marketing or accounting performance. Multiple directorships (i.e. sitting on more than one board) were found to negatively impact market performance; while at the same time having no significant effect on accounting performance. Role duality (CEO of firm doubles as chairman of the board) was also found to negatively impact accounting performance, while having no significant effect on market performance.

3- The Relationship between Board Size, Board Composition, CEO Duality and Firm Performance Experience from Ghana (Kyereboah-Coleman and Biekpe, 2006)

This study was conducted in Ghana, using a sample of non-financial firms listed in the Ghana Stock Exchange, using annual data from the years 1990-2001. It studied the impact of

corporate governance measures on performance measures namely ROA, Tobin's Q, and growth in sales. Corporate governance measures used included: board size, board composition and CEO duality. They found that board size positively impacts ROA and Tobin's Q, although researchers did not necessarily encourage that all firms should automatically increase the number of board members. Board composition had a negative impact on Tobin's Q and firm profitability showing that the "independence of the board is not necessarily critical for the effective performance of any firm." The corporate governance measure of role duality was found to negatively impact ROA, Tobin's Q and sales growth.

4- The Link Between Corporate Governance and Performance of the Non-Traditional Export Sector: Evidence from Ghana (Kyereboah-Coleman and Biekpe, 2006)

The study was conducted over a ten-year period (1995-2004), and examined the effects of governance mechanisms on the performance of non-traditional export (NTE) firms in Ghana. Corporate governance mechanisms included: board size, CEO duality, board composition and ownership structure. It is important to note that the sample showed 54% of the owners to be non-Ghanians; so it would be assumed that foreign ownership is common among Ghana's NTE firms. It was also implied that more inside directors were on the board than outside directors. Results of the study were mixed, showing that the effect of board size and CEO duality on performance were inconclusive. Board composition and ownership structure, however, were found to have a positive impact on performance of export firms.

5- Corporate Governance, Transparency, and Performance in Malaysian Companies (CheHaat, Abdul Rahman and Mahenthiran, 2008)

This study investigated the effect of corporate governance practices on transparency and performance of 146 Malaysian firms listed in the Malaysian Stock Exchange in the year 2002. The study was undertaken, since many experts believed that poor corporate governance practices were one of the driving forces of the Asia financial crisis of 1997. The researchers studied the governance mechanisms of 73 good performance companies with 73 comparable poor performance companies, where governance mechanisms included the role of board of directors and board independence. They tested the effects of good corporate governance practices (i.e. debt monitoring, foreign ownership,) on corporate transparency (i.e disclosure and timeliness of reporting) and performance. Indications of the study found that "internal governance mechanisms are not important determinants of corporate performance. However, governance in forms of debt monitoring and foreign ownership do have significant influence on corporate performance. Transparency was not found to be a significant mediating variable."

6- Board Composition and Performance in Indian Firms: A Comparison (Dey and Chauhan, 2009)

This study used a sample of 420 organizations listed on the Bombay stock exchange for the time period 2006-2007. It was conducted using only one corporate governance measure; board composition and its effect on the performance of four categories of firms (public sector undertakings (PSUs), private stand-alone firms, subsidiaries of foreign firms, and private business group affiliated firms) Board composition consists of board size and board independence, where board size included the number of sitting directors on the board and board independence was the number of non-affiliated directors. Researchers hypothesized that

both board size and board independence had an insignificant effect on the firm performance of all four categories of firms. It was found, with regards to private stand alone firms and group affiliated firms, that while board size had a significant effect on performance, board independence did not. The same results were found with foreign subsidiaries. Not surprisingly, it was found that firm performance of PSUs was not significantly affected by board size or board independence.

7- Ownership Structure, Corporate Governance, and Corporate Performance in Malaysia (Ghazali, 2010)

After the Asia financial crisis of 1997, new regulations were implemented to monitor corporate governance practices and realize long term shareholder value. The regulations were referred to as the Code. Part 1 of the code gave guidelines for good corporate governance principles, while Part 2 of the code suggested guidelines to help firms design a structure better suited for corporate governance. The study sample included 87 companies that assumed (as the Malaysian government did) better corporate governance practices led to better overall performance. Governance measures included: board size, independent directors (outside directors), and chair independence (separation of CEO and chair). They assumed that smaller boards, higher proportion of independent directors, and chair independence lead to better corporate performance. After conducting the study, it was found that none of the corporate governance variables were statistically significant in explaining corporate performance.

8- The financial crisis, internal corporate governance and the performance of publicly-traded U.S bank holding companies (Cornett, McNutt & Tehranian, 2010)

This study looked at the internal corporate governance mechanisms and the effect these mechanisms had on the performance of publicly-traded U.S bank holding companies before and during the U.S financial crisis between 2003 and 2009. The internal corporate governance mechanisms included executive ownership, affiliated director ownership, frequency of board meetings, and CEO-Chair duality. The performance measures included profit, net income and return on assets.

In the study, it was found that in the years 2003-2006 (prior to the financial crisis) governance mechanisms are strongly emphasized in banks leading to good performance, such as. However, just prior to and during the financial crisis (2007-2009), it was found that "several measures of internal corporate governance weakened significantly", particularly in large banks that suffered the most significant losses through drops in related stock returns. Examples of weakening internal governance controls included the failure of boards to meet more frequently at a time of crisis and CEOs continuing "to serve in the dual role of board chair." Researchers stated in regards to governance mechanisms that "..... a time when effective corporate governance seems most critical, banks, particularly large banks, appear to decrease internal monitoring."; thus showing the importance of internal monitoring at times of financial crisis and its effect on performance.

9- The impact of internal attributes of corporate governance on firm performance: Evidence from Pakistan (Sheikh, Wang and Khan, 2012)

The study was conducted over a period of five years on a sample of 154 firms in Pakistan. Like many countries in the late 1990's the Securities Exchange Commission of Pakistan introduced a framework to develop corporate governance practices and "foster investor confidence in the Pakistani market." The framework was designed to implement best practices of corporate governance adopted from international legal standards to protect shareholder interests (particularly minority shareholders) The internal attributes of corporate governance included board size, outside directors, CEO duality, and managerial ownership of firm. They hypothesized that all governance attributes were positively related to firm performance. The results of that study showed that board size was positively related to firm performance; while CEO duality is positively correlated with only earnings per share (EPS). Outside directors and managerial ownership, however, were found to be negatively related to earnings per share.

10- Ownership Structure, Corporate Governance and Firm Performance: Evidence from an Emerging African Market (Mollah, Farooque and Karim, 2012)

This study was conducted with a study sample of 19 firms in the Botswana Stock Exchange. The purpose of the study was to broaden the research conducted on the topic of corporate governance and its effect on ownership structure, board characteristics and firm performance of these companies. Ownership structure referred to diverse ownership pattern (dispersed shareholders while control of firm is in the hands of corporate management). Board characteristics included board size and board independence. The results of the study (limited by the small sample size), found that dispersed ownership structure had a significant positive effect on firm performance. This is contrary to many findings of other empirical studies and is

interesting because Botswana is considered to have one of the most promising emerging stock markets in Africa.

11- Corporate Governance and Firm Performance of Listed Companies in Malaysia (Yusuf and Alhaji, 2012)

The study, conducted between 2009 and 2011, examined the relationship between corporate governance and firm performance of 813 companies listed on the Bursa Malaysia. The companies represented nine sectors of the Malaysian stock exchange. Corporate governance measures included proportion of non-executive directors (NED), board leadership structure (the separation between CEO and chair leads to a separate leadership structure to effectively monitor CEO) and board size. Performance measures were financial and included earnings per share (EPS) and return on equity (ROE). The researchers put forward hypotheses stating the existence of a relationship between governance measures and firm performance. The role of independent non-executive directors and its effect on firm performance was mixed, depending on the amount of time the independent NED has devoted to involvement in company's operation, accepting the hypothesis put forward that a relationship exists between NEDs and firm performance. It was found that few companies in Malaysia had a board in which the CEO also served as Chairman (only in a few family-owned companies), therefore it was found that there was no relationship between leadership structure and firm performance. Finally, it was found that boards with 13- 15 members were more effective in monitoring and controlling the firms, thus a relationship was found to exist between board size and firm performance.

12- Corporate Governance and Financial Performance of Indian Firms (Gugnani, 2013)

This study investigated the relationship between corporate governance and performance of 97 manufacturing firms listed on the Bombay Stock Exchange between the years 2005 and 2012. The firms spanned 18 different sectors/ industries. Governance measures included: board size, board composition, duality in terms of board ownership, and insider promoter's holdings. It was hypothesized that board size and CEO duality had a negative relationship with performance while board independence and insiders holdings had a positive relationship with financial performance. All hypothesis were rejected in the study, except for the financial measure of profit margin, where it was found that profit margin is significantly related to board size and promoter's holdings. Interestingly, it was found that larger boards adversely affect profit margin. The proportion of promoter's holdings was found to positively related to financial performance measures as well.

13- Impact of Corporate Governance on Firm Performance: Evidence from Sugar Mills of Pakistan (Latif, Shaheed, UIHaq, Waqas, Arshad, 2013)

The research examined the effect of corporate governance mechanisms (board size, board composition, CEO-Chairman duality) on firm performance (return on assets (ROA)) in 12 sugar mills of Pakistan from the year 2005-2012. Latif et al. found that board size had a significant effect on firm performance, while board composition did not. With regards to CEO-Chairman duality, it was found that in family firms when the CEO doubles a Chairman of the board, performance of the firm increases.

Chapter Three

Methods and Procedures

(3-1): Introduction

(3-2): Study Methodology

(3-3): Study Population and Sample

(3-4): Demographic Characteristics of Study Respondents

(3-5): Study Tools and Data Collection

(3-6): Statistical Treatment

(3-7): Validity and Reliability

(3-1): Introduction

In this chapter the researcher will describe in detail the methodology used in this study, and the study population and its sample. Next, the researcher will design the study model and explain the study tools and the way of data collections. After that, the researcher will discuss the statistical treatment that is used in the analysis of the collected data. In the final section the validation of the questionnaire and the reliability analysis that is applied will be clearly stated.

(3-2): Study Methodology

Empirical data were collected and analyzed through a quantitative investigate approach. This approach was chosen because the current study was concerned with testing the validity and discerning the suitability of the constructed evaluatory model.

