CORPORATE GOVERNANCE AND FINANCIAL PERFORMANCE IN INDIAN PRIVATE HEALTHCARE: A LITERATURE REVIEW AND CONCEPTUAL FRAMEWORK

Arshiya Farooqui[1], Prof. (Dr.) Shibu John[2], Dr. P.S.Raychaudhari[3]

[1]***Corresponding Author***
Assistant Professor, Department of Healthcare and Pharmaceutical Management,
School of Management and Business Studies, Jamia Hamdard, New Delhi-10062
(Email: arshiya.farooqui@jamiahamdard.ac.in)
Orcid:https://orcid.org/0000-0001-5870-7082

[2]*Professor, Department of Healthcare and Pharmaceutical Management,*
School of Management and Business Studies, Jamia Hamdard, New Delhi-10062
+91-9873668705
Email:shibu.john14@gmail.com

[3]*Assistant Professor, Department of Healthcare and Pharmaceutical Management,*
School of Management and Business Studies, Jamia Hamdard, New Delhi-10062
+91-9910899665
Email: psray@jamiahamdard.ac.in

KEYWORDS

board of directors, corporate governance, financial performance, hospitals, healthcare.

ABSTRACT

Background

Corporate governance has become essential to ensuring sustainability, accountability, and transparency in businesses, especially in the healthcare industry where operational and financial issues are complex.

Objectives

This paper aims to explore key factors that affect corporate governance, review the literature to identify research gaps and propose a conceptual framework linking corporate governance with the financial performance of healthcare organizations.

Methods

A comprehensive literature review was conducted using online databases like SCOPUS, Web of Science, Science Direct, and Jstor.PRISMA(Preferred Reporting Items for Systematic Reviews and Meta-Analyses) guidelines were followed to illustrate the process of selecting studies for inclusion in a systematic review of corporate governance. 119 papers were extracted using keywords such as the board of directors, corporate governance, financial performance, hospitals, and healthcare financial performance, out of which 60 papers were finally analyzed. Key constructs such as Board Structure, Fairness, Transparency and Accountability, Internal Control Systems, Corporate Governance Initiatives, and Corporate Social Responsibility were identified.

Results and Conclusion

The results show how important governance tools are for improving hospital financial performance. Financial measures like return on equity and assets and governance procedures appear to be strongly correlated. The operational and financial challenges can be mitigated with the help of the suggested conceptual framework which places a strong emphasis on the integration of governance structures and performance measures. To further explore these findings in the context of Indian healthcare, more empirical study is advised.

1. Introduction

The idea of corporate governance acquired relevance after the collapse of corporate behemoths Enron, Tyco Xerox, and World Com in the UK and USA (Sharma & Singh, 2017). The World Bank and OECD then underlined its significance and created the Global Corporate Governance Forum 2001 for developing countries to adopt. With the publication of the voluntary code by the Confederation of Indian Industry (CII) in 1998, corporate governance activities in India got underway. The Securities and Exchange Board of India (SEBI) appointed Kumar Mangalam Birla as the chairman of a committee it established in 1999 to provide recommendations on how to strengthen corporate governance in India. Every listed company (BSE and NSE) as per Clause 49 of the SEBI's Listing Agreement, which has a net worth of Rs.25 crores or more or a paid-up capital of Rs.3 crores or more, at any point in the company's history, is required to prepare a Corporate Governance Report as an annexure to the board report(V S SUNDARESAN, 2003).

The annexure ought to contain information about the company's corporate governance philosophy, the remuneration of directors, the board of directors (number of meetings held and attended, structure and size, etc.), the audit committee (size, financial literacy of members, number of meetings held and attended, etc.), the investor's grievance committee, newspapers details in which company's quarterly results are published, general body meetings, disclosures relating to shareholders and party transactions, etc. to name few.