Investigation research was deemed the most suitable technique of measuring the quantitative data (Neuman, 2003). Leedy and Ormrod (2005) defined Investigation research as research include gathering of information about the subject of the object to be measured from the members of the study sample and analyzing their responses to a set of predetermined questions.

The research design chosen for the study is the survey research. The survey is an attempt to collect data from members of a population in order to determine the current status of that population with respect to one or more variables. The survey research of knowledge at its best

can provide very valuable data. It involves a careful design and execution of each of the components of the research process.

The researcher designed a survey instrument that could be administered to selected subjects.

The purpose of the survey instrument was to collect data about the respondents on study variables.

(3-3): Study Population and Sample

The study population consists of (10) Jordanian Private Hospitals as clarify in table (3-1). The unit of analysis consists of all individuals who assume managerial responsibilities and are, thus, located in one of the three main managerial levels (top, middle, and lower levels) in these hospitals. Based on this, a total of (197) respondents were targeted, from which a total of (194) answered questionnaires were retrieved, of which (1) were invalid. Thus, (193) answered questionnaires were valid for study.

Table (3-1)
Jordanian Private Hospitals

| <i>No.</i> | <i>Name of Hospital</i> | <i>Number of Responses</i> |
|--------------|------------------------------------|----------------------------|
| 1 | Arab Medical Center | 17 |
| 2 | Dr. Ahmed Hamayda General Hospital | 14 |
| 3 | Hayat Hospital | 17 |
| 4 | Ibn-Alhaytham Hospital | 23 |
| 5 | Istiklal Hospital | 21 |
| 6 | Istishari Hospital | 24 |
| 7 | Jordan Hospital | 22 |
| 8 | Palestine Hospital | 19 |
| 9 | Specialty Hospital | 21 |
| 10 | The International Hospital | 19 |
| <i>Total</i> | | 197 |

(3-4): Demographic Characteristics of Study Respondents

Tables (3-2) ; (3-3) ; (3-4) ; (3-5) and (3-6) shows the demographic variables of the study sample (Gender; Age; Qualification; Number of Employees and Hospital Age).

Table (3-2)
Descriptive the Gender of the sample

| <i>Variables</i> | <i>Categorization</i> | <i>Frequency</i> | <i>Percent</i> |
|------------------|-----------------------|------------------|----------------|
| Gender | Male | 86 | 44.6 |
| | Female | 107 | 55.4 |
| <i>Total</i> | | 193 | 100% |

Table (3-2) clarifies the gender of the study sample, that (44.6%) of the study sample were male and (55.4%) of the study sample were female

Table (3-3)

Descriptive the Age of the sample study

| <i>Variables</i> | <i>Categorization</i> | <i>Frequency</i> | <i>Percent</i> |
|------------------|------------------------------|------------------|----------------|
| <i>Age</i> | Less than 30 Years | 57 | 29.5 |
| | From 30 – Less than 40 Years | 66 | 34.2 |
| | From 40 – Less than 50 Years | 40 | 20.7 |
| | From 50 – Less than 60 Years | 24 | 12.4 |
| | 60 Years and older | 6 | 3.1 |
| <i>Total</i> | | 193 | 100% |

Table (3-3) shows that the (29.5%) of the sample range Aged less than 30 Years, (34.2%) of the sample range Aged between 30 – Less than 40 Years, (20.7%) of the sample range Aged between 40 – Less than 50 Years. (12.4%) of the sample range Aged between 50 – Less than 60 Years, Finally, (3.1%) of the sample range Aged 60 Years and older.

Descriptive analysis of the qualification in the table (3-4) shows that the (16.6%) from the study sample were having 2 Years Diploma degree, (54.4%) from the study sample having Bachelors degree, (16%) from the study sample having High Diploma or Masters degree, finally, (13%) from the study sample having Doctorate degree.

Table (3-4)

Descriptive the qualification of the sample study

| <i>Variables</i> | <i>Categorization</i> | <i>Frequency</i> | <i>Percent</i> |
|------------------|-------------------------|------------------|----------------|
| Qualification | 2 Years Diploma | 32 | 16.6 |
| | Bachelors | 105 | 54.4 |
| | High Diploma or Masters | 31 | 16 |
| | Doctorate | 25 | 13 |
| <i>Total</i> | | 193 | 100% |

From the Number of Employees within the Organization variable in the table (3-5), the results shown that (18.6%) range number of employees less than 50, (17.6%) range number of employees between 50 – Less than 100, (25.4%) range number of employees between 100 – Less than 150. (14%) range number of employees between 150 – Less than 200. Finally, (24.4%) of the sample range number of employees 200 or more.

Table (3-5)

Descriptive the Number of Employees within the Organization

| <i>Variables</i> | <i>Categorization</i> | <i>Frequency</i> | <i>Percent</i> |
|--|--------------------------|------------------|----------------|
| <i>Number of Employees within the Organization</i> | Less than 50 | 36 | 18.6 |
| | From 50 – Less than 100 | 34 | 17.6 |
| | From 100 – Less than 150 | 49 | 25.4 |
| | From 150 – Less than 200 | 27 | 14 |
| | 200 or more | 47 | 24.4 |
| <i>Total</i> | | 193 | 100% |

Table (3-6)
Descriptive the Hospital Age

| <i>Variables</i> | <i>Categorization</i> | <i>Frequency</i> | <i>Percent</i> |
|---------------------|------------------------------|------------------|----------------|
| <i>Hospital Age</i> | Less than 5 Years | 66 | 34.2 |
| | From 5 – Less than 10 Years | 33 | 17 |
| | From 10 – Less than 15 Years | 21 | 10.9 |
| | From 15 – Less than 20 Years | 36 | 18.7 |
| | 20 Years and above | 37 | 19.2 |
| <i>Total</i> | | 193 | 100% |

Table (3-6) shows that the (34.2%) of the hospital range Aged less than 5 Years, (17%) of the hospital range Aged between 5 – Less than 10 Years, (10.9%) of the hospital range Aged between 10 – Less than 15 Years. (18.7%) of the hospital range Aged between 15 – Less than 20 Years, Finally, (19.2%) of the hospital range Aged 20 Years and above.

(3-5): Study Tools and Data Collection

The current study is of two folds, theoretical and practical. In the theoretical aspect, the researcher relied on the scientific studies that are related to the current study. Whereas in the practical aspect, the researcher relied on descriptive and analytical methods using the practical manner to collect, analyze data and test hypotheses.

The data collection, manners of analysis and programs used in the current study are based on two sources:

1. Secondary sources: books, journals, and theses to write the theoretical framework of the study.
2. Primary source: a questionnaire that was designed to reflect the study objectives and questions.

In this study, both primary and secondary data were used. The data collected for the model were through questionnaire. After conducting a thorough review of the literature pertaining to study variables, the researcher formulated the questionnaire instrument for this study.

The questionnaire instrumental sections are as follows:

Section One: **Demographic Variables**. The demographic information was collected with closed-ended questions, covering (5) factors (Gender; Age; Qualification; Number of Employees and Hospital Age).

Section Two: **Corporate Governance**. This section measured the **Corporate Governance** through (3) dimensions (Proactive Role of Board of Directors; Board Composition and Board Autonomy); (13) items as follows:

| | | | |
|-----------------------------|--------------------------------------|-------------------|----------------|
| Corporate Governance | Proactive Role of Board of Directors | Board Composition | Board Autonomy |
| No. of items | 5 | 4 | 4 |
| Items Arrangement | 1 - 5 | 6 - 9 | 10 – 13 |

All items of Corporate Governance were measured on a Likert-type scale as follows:

| | | | | |
|--------|------------------|-----------|--------|-------|
| Always | Most of the time | Sometimes | Rarely | Never |
| 5 | 4 | 3 | 2 | 1 |

Section Two: **Organizational Performance through Balanced Scorecard Perspective**. This section measured the **Organizational Performance** using balanced scorecard perspectives through (4) perspectives (Financial; Customers; Internal and Learning and growth); (20) items as follows:

| | | | | |
|-----------------------------------|-----------------------|----------------------|----------------------|----------------------|
| Organizational Performance | Financial Perspective | Customer Perspective | Internal Perspective | Learning Perspective |
| No. of items | 5 | 5 | 5 | 5 |
| Items Arrangement | 14 - 18 | 19 - 23 | 24 - 28 | 29 - 33 |

All items of Organizational Performance were measured on a Likert-type scale as follows:

| | | | | |
|----------------------|------------------------|---------------------------------|---|------------------------|
| Never ابدا | Rarely نادرا | Sometimes بعض الاحيان | Most of the Time معظم الاوقات | Always دائما |
| (1) | (2) | (3) | (4) | (5) |

(3-6): Statistical Treatment

The data collected from the responses of the study questionnaire were used through *Statistical Package for Social Sciences (SPSS Ver.21)* for analysis and conclusions. Finally, the researcher used the suitable statistical methods that consist of:

(3-6-1): Descriptive Statistics Methods:

- *Percentage and Frequency.*
- *Arithmetic mean* to identify the level of response of study sample individuals to the study variables.
- *Standard Deviation* to Measure the responses spacing degree about Arithmetic Mean.
- Relative importance, assigned due to:

$$\text{Class Interval} = \frac{\text{Maximum Class} - \text{Minimum Class}}{\text{Number of Level}}$$

$$\text{Class Interval} = \frac{5 - 1}{3} = \frac{4}{3} = 1.33$$

The Low degree from 1- less than 2.5

The Medium degree from 2.5 – 4.00

The High degree from 4.1 and above.

(3-6-1): Inference Statistics Methods

- Cronbach Alpha reliability (α) to measure strength of the correlation and coherence between questionnaire items.
- Variance Inflation Factor and Tolerance to make sure that there are no Multicollinearity between independent variables.
- Multiple Regression analysis to Measure the effect of Corporate Governance variables on Organizational Performance.

- Simple Regression analysis to Measure the effect of every dimension of Corporate Governance on Organizational Performance.

(3-7): Validity and Reliability

(3-7-1): Validity

To test the questionnaire for clarity and to provide a coherent research questionnaire, a macro review that covers all the research constructs was thoroughly performed by academic reviewers from Middle East University specialized in faculty and practitioners Business Administration, Marketing. Some items were added, while others were dropped based on their valuable recommendations. Some others were reformulated to become more accurate to enhance the research instrument. The academic reviewers are (4) and the overall percentage of response is (100%), (see Appendix B).

(3-7-2): Study Tool Reliability

Cronbach's alpha, was used to determine the internal consistency reliability of the elements comprising the four constructs as suggested by Gregory (2004). Reliability should be (0.60) or higher to indicate adequate convergence or internal consistency (Sekaran&Bougie, 2010: 184).

The High level of Cronbach Alpha (α) is to Organizational Performance = (0.942). The lowest level of Cronbach Alpha (α) is to Corporate Governance = (0.883).

These results are the acceptable levels as suggested by (Sekaran&Bougie, 2010: 184). The results were shown in Table (3-7).

Table (3-7)
Reliability of Questionnaire Dimensions

| No. | Variable | Dimensions | No of items | Cronbach's alpha Value |
|-------|-----------------------------------|--------------------------------------|-------------|------------------------|
| 1 | Corporate Governance | | 13 | 0.883 |
| (1-1) | | Proactive Role of Board of Directors | 5 | 0.803 |
| (1-2) | | Board Composition | 4 | 0.713 |
| (1-3) | | Board Autonomy | 4 | 0.717 |
| 2 | Organizational Performance | | 20 | 0.942 |
| (2-1) | | <i>Financial</i> | 5 | 0.865 |
| (2-2) | | <i>Customer</i> | 5 | 0.919 |
| (2-4) | | <i>Internal</i> | 5 | 0.785 |
| (2-4) | | <i>Learning & Growth</i> | 5 | 0.890 |

Chapter Four

Analysis Results & Hypotheses Test

(4-1): Introduction

(4-2): Descriptive Analysis of Study Variables

(4-3): Analysis Adequacy of the Data to Test the Study Hypotheses

(4-4): Study Hypotheses Test

(4-1): Introduction

According to the purpose of the research and the research framework presented in the previous chapter, this chapter describes the results of the statistical analysis for the data collected according to the research questions and research hypotheses. The data analysis includes a description of the Means and Standard Deviations for the questions of the study; Multiple Regression analysis.

(4-2): Descriptive Analysis of Study Variables:

(4-2-1): Corporate Governance

The researcher used the arithmetic mean, standard deviation, item importance and importance level as shown in Tables (4-1), (4-2) and (4-3).

(4-2-1-1): Proactive Role of Board of Directors

The researcher used the arithmetic mean, standard deviation, item importance and importance level as shown in Table (4-1).

Table (4-1) Clarifies the importance level of Proactive Role of Board of Directors, where the means for Proactive Role of Board of Directors range between (3.63 - 3.89) compared with general mean amount of (3.700). We observe that the highest mean for the "***The board of Directors gives advice and offers suggestions to the management staff on issues related to the hospital's affair***" with mean (3.89), Standarddeviation (1.106). The lowest mean was for the "***The board of Directors is keen on holding periodic meetings to follow up on their decisions and advice***" With Average (3.63) and Standarddeviation (1.243). In general, it appears that the Importance level of Proactive Role of Board of Directors in Jordanian Private Hospitals was high.

Table (4-1)

Arithmetic mean, SD, item importance and importance level of Proactive Role of Board of Directors

| No. | Proactive Role of Board of Directors | Mean | St.D | Item importance | Importance level |
|--|--|-------|-------|-----------------|------------------|
| 1 | The board of Directors is keen on holding periodic meetings to follow up on their decisions and advice | 3.63 | 1.243 | 5 | Medium |
| 2 | Board members take the leading role in monitoring management's actions and decisions | 3.66 | 1.093 | 3 | Medium |
| 3 | The board of Directors takes the leading role in formulating and modifying the missions, objectives, strategies and policies of the hospital | 3.64 | 1.052 | 4 | Medium |
| 4 | The board of Directors gives advice and offers suggestions to the management staff on issues related to the hospital's affairs | 3.89 | 1.106 | 1 | High |
| 5 | The board of directors is keen on reviewing how the hospital's resources are being used by the various departments | 3.68 | 1.203 | 2 | High |
| General Arithmetic mean and standard deviation | | 3.700 | 0.942 | | |

(4-2-1-2): Board Composition

The researcher used the arithmetic mean, standard deviation, item importance and importance level as shown in Table (4-2).

Table (4-2) Clarifies the importance level of Board Composition, where the means for Board Composition range between (2.52 - 3.69) compared with general mean amount of (3.151). We observe that the highest mean for the "**Most members have been serving in the hospital's board of directors for unlimited terms**" with mean (3.69), Standard deviation (1.201). The lowest mean was for the "**The hospital is keen on changing the members of its board of directors on a periodical basis**" With Average (2.52) and Standard deviation (1.259). In general, it appears that the Importance level of Board Composition in Jordanian Private Hospitals was Median.

Table (4-2)

Arithmetic mean, SD, item importance and importance level of Board Composition

| No. | Board Composition | Mean | St.D | Item importance | Importance level |
|--|---|-------|-------|-----------------|------------------|
| 6 | The trend in forming the hospital's board of directors is towards appointing outside director's more than inside directors | 2.82 | 1.430 | 3 | Medium |
| 7 | Board members have the combination of skills, (fundraising, management, legal, financial, marketing etc) necessary to do their work | 3.58 | 1.166 | 2 | Medium |
| 8 | Most members have been serving in the hospital's board of directors for unlimited terms | 3.69 | 1.201 | 1 | High |
| 9 | The hospital is keen on changing the members of its board of directors on a periodical basis | 2.52 | 1.259 | 4 | Medium |
| General Arithmetic mean and standard deviation | | 3.151 | 0.763 | | |

(4-2-1-3): Board Autonomy

The researcher used the arithmetic mean, standard deviation, item importance and importance level as shown in Table (4-3).

Table (4-3) Clarifies the importance level of Board Autonomy, where the means for Board Autonomy range between (2.80 - 4.00) compared with general mean amount of (3.343). We observe that the highest mean for the "***The CEO is keen on providing the board of directors with periodic reports of major issues***" with mean (4.00), Standarddeviation (1.186). The lowest mean was for the "***The hospital is keen on making sure that the CEO/ General Manager does not also serve as the Chairman of the board of directors***" With Average (2.80) and Standarddeviation (1.640). In general, it appears that the Importance level of Board Autonomy in Jordanian Private Hospitals was Median.

Table (4-3)

Arithmetic mean, SD, item importance and importance level of Board Autonomy

| No. | Board Autonomy | Mean | St.D | Item importance | Importance level |
|--|--|-------|-------|-----------------|------------------|
| 10 | The hospital is keen on making sure that the CEO/ General Manager does not also serve as the Chairman of the board of directors | 2.80 | 1.640 | 4 | Medium |
| 11 | There is a belief that the top management team exerts influence on the members of the board of directors in terms of actions and decisions | 2.72 | 1.143 | 3 | Medium |
| 12 | The CEO is keen on providing the board of directors with periodic reports of major issues | 4.00 | 1.186 | 1 | High |
| 13 | The board of directors effectively monitors the actions of the hospital's management team | 3.85 | 1.143 | 2 | High |
| General Arithmetic mean and standard deviation | | 3.343 | 0.741 | | |

(4-2-2): Organizational Performance (Balanced Scorecard Perspectives)

The researcher used the arithmetic mean, standard deviation, item importance and importance level as shown in Tables (4-4), (4-5), (4-6) and (4-7).

(4-2-2-1): Organizational Performance (Financial Perspective)

The researcher used the arithmetic mean, standard deviation, item importance and importance level as shown in Table (4-4).

Table (4-4) Clarifies the importance level of Organizational Performance (Financial Perspective), where the means for Organizational Performance (Financial Perspective) range between (2.97 - 3.70) compared with general mean amount of (3.414). We observe that the highest mean for the "**The hospital's financial department makes effective use of available funds**" with mean (3.70),

Standard deviation (1.071). The lowest mean was for the "***Our hospital's profits have increased at a higher percentage compared with competing hospitals***" With Average (2.97) and Standard deviation (1.209). In general, it appears that the Importance level of Organizational Performance (Financial Perspective) in Jordanian Private Hospitals was Median.

Table (4-4)

Arithmetic mean, SD, item importance and importance level of Organizational Performance (Financial Perspective)

| No. | Organizational Performance (Financial Perspective) | Mean | St.D | Item importance | Importance level |
|--|--|-------|-------|-----------------|------------------|
| 14 | Our hospital's profits have consistently increased over the last three years | 3.35 | 1.229 | 4 | Medium |
| 15 | Our hospital's profits have increased at a higher percentage compared with competing hospitals | 2.97 | 1.209 | 5 | Medium |
| 16 | Our hospital is successful in using its financial resources efficiently (maximizing the returns) | 3.50 | 1.217 | 3 | Medium |
| 17 | Our hospital is effective in maximizing its shareholders' wealth | 3.54 | 1.181 | 2 | Medium |
| 18 | The hospital's financial department makes effective use of available funds | 3.70 | 1.071 | 1 | High |
| General Arithmetic mean and standard deviation | | 3.414 | 0.953 | | |

(4-2-2-2): Organizational Performance (Customers Perspective)

The researcher used the arithmetic mean, standard deviation, item importance and importance level as shown in Table (4-5).

Table (4-4) Clarifies the importance level of Organizational Performance (Customers Perspective), where the means for Organizational Performance (Customers Perspective) range between (3.76 - 3.99) compared with general mean amount of (3.846). We observe that the highest mean for the "**The hospital is keen on building a positive image in the minds of its patients and stakeholder**" with mean (3.99), Standarddeviation (1.085). The lowest mean was for the "**The hospital makes an effort to provide good services to the satisfaction of customers**" With Average (3.76) and Standarddeviation (1.103). In general, it appears that the Importance level of Organizational Performance (Customers Perspective) in Jordanian Private Hospitals was High.