Corporate governance is the procedure that enables an organization to be held accountable for all of its actions in front of stakeholders (Barnett et al., 2001). The process by which an organization's mission, vision, and values are established to monitor its activities and performance is known as corporate governance(M. Jae & Chul-young, 2016). They added that the CEO, board of directors, top managers, and clinical experts all participate in the leadership and decision-making processes at healthcare institutions. Any healthcare company needs to have good governance structures due to the growth and difficulties the healthcare sector is facing. Hospital boards and managers consider the significance and application of good governance in their organizations in this regard. According to Hassan (2008), internal reporting and monitoring should be used to integrate good governance practices into daily operations.
Hospitals are the most expensive, labour- and knowledge-intensive industry. The cost of purchasing and maintaining fixed assets, such as land, buildings, medical equipment, retaining medical staff, medical consumables, adapting to technology advances in medicine, and utilities for hygienic practices, to name a few, is a significant burden on hospitals. For all of their operations, they require an effective financial and administrative framework. Hospitals have their governance bodies for this reason. These bodies are composed of directors, shareholders, management, and other corporate actors, and they determine the organizational principles and conduct ground-level procedures that benefit the hospital's patients and personnel. Financial performance concerns in the budgetary expenditures of capital budget, operating budget, and cash flow budgets are highlighted by the difference between the intended budgetary provisions with contingencies and the actual performance/expenses to offer quality services.

Corporate governance is vital in ensuring accountability, transparency, and long-term sustainability in healthcare organizations. This article critically synthesizes literature, contradictions, and unresolved issues that help us understand corporate governance in the healthcare sector.

2. Review of Literature
2.1. Corporate Governance in Healthcare System
The routine administrative tasks performed by managers and other executives in a business are not the same as those performed by corporate governance. According to Eeckloo et al. (2004), Corporate governance is a procedure that guides a hospital's entire operation and effective performance by

establishing the mission of the hospital, and its goals, supervising and supporting its best operational realization, and making prudent financial decisions.

Afriyie et al. (2020) explained the internal structures of organizations through agency theory and stewardship theory. They addressed how owners (principals) and managers (agents) have distinct interests in the agency theory. However, it is the function of the board to keep an eye out for managers' (agents') opportunistic behavior, which might result in non-compliance problems (Ishak & Al-Ebel, 2013). The stewardship theory, in contrast to the Agency theory, asserts that both agents and principals have similar interests. Therefore, it is the board's obligation to work with management to achieve greater performance. To retain sanity, management, stakeholders, and employees must ensure that the organization's operating rules, agreements, and ideals are effectively upheld. The conventional ways of governance in healthcare organizations have become obsolete, according to healthcare experts, as a result of growing rivalry to boost bed occupancy, foot traffic, and judicious cost control (Afriyie et al., 2020).

Hospital governance is undergoing a paradigm shift from controlling structure, infrastructure, departments, and divisions to focusing on patient care demands and those of other stakeholders. It was stated by Eeckloo et al. (2004)that there was a need to look into how gradual changes in hospital governance designs affected hospital performance.

The corporate governance practices of healthcare firms determine their performance. An efficient governing board is essential for surviving in the quickly evolving healthcare industry, and performance-enhancing strategies should be incorporated (M. Jae & Chul-young, 2016).Every facet of the hospital's operations has an impact on its financial success; thus, the governance board needs to evaluate how well the hospital is performing. There haven't been many empirical studies looking at corporate governance in the healthcare sector.

2.2. Board Structure

Between 2011 and 2018, 92 software businesses were the subject of a study by Bansal & Singh (2021) that used independence of the board, board meetings, size of the board, and CEO duality as determinants of board structure. Agarwal & Singh (2020) examined the board structure's constituent parts, including the audit committee's effect on company performance, board independence, ownership, and composition.

When a board member is neither an employer nor an employee of the organization, board independence is present (Rashid, 2014). In case the chairman is also the executive chairman, then at least one-third of the board shall have independent directors, and in case of an executive chairman, at least half should be independent directors (SEBI, 2005)An independent director should have no financial ties to the organization. The independent board of directors is calculated as follows (Kyere & Ausloos, 2021): the number of non-executive directors divided by the total number of directors (multiplied by 100). Agency issues do arise in organizations, but Dey (2008) found that organizations with more agency conflicts had more robust governance systems. The board independence ratio calculates how independent each director is from the organization's performance. Mahama (2015) supported the claim that companies with more independent board members produce financial reports of higher quality and experience fewer accounting fraud and insolvency.Afriyie et al. (2020) supported this argument by stating that independent Directors have a favorable impact on the Return on Assets and Net Profit Margin of hospitals. In their study of 252 firms listed on the London Stock Exchange in 2014 using cross-sectional regression to investigate the impact of corporate governance measures on financial performance, Kyere & Ausloos (2021)found more evidence supporting this association. They concluded that independent board and ROA have statistical significance, while Tobins' Q does not.

In contrast, VAIDYA (2019) and Kuntz et al. (2016)suggests that an excessively independent board could weaken organizational cohesiveness and delay decision-making, which would have a detrimental impact on financial performance.

The values and viewpoints that board members from various professional backgrounds bring to the table influence their decisions about the operational effectiveness and financial success of hospitals.

The results of Williams (1995) firmly establish that the operational performance of hospitals can be improved if medical staff participates as board members.

Board size and financial performance (ROA) are inversely related, although doctors serving on hospital governing boards were directly related, according to Gu et al. (2010)who supported the above findings by investigating whether the financial results of healthcare organizations increase when focus is placed on board size and diversity. Additionally, Bai & Krishnan (2015)also supported this argument by looking into hospitals in California between 2004 and 2008 and emphasized the significance of doctors serving as board members in hospital governance.They investigated if having a doctor on staff could aid in developing organizational and marketing strategies, boost hospital attendance as a result of the high quality of care provided, and eventually determine whether it would have an impact on the bottom line. The above argument was however contradicted by Chen et al. (2021)by looking at how the financial performance of 32 non-profit proprietary hospitals in Taiwan from 2006 to 2017 was affected by the composition of the board (specifically, board member's gender, education, profession, and duty characteristics). These comprised net operating profit margin, return on assets, net income before taxes, and net income after taxes in addition to the gross operating profit margin. They looked at whether maintaining a balance between the two backgrounds (management specialists and medical staff) in the board makeup may enhance hospitals' financial performance. They concluded that hospitals' financial performance is not improved by having a bigger percentage of board members with medical backgrounds. However, financial performance is positively affected if a good balance is maintained between directors on the board of directors with managerial experience and medical expertise.

As per SEBI (Listing Obligation and Disclosure Requirements) Regulation 17, 2015, there must be at least one woman on the board of directors (AAYUSH PANWAR, 2019). According to the literature, there is no statistically significant link between the proportion of female directors on corporate boards and the financial performance of the company (Pletzer et al., 2015). Contrarily, it has been noted that there is a positive correlation between the number of women on boards and improved financial performance and that female directors are more circumspect and objective in their governance (Valls Martínez & Cruz Rambaud, 2019).

The frequency of board meetings demonstrates how well the board oversees and keeps an eye on the organization's operations. The board must meet at least four times each year in accordance with SEBI LODR (Listing Obligations and Disclosure Requirement), with no more than a four-month interval between any two meetings. Regular board meetings can improve understanding of the organization's financial and operational performance (Thenmozhi, 2019). Al-Daoud et al. (2016); Eluyela et al. (2018)agreed that there is a strong correlation between the frequency of board meetings and the company's success.

The financial performance of enterprises is positively correlated with the size of the board since it fosters variety in knowledge and strategic decision-making (Kathuria & Dash, 1999). By April 1, 2019 and April 1, 2020, the top 1000 and top 2000 listed businesses, respectively, must have at least six directors each, in accordance with SEBI LODR (Thenmozhi, 2019). A study by Kuntz et al. (2016) that looked at 175 German hospitals came to the conclusion that increasing the size of the board had a detrimental impact on financial performance. In contrast, VAIDYA (2019) asserted that there is no bearing on a company's performance due to board size. He also stated that very few empirical studies have been done in India on board structure as an element of corporate governance. Gu et al. (2010)contradicted findings byKuntz et al. (2016)by stating that bigger board sizes were linked to lower levels of financial performance as shown by ROA. In support of the above contradiction,A. Goel & Sharma (2020) noted that the size of the board has little bearing on ROA & ROCE. According to the study's findings, there is strong evidence that board size has a detrimental influence on a company's success when measured using market-based metrics but not when measured using accounting-based metrics. They recommended an average board size of 8–10 members based on their findings.