Table (4-5)

Arithmetic mean, SD, item importance and importance level of Organizational Performance (Customers Perspective)

| No. | Organizational Performance (Customers Perspective) | Mean | St.D | Item importance | Importance level |
|--|---|-------|-------|-----------------|------------------|
| 19 | The hospital continuously collects information about patients' satisfaction | 3.82 | 1.346 | 3 | High |
| 20 | The hospital collects information about patient needs and requirements | 3.80 | 1.280 | 4 | High |
| 21 | The hospital quickly and effectively responds to complaints made by patients | 3.86 | 1.202 | 2 | High |
| 22 | The hospital makes an effort to provide good services to the satisfaction of customers | 3.76 | 1.103 | 5 | High |
| 23 | The hospital is keen on building a positive image in the minds of its patients and stakeholders | 3.99 | 1.085 | 1 | High |
| General Arithmetic mean and standard deviation | | 3.846 | 1.049 | | |

(4-2-2-3): Organizational Performance (Internal Perspective)

The researcher used the arithmetic mean, standard deviation, item importance and importance level as shown in Table (4-6).

Table (4-4) Clarifies the importance level of Organizational Performance (Internal Perspective), where the means for Organizational Performance (Internal Perspective) range between (2.69 - 3.83) compared with general mean amount of (3.528). We observe that the highest mean for the "**The hospital continuously improves its facilities**" with mean (3.83), Standard deviation (1.101). The lowest mean was for the "**Patients wait for a long time before being treated**" With Average (2.69) and Standard deviation (1.248). In general, it appears that the Importance level of Organizational Performance (Internal Perspective) in Jordanian Private Hospitals was Median.

Table (4-6)

Arithmetic mean, SD, item importance and importance level of Organizational Performance (Internal Perspective)

| No. | Organizational Performance (Internal Perspective) | Mean | St.D | Item importance | Importance level |
|--|---|-------|-------|-----------------|------------------|
| 24 | The hospital management develops its health services | 3.80 | 1.088 | 2 | High |
| 25 | The hospital continuously improves its facilities | 3.83 | 1.101 | 1 | High |
| 26 | The hospital performs its administrative procedures in the quickest time possible | 3.60 | 1.183 | 4 | Medium |
| 27 | Patients wait for a long time before being treated | 2.69 | 1.248 | 5 | Medium |
| 28 | The hospital quickly responds to any emergency calls | 3.74 | 1.125 | 3 | High |
| General Arithmetic mean and standard deviation | | 3.528 | 0.783 | | |

(4-2-2-4): Organizational Performance (Learning & Growth Perspective)

The researcher used the arithmetic mean, standard deviation, item importance and importance level as shown in Table (4-7).

Table (4-7) Clarifies the importance level of Organizational Performance (Learning & Growth Perspective), where the means for Organizational Performance (Learning & Growth Perspective) range between (3.32 - 3.52) compared with general mean amount of (3.422). We observe that the highest mean for the "**Hospital management encourages employees to participate in training programs, conferences and workshops**" with mean (3.52), Standarddeviation (1.128). The lowest mean was for the "**The hospital empowers and supports its employees to experiment and learn**" With Average (3.32) and Standarddeviation (1.176). In general, it appears that the Importance level of Organizational Performance (Learning & Growth Perspective) in Jordanian Private Hospitals was Median.

Table (4-7)

Arithmetic mean, SD, item importance and importance level of Organizational Performance (Learning & Growth Perspective)

| No. | Organizational Performance (Learning & Growth Perspective) | Mean | St.D | Item importance | Importance level |
|--|---|-------|-------|-----------------|------------------|
| 29 | Management teaches and guides employees to improve hospital performance | 3.51 | 1.238 | 2 | Medium |
| 30 | The hospital empowers and supports its employees to experiment and learn | 3.32 | 1.176 | 5 | Medium |
| 31 | Hospital management encourages employee inquiries | 3.44 | 1.069 | 3 | Medium |
| 32 | Hospital management encourages employees to participate in training programs, conferences and workshops | 3.52 | 1.128 | 1 | Medium |
| 33 | Hospital managers rotate among departments to broaden their knowledge of hospital practices | 3.41 | 1.170 | 4 | Medium |
| General Arithmetic mean and standard deviation | | 3.422 | 0.973 | | |

(4-3): Analysis Adequacy of the data to test the Study Hypotheses

Before test the hypotheses of the study, the researcher conducted some tests in order to ensure the adequacy of the data for the assumptions regression analysis, it was confirmed that there is no high correlation between the independent variables Multicollinearity using the Variance Inflation Factor (VIF) and test Tolerance for each variable of the study variables taking into account the Variance Inflation Factor not to exceed the allowable value (10). And that the Tolerance value greater than (0.05).

Were also ensure that the data follow the normal distribution calculates the skewness coefficient, as the data follow a normal distribution if the value of skewness coefficient is less than (± 1). Table (4-8) shows the results of these tests.

Table (4-8)

Results of Variance Inflation Factor, Tolerance and skewness coefficient

| No. | Independent Variables | VIF | Tolerance | Skewness |
|-----|--------------------------------------|-------|-----------|----------|
| 1 | Proactive Role of Board of Directors | 1.417 | 0.706 | - 0.901 |
| 2 | Board Composition | 1.573 | 0.636 | - 0.009 |
| 3 | Board Autonomy | 1.429 | 0.700 | - 0.492 |

Evident from the results listed in Table (4-8) there is no Multicollinearity between the independent variables, confirms that the values of Variance Inflation Factor of the dimensions are (1.417 ; 1.573 ; 1.429) , respectively, less than (10) . As can be seen that the values of Tolerance ranged between (0.636 - 0.706) which is greater than (0.05). This is an indication that there is no Multicollinearity between the independent variables

While to make sure that the data follow a normal distribution the researcher calculates the Skewness coefficient where the values were less than (1).

(4-4): Study Hypotheses Test

H_{01} : There is no statistically significant effect of corporate governance mechanisms (***proactive role of board of directors, board composition and board autonomy***) on organizational performance Amman's private hospitals at level ($\alpha \leq 0.05$).

To test this hypothesis, the researcher uses the multiple regression analysis to ensure the effect of the corporate governance mechanisms on Organizational Performance in Amman's private hospitals. As shown in Table (4-9).

Table (4-9)

Multiple regression analysis to ensure the effect of the corporate governance mechanisms on Organizational Performance in Amman's private hospitals

| | (R) | (R ²) | F Calculate | DF | Sig* | B | T Calculate | Sig* | |
|----------------------------|-------|-------------------|-------------|-----|-------|--------------------------------------|-------------|--------|-------|
| Organizational Performance | 0.876 | 0.768 | 208.317 | 3 | 0.000 | Proactive role of board of directors | 0.650 | 15.567 | 0.000 |
| | | | | 189 | | Board composition | 0.188 | 4.279 | 0.000 |
| | | | | 192 | | Board autonomy | 0.198 | 4.720 | 0.000 |

* the impact is significant at level ($\alpha \leq 0.05$)

Table (4-9) shows that the effect of corporate governance mechanisms (proactive role of board of directors, board composition and board autonomy) on organizational performance in Amman's private hospitals. The regression model achieve a high degree of fit, as reflected by "R" and "R²" value (0.876) , (0.768), which asserted that (0.768) of the explained variation in organizational performance in Amman's private hospitals can be accounted for corporate governance mechanisms (proactive role of board of directors, board composition and board autonomy). On the other hand, Table (4-9) for the executive data set indicated the slope value of (0.650), (0.188) and (0.198) for the regression line. This

suggested that for a one unit increase in corporate governance mechanisms (proactive role of board of directors, board composition and board autonomy) the respective Amman's private hospitals can significantly predict a (0.650), (0.188) and (0.198) increase in organizational performance. As well as Table (4-9) shows that the analysis of variance of the fitted regression equation is significant with F value of (208.317). This is an indication that the model is a good one. Since the p-value is less than (0.05), it shows a statistically significant relationship between the variables at (0.95) confidence level. The results also indicate that corporate governance mechanisms (proactive role of board of directors, board composition and board autonomy) actually effect on Organizational Performance in Amman's private hospitals with a coefficient of (0.650) for proactive role of board of directors, (0.188) for board composition and (0.198) for board autonomy. Thus, corporate governance mechanisms (proactive role of board of directors, board composition and board autonomy) actually effect on Organizational Performance in Amman's private hospitals. This further supported the study's first alternate hypothesis.

There is a significant statistical effect of corporate governance mechanisms (proactive role of board of directors, board composition and board autonomy) on Organizational Performance in Amman's private hospitals at level ($\alpha \leq 0.05$).

To investigate which corporate governance mechanisms (proactive role of board of directors, board composition and board autonomy) with the greatest effect on organizational performance in Amman's private hospitals, stepwise multiple regression analysis were used as shown in Table (4-10).

Table (4-10)

Stepwise multiple regression analysis to ensure the greatest effect of the corporate governance mechanisms on organizational performance in Amman's private hospitals

| Independent Variable | Models | (R) | (R ²) | F Calculate | Change Statistics | | | | | |
|----------------------------|---|-------|-------------------|-------------|-------------------|----------|-----|-----|-------------|------------------|
| | | | | | R Square Change | F Change | DF1 | DF2 | T Calculate | Sig* F Change |
| Organizational Performance | Proactive role of board of directors | 0.829 | 0.687 | 420.040 | 0.687 | 420.040 | 1 | 191 | 20.495 | 0.000 |
| | Proactive role of board of directors + Board autonomy | 0.863 | 0.745 | 277.988 | 0.058 | 43.178 | 1 | 190 | 17.683 | 0.000 |
| | Proactive role of board of directors + Board autonomy + Board composition | 0.876 | 0.768 | 208.317 | 0.022 | 18.314 | 1 | 189 | 15.567 | 0.000 |

* the impact is significant at level ($\alpha \leq 0.05$)

Table (4-10) shows that the three regression models achieve a high degree of fit, as reflected by "R² Change" for (0.687) proactive role of board of directors, (0.058) for proactive role of board of directors, board autonomy and (0.058) for Proactive role of board of directors, Board autonomy and Board composition. As well as Table (4-10) shows that the analysis of variance of the fitted regression equation is significant with F Change value of (420.040) for the first model, (43.178) for the second model and (18.314) for the third model. This is an indication that all three models are a good one.

HO_{1.1}: There is no statistically significant effect of proactive role of board of directors on organizational performance in Amman's private hospitals at level ($\alpha \leq 0.05$).