A. Goel & Sharma (2020) conclude that excessively big boards may raise agency conflicts and decision-making inefficiencies, hence reducing financial returns, despite Kyere & Ausloos (2021) finding that larger boards provide diversified knowledge and improve governance outcomes.

An audit committee oversees the hospital's finances, guards against information falsification, encourages transparency, and improves the organization's productivity and logistical effectiveness (Afriyie et al., 2020; Bashir et al., 2020). The board size and ROE have a favourable link (Adewuyi & Olowookere, 2008). However, there is no meaningful connection between the audit committee and board composition.

The question of whether the CEO should simultaneously chair the board is still up for debate. Yang (2013) finds a positive association between CEO duality and business performance, indicating that consolidated leadership can improve strategy alignment, despiteTien et al. (2013) claim that CEO duality reduces oversight.
In a few companies, the CEO serves as both the executive management and the board of directors' chair. This managerial dominance has the freedom to act in his self-interest while doing his duties (Kyere & Ausloos, 2021). CEO duality, according to Tien et al. (2013), undermines the board's supervision, which has a detrimental effect on the company's performance. However, it was discovered that there is a strong positive correlation between CEO Duality and corporate performance (Yang et al., 2014).In contrast, Mukherjee & Sen (2022) stated that no connection was established between CEO duality and the company's financial success.

2.3. Fairness
According to Mohammed Farouk Mohammed Saad et al.(2022), fairness is a key tenet of corporate governance. It calls for treating all stakeholders fairly and ensuring that they have access to an efficient method of redress if their rights are violated. According to P. Goel (2018),the essence of corporate governance is fairness in an organization's operations to improve disclosures for safeguarding the interests of many stakeholders.

2.4. Transparency and Accountability
Transparency is generally accepted as a core corporate governance principle but, there is ongoing discussion regarding its direct relationship to financial performance.
Corporate governance is built on the fundamental principles of accountability to stakeholders and transparency. The board's stakeholders hold the members of the board accountable Eeckloo et al. (2004). Transparency is a result of good governance mechanisms, which promote accountability (Lippman & Grimmer,2016). Companies should routinely communicate to their stakeholders all relevant information about the organisation. One of the cornerstones of corporate governance, transparency, helps to establish a company's excellent reputation and win over shareholders' trust, which in turn encourages them to spend more money in the company (Maroun & Atkins, 2014).In a study involving 20 banks, Oino (2019a)concluded that more transparency enhances financial performance of financial organisations. Mwesigwa Rogers, Nasiima Centrine, Suubi, (2014) also transpired that corporate governance is a significant predictor of the financial performance of banks in Uganda. They also concluded that accountability is significantly related to financial performance.In their studies, Austin et al. (2016)also found support for this association. However,Akhigbe et al. (2017)suggests that overly stringent standards for transparency could result in higher compliance costs and possibly impair the financial performance of hospitals with limited resources.

2.5. Internal Control Systems
Internal controls are the procedures that ensure that an organization's goals are met, that financial reports are accurate, that laws are followed, and that operations are carried out effectively (Ejoh & Ejom, 2014). Internal control systems are crucial to an organization's success because they aid in the detection and prevention of fraud and have a beneficial impact on the organization's financial performance (Ibrahim et al., 2017). If an organization's internal control system is effective enough to

identify and stop any irregular or fraudulent activity as well as unneeded expenses, it can enhance net income (George, 2021).65 manufacturing companies in Kenya were the subject of a cross-sectional study (Asiligwa & Rennox, 2017). When compared to manufacturing enterprises with weak internal control, they concluded that effective internal control systems enhanced financial performance.While Asiligwa & Rennox (2017) argue that excessively strict internal control mechanisms could hamper operational flexibility, restricting a hospital's ability to adapt to financial uncertainties, Ejoh & Ejom (2014) emphasise that effective internal controls decrease financial risks.