To test this hypothesis, the researcher uses the Simple regression analysis to ensure the effect of the proactive role of board of directors on Organizational Performance in Amman's private hospitals. As shown in Table (4-11).

Table (4-11)

Simple regression analysis to ensure the effect of the proactive role of board of directors on Organizational Performance in Amman's private hospitals

| | (R) | (R ²) | F Calculate | DF | Sig* | B | T Calculate | Sig* |
|-------------------------------|-------|-------------------|----------------|-----|-------|-------|----------------|-------|
| Organizational Performance | .8290 | .6870 | 420.040 | 1 | 0.000 | .8290 | 20.495 | 0.000 |
| | | | | 191 | | | | |
| | | | | 192 | | | | |

* the impact is significant at level ($\alpha \leq 0.05$)

Table (4-11) shows that the effect of proactive role of board of directors on organizational performance in Amman's private hospitals. The regression model achieve a high degree of fit, as reflected by "R" and "R²" value (0.829) , (0.687), which asserted that (0.687) of the explained variation in organizational performance in Amman's private hospitals can be accounted for proactive role of board of directors. On the other hand, Table (4-11) for the executive data set indicated the slope value of (0.829) for the regression line. This suggested that for a one unit increase in proactive role of board of directors the respective Amman's private hospitals can significantly predict a (0.829) increase in organizational performance. As well as Table (4-10) shows that the analysis of variance of the fitted regression equation is significant with F value of (420.040). This is an indication that the model is a good one. Since the p-value is less than (0.05), it shows a statistically significant relationship between the variables at (0.95) confidence level. The results also indicate that proactive role of board of directors actually effect on Organizational Performance in Amman's private hospitals with a coefficient of (0.829). Thus, proactive role of board of directors actually effect on Organizational Performance in Amman's private hospitals. This further supported the first alternate sub-hypothesis.

There is a significant statistical effect of proactive role of board of directors on Organizational Performance in Amman's private hospitals at level ($\alpha \leq 0.05$).

HO₁₋₂: There is no statistically significant effect of board composition on organizational performance in Amman's private hospitals at level ($\alpha \leq 0.05$).

To test this hypothesis, the researcher uses the Simple regression analysis to ensure the effect of the board composition on Organizational Performance in Amman's private hospitals. As shown in Table (4-12).

Table (4-12)

Simple regression analysis to ensure the effect of the board composition on Organizational Performance in Amman's private hospitals

| | (R) | (R ²) | F Calculate | DF | Sig* | B | T Calculate | Sig* |
|----------------------------|-------|-------------------|-------------|-----|-------|-------|-------------|-------|
| Organizational Performance | 0.618 | 0.383 | 118.331 | 1 | 0.000 | 0.618 | 10.878 | 0.000 |
| | | | | 191 | | | | |
| | | | | 192 | | | | |

* the impact is significant at level ($\alpha \leq 0.05$)

Table (4-12) shows that the effect of board composition on organizational performance in Amman's private hospitals. The regression model achieve a high degree of fit, as reflected by "R" and "R²" value (0.618) , (0.383), which asserted that (0.383) of the explained variation in organizational performance in Amman's private hospitals can be accounted for board composition. On the other hand, Table (4-12) for the executive data set indicated the slope value of (0.618) for the regression line. This suggested that for a one unit increase in board composition the respective Amman's private hospitals can significantly predict a (0.618) increase in organizational performance. As well as Table (4-12) shows that the

analysis of variance of the fitted regression equation is significant with F value of (118.331). This is an indication that the model is a good one. Since the p-value is less than (0.05), it shows a statistically significant relationship between the variables at (0.95) confidence level. The results also indicate that board composition actually effect on Organizational Performance in Amman's private hospitals with a coefficient of (0.618). Thus, board composition actually effect on Organizational Performance in Amman's private hospitals. This further supported the second alternate sub-hypothesis.

There is a significant statistical effect of board composition on Organizational Performance in Amman's private hospitals at level ($\alpha \leq 0.05$).

HO₁₋₃: There is no statistically significant effect of board autonomy on organizational performance in Amman's private hospitals at level ($\alpha \leq 0.05$).

To test this hypothesis, the researcher uses the Simple regression analysis to ensure the effect of the board autonomy on Organizational Performance in Amman's private hospitals. As shown in Table (4-13).

Table (4-13)

Simple regression analysis to ensure the effect of the board autonomy on Organizational Performance in Amman's private hospitals

| | (R) | (R ²) | F Calculate | DF | Sig* | β | T Calculate | Sig* |
|-------------------------------|-------|-------------------|----------------|-----|-------|---------|----------------|-------|
| Organizational Performance | 0.571 | 0.326 | 92.433 | 1 | 0.000 | 0.571 | 9.614 | 0.000 |
| | | | | 191 | | | | |
| | | | | 192 | | | | |

* the impact is significant at level ($\alpha \leq 0.05$)

Table (4-13) shows that the effect of board autonomy on organizational performance in Amman's private hospitals. The regression model achieve a high degree of fit, as reflected by "R" and "R²" value (0.571) , (0.326), which asserted that (0.326) of the explained variation in organizational performance in Amman's private hospitals can be accounted for board autonomy. On the other hand, Table (4-13) for the executive data set indicated the slope value of (0.571) for the regression line. This suggested that for a one unit increase in board autonomy the respective Amman's private hospitals can significantly predict a (0.571) increase in organizational performance. As well as Table (4-13) shows that the analysis of variance of the fitted regression equation is significant with F value of (92.433). This is an indication that the model is a good one. Since the p-value is less than (0.05), it shows a statistically significant relationship between the variables at (0.95) confidence level. The results also indicate that board autonomy actually effect on Organizational Performance in Amman's private hospitals with a coefficient of (0.571). Thus, board autonomy actually effect on Organizational Performance using balanced scorecard measures in Amman's private hospitals. This further supported the third alternate sub-hypothesis.

There is a significant statistical effect of board autonomy on Organizational Performance in Amman's private hospitals at level ($\alpha \leq 0.05$).

HO₂ - HO₅: There is no statistically significant effect of corporate governance mechanisms (***proactive role of board of directors, board composition and board autonomy***) on organizational performance using balanced scorecard Perspectives (***Financial, Customer, Internal Process, Learning and Growth***) in Amman's private hospitals at level ($\alpha \leq 0.05$).

To test this hypothesis has been divided into four alternate hypotheses as follows'.

HO₂: There is no statistically significant effect of corporate governance mechanisms (***proactive role of board of directors, board composition and board autonomy***) on Financial Perspectives in Amman's private hospitals at level ($\alpha \leq 0.05$).

To test this hypothesis, the researcher uses the multiple regression analysis to ensure the effect of the corporate governance mechanisms on Financial Perspectives in Amman's private hospitals. As shown in Table (4-14).

Table (4-14)

Multiple regression analysis to ensure the effect of the corporate governance mechanisms on Financial Perspectives in Amman's private hospitals

| | (R) | (R ²) | F Calculate | DF | Sig* | B | T Calculate | Sig* | |
|------------------------|-------|-------------------|-------------|-----|-------|--------------------------------------|-------------|-------|-------|
| Financial Perspectives | 0.615 | 0.378 | 38.362 | 3 | 0.000 | Proactive role of board of directors | 0.537 | 7.873 | 0.000 |
| | | | | 189 | | Board composition | 0.362 | 3.856 | 0.000 |
| | | | | 192 | | Board autonomy | 0.386 | 4.257 | 0.000 |

* the impact is significant at level ($\alpha \leq 0.05$)

Table (4-14) shows that the effect of corporate governance mechanisms (proactive role of board of directors, board composition and board autonomy) on Financial Perspectives in Amman's private hospitals. The regression model achieve a high degree of fit, as reflected by "R" and "R²" value (0.615) , (0.378), which asserted that (0.378) of the explained variation in Financial Perspectives in Amman's private hospitals can be accounted for corporate governance mechanisms (proactive role of board of directors, board composition and board autonomy). On the other hand, Table (4-14) for the executive data set indicated the slope value of (0.537), (0.362) and (0.386) for the regression line. This suggested that for a one unit increase in corporate governance mechanisms (proactive role of board of directors, board composition and board autonomy) the respective Amman's private hospitals can significantly predict a (0.537), (0.362) and (0.386) increase in Financial Perspectives. As well as Table (4-14) shows that the analysis of variance of the fitted regression equation is significant with F value of (38.362). This is an indication that the model is a good one. Since the p-value is less than (0.05), it shows a statistically significant relationship between the variables at (0.95) confidence level. The results also

indicate that corporate governance mechanisms (proactive role of board of directors, board composition and board autonomy) actually effect on Financial Perspectives in Amman's private hospitals with a coefficient of (0.537) for proactive role of board of directors, (0.362) for board composition and (0.386) for board autonomy. Thus, corporate governance mechanisms (proactive role of board of directors, board composition and board autonomy) actually effect on Financial Perspectives in Amman's private hospitals. This further supported the second alternate hypothesis.

There is a significant statistical effect of corporate governance mechanisms (proactive role of board of directors, board composition and board autonomy) on Financial Perspectives in Amman's private hospitals at level ($\alpha \leq 0.05$).

To investigate which corporate governance mechanisms (proactive role of board of directors, board composition and board autonomy) with the greatest effect on Financial Perspectives in Amman's private hospitals, stepwise multiple regression analysis were used as shown in Table (4-15).

Table (4-15)

Stepwise multiple regression analysis to ensure the greatest effect of the corporate governance mechanisms on Financial Perspectives in Amman's private hospitals

| Independent Variable | Models | (R) | (R ²) | F Calculate | Change Statistics | | | | | |
|-----------------------|---|-------|-------------------|-------------|-------------------|----------|-----|-----|-------------|------------------|
| | | | | | R Square Change | F Change | DF1 | DF2 | T Calculate | Sig* F Change |
| Financial Performance | Proactive role of board of directors | .5560 | .3100 | 17.984 | .3100 | 17.984 | 1 | 191 | 11.233 | 0.000 |
| | Proactive role of board of directors + Board autonomy | .5830 | .3400 | 27.490 | 0.300 | 12.042 | 1 | 190 | 9.534 | 0.000 |
| | Proactive role of board of directors + Board autonomy + Board composition | 0.615 | 0.378 | 38.362 | 0.140 | 5.570 | 1 | 189 | 8.167 | 0.000 |

* the impact is significant at level ($\alpha \leq 0.05$)

Table (4-15) shows that the three regression models achieve a high degree of fit, as reflected by "R² Change" for (0.310) proactive role of board of directors, (0.300) for proactive role of board of directors, board autonomy and (0.140) for Proactive role of board of directors, Board autonomy and Board composition. As well as Table (4-15) shows that the analysis of variance of the fitted regression equation is significant with F Change value of (17.984) for the first model, (12.042) for the second model and (5.570) for the third model. This is an indication that all three models are a good one.