2.6. Corporate Governance Initiatives and Corporate Social Responsibility

According to Cho et al. (2019), corporate governance actions implemented by the corporation have a beneficial impact on the organization's financial success. According to Van De Velde et al. (2005), corporate social responsibility initiatives made by businesses will improve their financial success. Al-Tuwaijri et al. (2004); Burnett & Hansen (2008); Erhemjamts et al. (2013) corroborated this relationship.Burnett & Hansen (2008) caution that spending on CSR might not necessarily pay off right away, especially in highly regulated sectors like healthcare.

3. Theoretical Perspectives

Theories like Agency theory (Jensen & Meckling, 1976), Stakeholder Theory (Freeman, 1984), and Resource Dependence Theory (Pfeffer & Salancik, 1978) provide different perspectives on corporate governance. Agency theory states that an independent board improves oversight and reduces agency costs. This is supported byAfriyie et al. (2020); Kyere & Ausloos (2021).However, Dey (2008) argued that too much independence can result in ineffective bureaucracy, which lowers strategic adaptability.

Stakeholder theory places a strong emphasis on accountability and fairness, arguing that various stakeholders should gain from governance procedures. In contradiction, P. Goel (2018) revealed that fairness measures don't always result in financial gains, especially for healthcare organisations that are limited by regulatory compliance costs.

According to Resource Dependence Theory, a structured board can enhance financial performance by providing strategic resources. Studies by Bai & Krishnan (2015; Chen et al. (2021)however, provide conflicting results. While some show that having medical professionals on boards improves hospital performance, others contend that relying too much on medical professionals can result in ineffective financial decision-making.

4. Objectives of the Study

The objectives of the study are as follows:

1. To explore the various factors that affect corporate governance in private healthcare organizations.
2. To review the literature to identify research gaps.
3. To develop a conceptual framework showing the relationship between different corporate governance factors and hospitals' financial performance.

5. Research Methodology

The research issues identified from previous literature research gaps lead to the above-stated objectives are:

a. What are the different variables of corporate governance of hospitals?
b. How significant is board structure in increasing hospitals' financial performance?
c. How does the financial performance of hospitals differ when fairness, a component of corporate governance, is absent?
d. What is the role of transparency and accountability in increasing shareholders' trust and subsequent investment in hospitals?