H₀₃: There is no statistically significant effect of corporate governance mechanisms (**proactive role of board of directors, board composition and board autonomy**) on Customer Perspectives in Amman's private hospitals at level ($\alpha \leq 0.05$).

To test this hypothesis, the researcher uses the multiple regression analysis to ensure the effect of the corporate governance mechanisms on Customer Perspectives in Amman's private hospitals. As shown in Table (4-16).

Table (4-16)

Multiple regression analysis to ensure the effect of the corporate governance mechanisms on Customer Perspectives in Amman's private hospitals

| | (R) | (R ²) | F Calculate | DF | Sig* | B | T Calculate | Sig* | |
|-----------------------|-------|-------------------|-------------|-----|-------|--------------------------------------|-------------|--------|-------|
| Customer Perspectives | 0.699 | 0.488 | 60.154 | 3 | 0.000 | Proactive role of board of directors | 0.660 | 10.654 | 0.000 |
| | | | | 189 | | Board composition | 0.208 | 3.308 | 0.000 |
| | | | | 192 | | Board autonomy | 0.261 | 3.981 | 0.000 |

* the impact is significant at level ($\alpha \leq 0.05$)

Table (4-16) shows that the effect of corporate governance mechanisms (proactive role of board of directors, board composition and board autonomy) on Customer Perspectives in Amman's private hospitals. The regression model achieve a high degree of fit, as reflected by "R" and "R²" value (0.699) , (0.488), which asserted that (0.488) of the explained variation in Customer Perspectives in Amman's private hospitals can be accounted for corporate governance mechanisms (proactive role of board of directors, board composition and board autonomy). On the other hand, Table (4-16) for the executive data set indicated the slope value of (0.660), (0.208) and (0.261) for the regression line. This suggested that for a one unit increase in corporate governance mechanisms (proactive role of board of directors, board composition and board autonomy) the respective Amman's private hospitals can significantly predict a (0.660), (0.208) and (0.261) increase in Customer Perspectives. As well as Table (4-16) shows

that the analysis of variance of the fitted regression equation is significant with F value of (60.154). This is an indication that the model is a good one. Since the p-value is less than (0.05), it shows a statistically significant relationship between the variables at (0.95) confidence level. The results also indicate that corporate governance mechanisms (proactive role of board of directors, board composition and board autonomy) actually effect on Customer Perspectives in Amman's private hospitals with a coefficient of (0.660) for proactive role of board of directors, (0.208) for board composition and (0.261) for board autonomy. Thus, corporate governance mechanisms (proactive role of board of directors, board composition and board autonomy) actually effect on Customer Perspectives in Amman's private hospitals. This further supported the third alternate hypothesis.

There is a significant statistical effect of corporate governance mechanisms (proactive role of board of directors, board composition and board autonomy) on Customer Perspectives in Amman's private hospitals at level ($\alpha \leq 0.05$).

To investigate which corporate governance mechanisms (proactive role of board of directors, board composition and board autonomy) with the greatest effect on Customer Perspectives in Amman's private hospitals, stepwise multiple regression analysis were used as shown in Table (4-17)

Table (4-17)

Stepwise multiple regression analysis to ensure the greatest effect of the corporate governance mechanisms on Customer Perspectives in Amman's private hospitals

| Independent Variable | Models | (R) | (R ²) | F Calculate | Change Statistics | | | | | |
|----------------------|---|-------|-------------------|-------------|-------------------|----------|-----|-----|-------------|------------------|
| | | | | | R Square Change | F Change | DF1 | DF2 | T Calculate | Sig* F Change |
| Customer Performance | Proactive role of board of directors | .3800 | .1440 | 44.341 | .1440 | 44.341 | 1 | 191 | 22.953 | 0.000 |
| | Proactive role of board of directors + Board autonomy | .4180 | .1750 | 27.727 | .0300 | 9.655 | 1 | 190 | 14.850 | 0.000 |
| | Proactive role of board of directors + Board autonomy + Board composition | 0.699 | 0.488 | 60.154 | .4140 | 4.652 | 1 | 189 | 1.8961 | 0.000 |

* the impact is significant at level ($\alpha \leq 0.05$)

Table (4-17) shows that the three regression models achieve a high degree of fit, as reflected by "R² Change" for (0.144) proactive role of board of directors, (0.030) for proactive role of board of directors, board autonomy and (0.414) for Proactive role of board of directors, Board autonomy and Board composition. As well as Table (4-17) shows that the analysis of variance of the fitted regression equation is significant with F Change value of (44.341) for the first model, (9.655) for the second model and (4.652) for the third model. This is an indication that all three models are a good one.

H0₄: There is no statistically significant effect of corporate governance mechanisms (***proactive role of board of directors, board composition and board autonomy***) on Internal Process Perspectives in Amman's private hospitals at level ($\alpha \leq 0.05$).

To test this hypothesis, the researcher uses the multiple regression analysis to ensure the effect of the corporate governance mechanisms on Internal Process Perspectives in Amman's private hospitals. As shown in Table (4-18).

Table (4-18)

Multiple regression analysis to ensure the effect of the corporate governance mechanisms on Internal Process Perspectives in Amman's private hospitals

| | (R) | (R ²) | F Calculate | DF | Sig* | B | T Calculate | Sig* | |
|-------------------------------|-------|-------------------|-------------|-----|-------|--------------------------------------|-------------|-------|-------|
| Internal Process Perspectives | 0.638 | 0.407 | 43.174 | 3 | 0.000 | Proactive role of board of directors | 0.527 | 7.904 | 0.000 |
| | | | | 189 | | Board composition | 0.289 | 3.360 | 0.000 |
| | | | | 192 | | Board autonomy | 0.311 | 3.683 | 0.000 |

* the impact is significant at level ($\alpha \leq 0.05$)

Table (4-18) shows that the effect of corporate governance mechanisms (proactive role of board of directors, board composition and board autonomy) on Internal Process Perspectives in Amman's private hospitals. The regression model achieve a high degree of fit, as reflected by "R" and "R²" value (0.638), (0.407), which asserted that (0.407) of the explained variation in Internal Process Perspectives in Amman's private hospitals can be accounted for corporate governance mechanisms (proactive role of board of directors, board composition and board autonomy). On the other hand, Table (4-18) for the executive data set indicated the slope value of (0.527), (0.289) and (0.311) for the regression line. This suggested that for a one unit increase in corporate governance mechanisms (proactive role of board of directors, board composition and board autonomy) the respective Amman's private hospitals can

significantly predict a (0.527), (0.289) and (0.311) increase in Internal Process Perspectives. As well as Table (4-18) shows that the analysis of variance of the fitted regression equation is significant with F value of (43.174). This is an indication that the model is a good one. Since the p-value is less than (0.05), it shows a statistically significant relationship between the variables at (0.95) confidence level. The results also indicate that corporate governance mechanisms (proactive role of board of directors, board composition and board autonomy) actually effect on Internal Process Perspectives in Amman's private hospitals with a coefficient of (0.527) for proactive role of board of directors, (0.289) for board composition and (0.311) for board autonomy. Thus, corporate governance mechanisms (proactive role of board of directors, board composition and board autonomy) actually effect on Internal Process Perspectives in Amman's private hospitals. This further supported the third hypothesis.

There is a significant statistical effect of corporate governance mechanisms (proactive role of board of directors, board composition and board autonomy) on Internal Process Perspectives in Amman's private hospitals at level ($\alpha \leq 0.05$).

To investigate which corporate governance mechanisms (proactive role of board of directors, board composition and board autonomy) with the greatest effect on Internal Process Perspectives in Amman's private hospitals, stepwise multiple regression analysis were used as shown in Table (4-19).

Table (4-19)

Stepwise multiple regression analysis to ensure the greatest effect of the corporate governance mechanisms on Internal Process Perspectives in Amman's private hospitals

| Independent Variable | Models | (R) | (R ²) | F Calculate | Change Statistics | | | | | |
|------------------------------|---|-------|-------------------|-------------|-------------------|----------|-----|-----|-------------|------------------|
| | | | | | R Square Change | F Change | DF1 | DF2 | T Calculate | Sig* F Change |
| Internal Process Performance | Proactive role of board of directors | 0.620 | 0.384 | 119.311 | 0.384 | 119.311 | 1 | 191 | 10.923 | 0.000 |
| | Proactive role of board of directors + Board autonomy | 0.634 | .4020 | 63.770 | .0170 | 5.449 | 1 | 190 | 9.334 | 0.000 |
| | Proactive role of board of directors + Board autonomy + Board composition | 0.638 | 0.407 | 43.174 | 0.403 | 4.041 | 1 | 189 | 8.611 | 0.000 |

* the impact is significant at level ($\alpha \leq 0.05$)

Table (4-19) shows that the three regression models achieve a high degree of fit, as reflected by "R² Change" for (0.384) proactive role of board of directors, (0.017) for proactive role of board of directors, board autonomy and (0.403) for Proactive role of board of directors, Board autonomy and Board composition. As well as Table (4-19) shows that the analysis of variance of the fitted regression equation is significant with F Change value of (119.311) for the first model, (5.449) for the second model and (4.041) for the third model. This is an indication that all three models are a good one.

HO_{2.4}: There is no statistically significant effect of corporate governance mechanisms (**proactive role of board of directors, board composition and board autonomy**) on Learning and Growth Perspectives in Amman's private hospitals at level ($\alpha \leq 0.05$).

To test this hypothesis, the researcher uses the multiple regression analysis to ensure the effect of the corporate governance mechanisms on Learning and Growth Perspectives in Amman's private hospitals. As shown in Table (4-20).