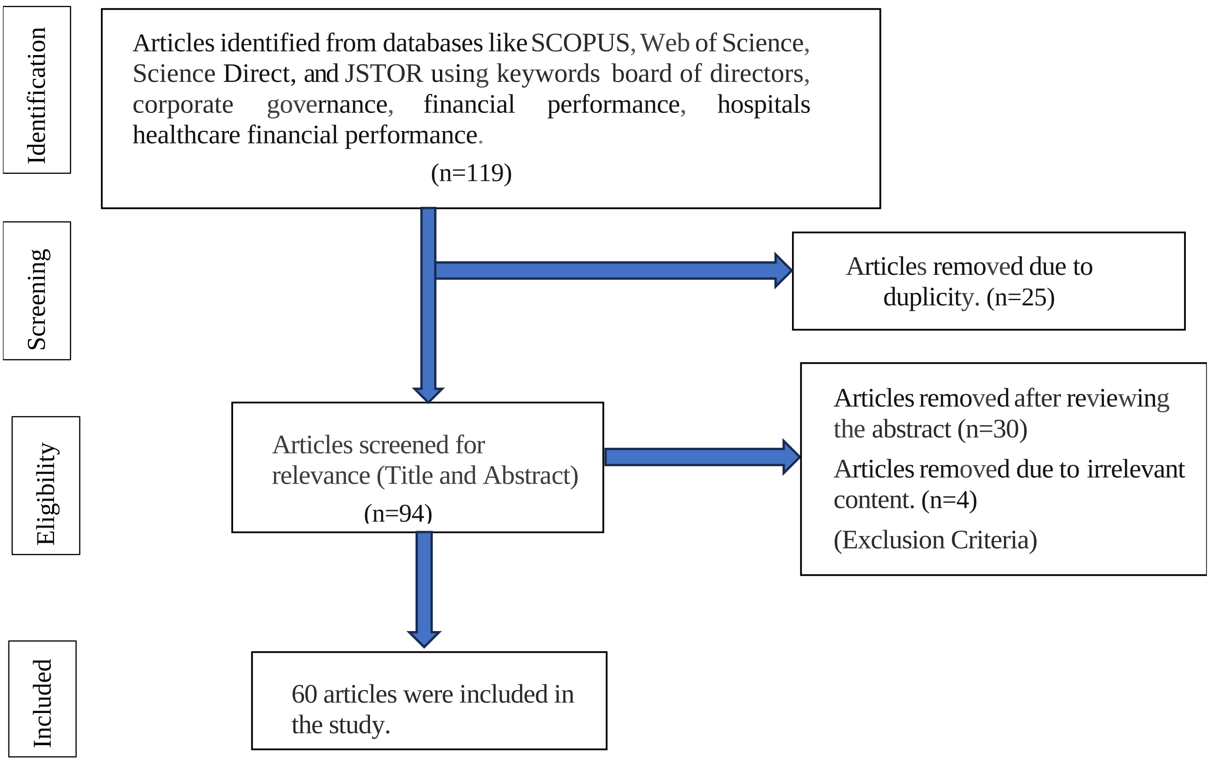
e. What are the parameters of internal control to achieve the goals and objectives of the hospital that ensure higher achievements, reliable financial reporting, compliance with laws, and efficiency in operations?
f. How do the corporate governance initiatives taken by hospitals affect their financial performance?

PRISMA(Preferred Reporting Items for Systematic Reviews and Meta-Analyses) guidelines were followed to illustrate the process of selecting studies for inclusion in a systematic review of corporate governance. The stages are explained as follows:

Identification: The research was conducted through exploratory and descriptive research methods. The search strategy began with online databases (SCOPUS, Web of Science, Science Direct, Jstor). 119 papers were extracted using keywords such as the board of directors, corporate governance, financial performance, hospitals, and healthcare financial performance.
Screening:25 articles were removed due to duplicity that is these articles appeared in more than one database. After removing duplicates, 94 articles remained for further screening.
Eligibility: The remaining 94 articles were screened based on their title and abstract to determine relevance.30 articles were removed after reviewing the abstract. 4 more articles were excluded due to their irrelevant content based on predefined exclusion criteria.
Included: After applying all screening and eligibility criteria, 60 articles were finally included in the study after content analysis, as mentioned in Figure 1.

There were limitations on the selection criterion. Only publications from the four databases listed above were available for the authors to review. Also,only the English-language articles were included.

Figure 1: Literature Selection Process (PRISMA Flow Diagram)



6.Research Gaps

Despite extensive research, there are still a few unanswered questions that need to be investigated further. The existing corporate governance models are derived from general business models. Empirical studies on governance frameworks designed especially for the private healthcare industry in India are scarce. There is a lack of longitudinal data examining the long-term effectiveness of governance changes in private hospitals.Patient care and profitability are given top priority in the framework that governs healthcare organizations. Governance methods that balance ethical medical practices with financial viability should be the subject of future research.

Further, the research gaps were identified from the literature and were mapped with the research objectives (Table 1)**.**

Table 1: Research Gaps Identification from Literature Review and Mapping with Research Objectives