Table (4-20)

Multiple regression analysis to ensure the effect of the corporate governance mechanisms on Learning and Growth Perspectives in Amman's private hospitals

| | (R) | (R ²) | F Calculate | DF | Sig* | B | T Calculate | Sig* | |
|----------------------------------|-------|-------------------|-------------|-----|-------|--------------------------------------|-------------|-------|-------|
| Learning and Growth Perspectives | 0.570 | 0.325 | 30.381 | 3 | 0.000 | Proactive role of board of directors | 0.453 | 6.365 | 0.000 |
| | | | | 189 | | Board composition | 0.220 | 3.406 | 0.000 |
| | | | | 192 | | Board autonomy | 0.208 | 3.308 | 0.000 |

* the impact is significant at level ($\alpha \leq 0.05$)

Table (4-20) shows that the effect of corporate governance mechanisms (proactive role of board of directors, board composition and board autonomy) on Learning and Growth Perspectives in Amman's private hospitals. The regression model achieve a high degree of fit, as reflected by "R" and "R²" value (0.570) , (0.325), which asserted that (0.325) of the explained variation in Learning and Growth Perspectives in Amman's private hospitals can be accounted for corporate governance mechanisms (proactive role of board of directors, board composition and board autonomy). On the other hand, Table (4-20) for the executive data set indicated the slope value of (0.453), (0.220) and (0.208) for the regression line. This suggested that for a one unit increase in corporate governance mechanisms (proactive role of board of directors, board composition and board autonomy) the respective Amman's private hospitals can significantly predict a (0.453), (0.220) and (0.208) increase in Learning and Growth Perspectives. As well as Table (4-20) shows that the analysis of variance of the fitted regression

equation is significant with F value of (30.381). This is an indication that the model is a good one. Since the p-value is less than (0.05), it shows a statistically significant relationship between the variables at (0.95) confidence level. The results also indicate that corporate governance mechanisms (proactive role of board of directors, board composition and board autonomy) actually effect on Learning and Growth Perspectives in Amman's private hospitals with a coefficient of (0.453) for proactive role of board of directors, (0.220) for board composition and (0.208) for board autonomy. Thus, corporate governance mechanisms (proactive role of board of directors, board composition and board autonomy) actually effect on Learning and Growth Perspectives in Amman's private hospitals. This further supported the fourth hypothesis.

There is a significant statistical effect of corporate governance mechanisms (proactive role of board of directors, board composition and board autonomy) on Learning and Growth Perspectives in Amman's private hospitals at level ($\alpha \leq 0.05$).

To investigate which corporate governance mechanisms (proactive role of board of directors, board composition and board autonomy) with the greatest effect on Learning and Growth Perspectives in Amman's private hospitals, stepwise multiple regression analysis were used as shown in Table (4-21).

Table (4-21)

Stepwise multiple regression analysis to ensure the greatest effect of the corporate governance mechanisms on Learning and Growth Perspectives in Amman's private hospitals

| Independent Variable | Models | (R) | (R ²) | F Calculate | Change Statistics | | | | | |
|---------------------------------|---|-------|-------------------|-------------|-------------------|----------|-----|-----|-------------|------------------|
| | | | | | R Square Change | F Change | DF1 | DF2 | T Calculate | Sig* F Change |
| Learning and Growth Performance | Proactive role of board of directors | 0.550 | .3030 | 82.841 | 0.303 | 82.841 | 1 | 191 | 9.102 | 0.000 |
| | Proactive role of board of directors + Board autonomy | 0.566 | .3200 | 44.755 | 0.018 | 4.954 | 1 | 190 | 2.226 | 0.027 |
| | Proactive role of board of directors + Board autonomy + Board composition | 0.570 | 0.325 | 30.381 | 0.321 | 28.202 | 1 | 189 | 4.603 | 0.000 |

* the impact is significant at level ($\alpha \leq 0.05$)

Table (4-21) shows that the three regression models achieve a high degree of fit, as reflected by "R² Change" for (0.303) proactive role of board of directors, (0.018) for proactive role of board of directors, board autonomy and (0.321) for Proactive role of board of directors, Board autonomy and Board composition. As well as Table (4-21) shows that the analysis of variance of the fitted regression equation is significant with F Change value of (82.841) for the first model, (4.954) for the second model and (28.202) for the third model. This is an indication that all three models are a good one.

Chapter Five

Results & Recommendations

(5-1): Results

(5-2): Recommendations

(5-1): Results

(5-1-1): Results of Descriptive Analysis

1. The results of descriptive analysis indicate that the Boards of Directors of the surveyed Jordanian Private Hospitals exhibit a relatively high level of proactiveness, with an arithmetic mean of (3.700) and standard deviation (0.942).
2. The results indicate that the composition of the boards of directors of the surveyed Jordanian Private Hospitals was moderately conformant to international best practice in that regard, with an arithmetic mean (3.151) and standard deviation (0.763).
3. The results of descriptive analysis also showed a medium level of Board Autonomy with arithmetic mean (3.343) and standard deviation (0.741).
4. The level of financial aspect of in Jordanian Private Hospitals was medium with arithmetic mean (3.414) and standard deviation (0.953).
5. The level of the customer aspect in Jordanian Private Hospitals was found to be high with arithmetic mean (3.846) and standard deviation (1.049).
6. The level of internal perspective in Jordanian Private Hospitals was medium with arithmetic mean (3.528) and standard deviation (0.783).
7. Finally, the level of learning and growth perspective) in Jordanian Private Hospitals was medium with arithmetic mean (3.422) and standard deviation (0.973).

(5-1-2): Results of Inferential Analysis

1. There is a significant statistical effect of corporate governance mechanisms (proactive role of board of directors, board composition and board autonomy) on Organizational Performance in Amman's private hospitals at level ($\alpha \leq 0.05$).

This result are consistent with the result of Mollah, Farooque&Karim (2012) that represent the ownership structure had a significant positive effect on firm performance. As well as, this result are varying with the result of Yusuf &Alhaji (2012) which showed there was no relationship between leadership structure and firm performance.

2. There is a significant statistical effect of proactive role of board of directors on Organizational Performance in Amman's private hospitals at level ($\alpha \leq 0.05$).

This result is consistent with the result of Latif, Shaheed, UIHaq, Waqas, Arshad (2013) which showed board size had a significant effect on firm performance.

3. There is a significant statistical effect of board composition on Organizational Performance in Amman's private hospitals at level ($\alpha \leq 0.05$).

This result is consistent with the result of Dey&Chauhan (2009) which showed Board Composition (board size) had a significant effect on performance.

4. There is a significant statistical effect of board autonomy on Organizational Performance in Amman's private hospitals at level ($\alpha \leq 0.05$).
5. There is a significant statistical effect of corporate governance mechanisms (proactive role of board of directors, board composition and board autonomy) on Financial Perspectives in Amman's private hospitals at level ($\alpha \leq 0.05$).

6. There is a significant statistical effect of corporate governance mechanisms (proactive role of board of directors, board composition and board autonomy) on Customer Perspectives in Amman's private hospitals at level ($\alpha \leq 0.05$).
7. There is a significant statistical effect of corporate governance mechanisms (proactive role of board of directors, board composition and board autonomy) on Internal Process Perspectives in Amman's private hospitals at level ($\alpha \leq 0.05$).
8. There is a significant statistical effect of corporate governance mechanisms (proactive role of board of directors, board composition and board autonomy) on Learning and Growth Perspectives in Amman's private hospitals at level ($\alpha \leq 0.05$).

This result is consistent with the result of Gugnani (2013) which showed profit margin is significantly related to board size and promoter's holdings. As well as, consistent with the result of Mollah, Farooque and Karim (2012) that clarify ownership structure had a significant positive effect on firm performance.

(5-2): Recommendations

1. Awareness the parties involved in the current study and inform them of their role in protecting the interests and rights as well as give training courses for committees working in the field of corporate governance.
2. Conduct periodic surveys to measure the level of governance in hospitals under study and benefit from the analysis of these surveys in raising the level of corporate governance.

3. Cooperation between the Board of Directors and the parties concerned to provide and implement the principles of corporate governance effectively.
4. Attention Board of Directors in develops information systems and keeps up with new technologies that contribute to the delivery of information, and provide transparency in hospitals management.
5. Necessity of management in hospitals to issue rules for ethical behavior to enhance the credibility and the trust of its clients.
6. Necessity that hospitals must contribute to serve community through programs and projects that serve employees, customers, economy and society in general, to enhance the hospitals survival and supports its competitive position.

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Appendix A

الاستبيان

تحية طيبة لكم وبعد.

تهدف هذه الدراسة إلى أثر استخدام بطاقة الاداء المتوازن في تعزيز الابداع الطبي في قطاع المستشفيات الخاصة في عمان حيث اننا نعهد بكم الاهتمام بخدمة البحث العلمي وكلنا امل بأنكم ستعاونون معنا بإخلاص في الإجابة على الأسئلة المطروحة في هذا الاستبيان بدقة وشفافية حيث أن إجاباتكم ستكون العمود الفقري في نجاح هذا البحث العلمي الهام والذي سيؤدي نجاحه في النهاية إلى زيادة في تطوير الخدمات الطبية المتطورة أصلا في بلدنا الحبيب الاردن كما أن إجاباتكم واقتراحاتكم ستكون موضع ثقة بالنسبة لنا وسيكون لها الأثر العميق في دراساتنا وبحوثنا المستقبلية إن شاء الله كما أننا نعدكم بأن المعلومات التي تصلنا منكم ستكون سرية للغاية وستستخدم فقط لهذا البحث.

لكم جزيل الشكر والتقدير على تعاونكم

Section 1: Demographic Variables

1. Gender:

Male

Female

2. Age:

Less than 30

30 - less than 40

40 - less than 50

50 - less than 60

60 and older

3. Educational Level:

Two -year Diploma

Bachelors

Higher Diploma or Masters

Doctorate

4. Number of Employees within the Organization: less than 50 50 – less than 100 100 - less than 150 150- less than 200 200 or more**5. Hospital Age:** Less than 5 years 5 - less than 10 years 10 – less than 15 years 15- less than 20 years 20 years and above

Section 2: Please tick the appropriate response box.

| Statements | Alternative Answers | | | | |
|------------|---------------------|--------|-------------|------------------|--------|
| | Never | Rarely | Sometimes | Most of the Time | Always |
| | ابدا | نادرا | بعض الاحيان | معظم الاوقات | دائما |
| | (1) | (2) | (3) | (4) | (5) |

| | | | | | | | |
|----|--|--|--|--|--|--|--|
| 1. | The board of directors is keen on holding periodic meetings to follow up on their decisions and advice. يحرص مجلس الإدارة على متابعة قراراته ونصائحه لإدارة المستشفى من خلال اجتماعات دورية. | | | | | | |
| 2. | Board members take the leading role in monitoring management's actions and decisions. يبادر اعضاء مجلس الإدارة بمراقبة قرارات وتصرفات ادارة المستشفى. | | | | | | |
| 3. | The board of directors takes the leading role in formulating and modifying the missions, objectives, strategies and policies of the hospital. يبادر اعضاء مجلس الإدارة باتخاذ القرارات بتشكيل أو تعديل سياسات المستشفى في مهام التخطيط والأهداف المستقبلية. | | | | | | |
| 4. | The board of directors gives advice and offers suggestions to the management staff on issues related to the hospital's affairs. يقوم مجلس الإدارة بإسداء النصائح والتوجيهات لإدارة المستشفى في كل ما له علاقة في مصلحة المستشفى | | | | | | |

Please tick the appropriate response box.

| Statements | | Alternative Answers | | | | |
|------------|---|---------------------|--------|-------------|------------------|--------|
| | | Never | Rarely | Sometimes | Most of the Time | Always |
| | | ابدا | نادرا | بعض الاحيان | معظم الاوقات | دائما |
| | | (1) | (2) | (3) | (4) | (5) |
| 5. | The board of directors is keen on reviewing how the hospital's resources are being used by the various departments. يحرص مجلس الادارة على مراقبة كيفية استخدام موارد المستشفى من قبل اقسامه المختلفة. | | | | | |
| 6. | The trend in forming the hospital's board of directors is towards appointing outside directors more than inside directors. التوجه السائد في تشكيل مجلس ادارة المستشفى ان تكون نسبة الاعضاء من الخارج أكثر من الداخل. | | | | | |
| 7. | Board members have the combination of skills (fundraising, management, legal, financial, marketing etc) necessary to do their work. يمتلك اعضاء مجلس الادارة مجموعة متنوعة من بالمهارات (استقطاب التمويل , الادارة الإستراتيجية الخبرة القانونية والخبرة التسويقية, الخ). | | | | | |
| 8. | Most members have been serving on the hospital's board for a long period of time. لقد قضى على معظم اعضاء مجلس الادارة مدة عضوية مستمرة لفترة زمنية طويلة. | | | | | |

Please tick the appropriate response box.

| Statements | | Alternative Answers | | | | |
|------------|---|---------------------|--------|-------------|------------------|--------|
| | | Never | Rarely | Sometimes | Most of the Time | Always |
| | | ابدا | نادرا | بعض الاحيان | معظم الاوقات | دائما |
| | | (1) | (2) | (3) | (4) | (5) |
| 9. | The hospital is keen on changing the members of its board of directors on a periodical basis. يحرص المستشفى على تغيير اعضاء مجلس الادارة بطريقة دورية. | | | | | |
| 10. | The hospital is keen on making sure that the CEO/ General Manager does not also serve as the Chairman of the board of directors. ان المستشفى حريص على ان لا يكون رئيس مجلس الادارة هو نفسه مدير عام المستشفى. | | | | | |
| 11 | There is a belief that the top management team exerts influence on the members of the board of directors in terms of actions and decisions. يعتقد بأن الادارة العليا للمستشفى تمارس ضغوطات على اعضاء مجلس الادارة بما يخص القرارات الصادرة عنه. | | | | | |
| 12 | The CEO is keen on providing the board of directors with periodic reports of major issues. يحرص مدير عام المستشفى على تزويد مجلس الادارة بتقارير دورية تتعلق بأهم القضايا التي يواجهها المستشفى | | | | | |
| 13 | The board of directors effectively monitors the actions of the hospital's management team. يراقب مجلس الادارة بفعالية عالية قرارات وتصرفات ادارة المستشفى. | | | | | |

Section 3: Please tick the appropriate response box.

| Statements | Alternative Answers | | | | |
|------------|---------------------|----------|--------------------|-------|----------------|
| | Strongly Disagree | Disagree | Agree to an Extent | Agree | Strongly Agree |
| | لا اوافق بشدة | لا اوافق | اوافق الى حد ما | اوافق | اوافق بشدة |
| (1) | (2) | (3) | (4) | (5) | |

| | | | | | | |
|-----|---|--|--|--|--|--|
| 14. | The hospital's profits have consistently increased over the last three years. ان ارباح المستشفى في تصاعد مستمر للسنوات الثلاثة الاخيرة. | | | | | |
| 15. | The hospital's profits have increased at a higher percentage compared with competing hospitals. ان ارباح هذا المستشفى قد ارتفعت بنسبة اعلى من ارباح المستشفيات المنافسة. | | | | | |
| 16. | The hospital is successful in using its financial resources efficiently (maximizing the returns). ان المستشفى كفؤ في استغلال موارده المالية للحصول على العوائد المطلوبة. | | | | | |
| 17. | The hospital is effective in maximizing its shareholders' wealth. المستشفى فعال في زيادة ثروة المساهمين. | | | | | |
| 18. | The hospital's financial department makes effective use of available funds. يستخدم قسم المالية الأموال المتاحة بشكل فعال. | | | | | |

Please tick the appropriate response box.

| Statements | | Alternative Answers | | | | |
|------------|---|------------------------------------|----------------------|---------------------------------------|----------------|------------------------------|
| | | Strongly Disagree لا اوافق بشدة | Disagree لا اوافق | Agree to an Extent اوافق الى حد ما | Agree اوافق | Strongly Agree اوافق بشدة |
| | | (1) | (2) | (3) | (4) | (5) |
| 19. | The hospital continuously collects information about patients' satisfaction. يجمع المستشفى معلومات عن رضى المرضى باستمرار. | | | | | |
| 20. | The hospital collects information about patient needs and requirements. يقوم المستشفى بجمع معلومات من المرضى لمعرفة احتياجاتهم | | | | | |
| 21. | The hospital quickly and effectively responds to complaints made by patients. تستجيب ادارة المستشفى بسرعة لأية شكوى مقدمة من قبل المرضى | | | | | |
| 22. | The hospital makes an effort to provide good services to the satisfaction of patients. يبدل موظفي المستشفى قصارى جهدهم لإرضاء مرضاه. | | | | | |
| 23. | The hospital is keen on building a positive image in the minds of its patients and stakeholders. المستشفى حريص على تحسين صورته امام المرضى و اصحاب المصالح . | | | | | |

Please tick the appropriate response box.

| Statements | | Alternative Answers | | | | |
|------------|---|------------------------------------|----------------------|---------------------------------------|----------------|------------------------------|
| | | Strongly Disagree لا اوافق بشدة | Disagree لا اوافق | Agree to an Extent اوافق الى حد ما | Agree اوافق | Strongly Agree اوافق بشدة |
| | | (1) | (2) | (3) | (4) | (5) |
| 24. | The hospital management develops its health services. تطور ادارة هذا المستشفى الخدمات الصحية التي تقدمها لمرضاها. | | | | | |
| 25. | The hospital continuously improves its facilities. يطور هذا المستشفى معداته الطبية و مرافقه الصحية باستمرار. | | | | | |
| 26. | The hospital performs its administrative procedures in the quickest time possible. يقوم هذا المستشفى بإدارة مهامه المختلفة بأقصى سرعة ممكنة. | | | | | |
| 27. | Patients wait for a long time before being treated. ينتظر المرضى مدة طويلة للحصول على الخدمات الطبية. | | | | | |
| 28. | The hospital quickly responds to any emergency calls. يستجيب المستشفى للحالات الطارئة بسرعة قصوى. | | | | | |
| 29. | Management teaches and guides employees to improve hospital performance. تقوم الادارة على تعليم الموظفين وتدريبهم من اجل تحسين اداء المستشفى. | | | | | |

Please tick the appropriate response box.

| Statements | | Alternative Answers | | | | |
|------------|---|------------------------------------|----------------------|---------------------------------------|----------------|------------------------------|
| | | Strongly Disagree لا اوافق بشدة | Disagree لا اوافق | Agree to an Extent اوافق الى حد ما | Agree اوافق | Strongly Agree اوافق بشدة |
| | | (1) | (2) | (3) | (4) | (5) |
| 30. | The hospital empowers and supports its employees to experiment and learn. يمكن المستشفى ويدعم موظفيه للتجربة والتعلم. | | | | | |
| 31. | Hospital management encourages employee inquiries. تشجع الادارة الموظفين على طرح الاسئلة والاستفسارات بحرية. | | | | | |
| 32. | Hospital management encourages employees to participate in training programs, conferences and workshops. يشجع المستشفى الموظفين لحضور الدورات التدريبية والندوات والمؤتمرات. | | | | | |
| 33. | Hospital managers rotate among departments to broaden their knowledge of hospital practices. يطبق المستشفى تناوب العاملين فيه على العمل في اقسامه المختلفة حتى تزداد معرفتهم . | | | | | |

Appendix B

Academic Referees

| No. | Name | University |
|-----|------------------------------|------------------------|
| 1. | Professor Mohammad Al Noaimi | Middle East University |
| 2. | Dr. Laith Al Rubaiee | Middle East University |
| 3. | Dr. Nidal Al Sallahi | Middle East University |
| 4. | Dr. Saoud Al Mahamid | Middle East University |

Appendix C

Names of Hospitals Participated in the Study

| No. | Name of Hospital | Number of Participants |
|--------|------------------------------------|------------------------|
| 1. | Arab Medical Center | 17 |
| 2. | Dr. Ahmed Hamayda General Hospital | 14 |
| 3. | Hayat Hospital | 17 |
| 4. | Ibn-Alhaytham Hospital | 23 |
| 5. | Istiklal Hospital | 21 |
| 6. | Istishari Hospital | 24 |
| 7. | Jordan Hospital | 22 |
| 8. | Palestine Hospital | 19 |
| 9. | Specialty Hospital | 21 |
| 10. | The International Hospital | 19 |
| Total: | 10 hospitals | 197 |