S.No.	Author, Year	Research Gaps Identified from Literature Review	Research Objectives
1.	(Afriyie et al., 2020),(Jamali et al., 2010)	Very few empirical studies have been conducted to study corporate governance in the health industry in India.	2
2.	(Chen et al., 2021); (M. Jae & Chul-young, 2016); (Gu et al., 2010), (Kuntz et al., 2016); (Mukherjee & Sen, 2022); (Kyere & Ausloos, 2021); (Bashir et al., 2020);(Bai & Krishnan, 2015); (Zehir et al., 2016);(Kuntz et al., 2016);(Carol Molinari, 1997)	Effect of different determinants of corporate governance (gender, educational background, professional background, and duty characteristics of board members, CEO Duality, etc.) on listed hospitals in India.	1,2
3.	(Eeckloo et al., 2004); (M. Jae & Chul-young, 2016)	They highlighted the need to test the impact of gradual changes in the configurations of hospital governance on hospital performance.	2
4.	(Bhat & Jain, 2006); (Huang & Chan, 2009);(Williams, 1995);(Dalton et al., 1998);(Alexander et al., 2006);(Carol Molinari, 1997)	There is a need to understand whether ownership structure, board structure, and change in CEO have any impact on the performance of hospitals.	1,2
5.	(Blank & Van Hulst, 2011)	Study the nature of the relationship between higher remuneration of the board and supervisory board on the financial performance of hospitals.	2

7. Data Analysis, Results and Discussion

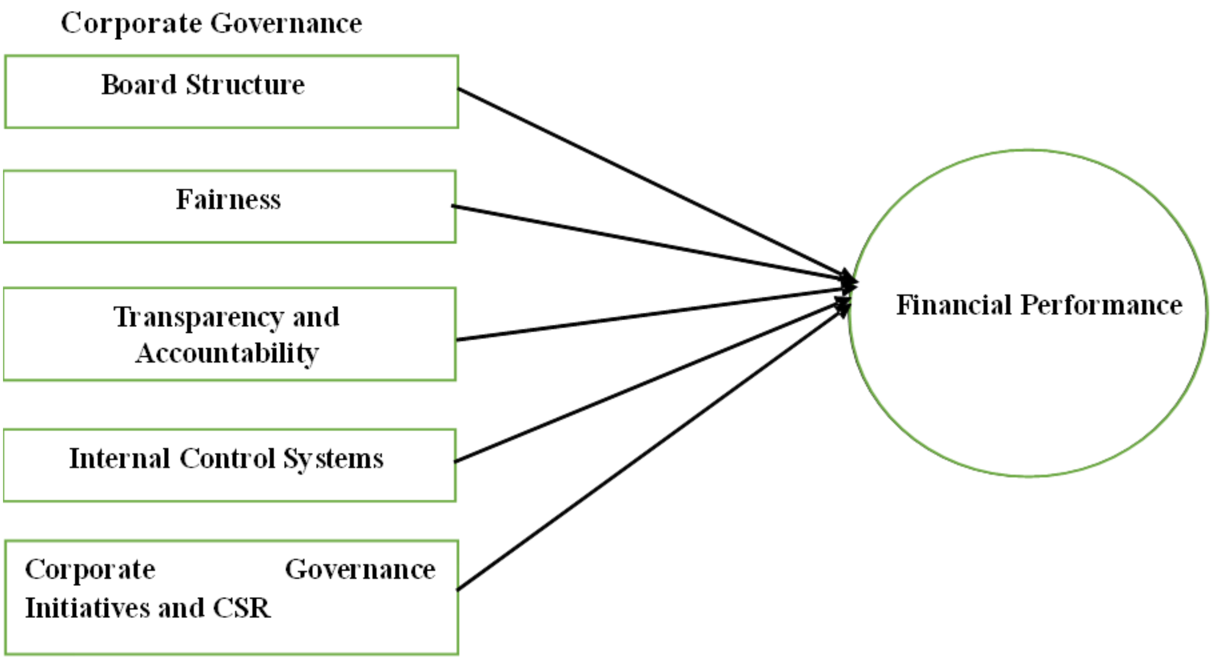
The aforementioned literature review explored the various aspects of corporate governance. It also analyzed and discussed the elements of corporate governance that influence corporate healthcare organizations in India. The determinants of corporate governance that have emerged from our literature review serve as the basis for our conceptual model. Table 2 below provides information on the constructs, variables, and sub-variables that were found in the literature and used as the basis for the conceptual model of corporate governance development shown in Figure 2 below.

Table 2: Identification of Constructs, Variables and Sub-Variables from Literature References

Constructs	**Variables**	**Sub-Variables**	**References from the Literature**
Corporate Governance	Board Structure	a. Board Independence b. Board Meeting c. CEO Duality d. Board Composition e. Board Size f. Audit Committee	(Bansal & Singh, 2021), (Agarwal & Singh, 2020)(Rashid, 2014), (Kyere & Ausloos, 2021), (Dey, 2008),(Mahama, 2015), (Afriyie et al., 2020), (Williams, 1995), (Gu et al., 2010), (Bai & Krishnan, 2015), (Chen et al., 2021),(Pletzer et al., 2015), (Valls Martínez & Cruz Rambaud, 2019), (Thenmozhi, 2019), (Al-Daoud et al., 2016)(Eluyela et al., 2018), (Kathuria & Dash, 1999), (Kuntz et al., 2016)(VAIDYA, 2019), (A. Goel & Sharma, 2020)(Bashir et al., 2020), (Mukherjee & Sen, 2022), (Tien et al., 2013), (Yang et al., 2014), (Adewuyi & Olowookere, 2008).
	Fairness		(Mohammed Farouk Mohammed Saad et al., 2022),(P. Goel, 2018).
	Transparency and Accountability		(Eeckloo et al., 2004), (Lippman & Grimmer, 2016), (Maroun & Atkins, 2014),(Oino, 2019b), (Austin et al., 2016)(Austin et al., 2016), (Akhigbe et al., 2013),(Mwesigwa Rogers, Nasiima Centrine, Suubi, 2014)
	Internal Control Systems		(Ejoh & Ejom, 2014), (Ibrahim et al., 2017), (George, 2021),(Asiligwa & Rennox, 2017).
	Corporate Governance Initiatives and CSR		(Cho et al., 2019)(Van De Velde et al., 2005), (Al-Tuwaijri et al., 2004), (Hassan, 2008)(Burnett & Hansen, 2008)and (Erhemjamts et al., 2013).
Financial Performance		a. Return on Capital Employed (ROCE)	(A. Goel & Sharma, 2020),(Afriyie et al., 2020),

		b. Return on Assets (ROA) c. Return on Equity (ROE)	(Kyere & Ausloos, 2021), (Gu et al., 2010),(Chen et al., 2021), (Pletzer et al., 2015), (Valls Martínez & Cruz Rambaud, 2019), (Thenmozhi, 2019), (Kathuria & Dash, 1999), (Kuntz et al., 2016), (Mukherjee & Sen, 2022),(Adewuyi & Olowookere, 2008), (Austin et al., 2016), (Akhigbe et al., 2013),(Mwesigwa Rogers, Nasiima Centrine, Suubi, 2014),(Ibrahim et al., 2017),(Cho et al., 2019), (Van De Velde et al., 2005),(Al-Tuwaijri et al., 2004), (Burnett & Hansen, 2008) and (Erhemjamts et al., 2013).

Figure 2 : Conceptual model from the Review



Source: Author's own construction

The conceptual model indicated above was created based on the review. The five constructs/variables have been recognized as key contributors to corporate governance as determinants. The conceptual framework used in the study draws on multiple corporate governance theories to explain the relationship between governance mechanisms and financial performance in India's private healthcare sector. The model offers a thorough method for evaluating the efficacy of hospital governance by fusing ideas from Agency theory (Jensen & Meckling, 1976), Stakeholder Theory (Freeman, 1984), and Resource Dependence Theory (Pfeffer & Salancik, 1978) to name a few. Agency theory suggeststhat a separation between ownership and management leads to a conflict of interest which effective corporate governance mechanisms can mitigate. Independent board enhances oversight and decision making thus reducing agency costs. Accountability in financial reporting can be improved by emphasizing strong internal control mechanisms. Unlike Agency theory which emphasizes only shareholders, stakeholder theory takes into consideration the interest of all the stakeholders. Fairness fosters long-term sustainability by treating all the stakeholders ethically. CSR activities increase reputation and stakeholder engagement. In light of the resource dependency theory, strong board composition brings funding opportunities, and expertise, thus improving financial performance. Maintaining financial support and adherence to healthcare rules are ensured by open communication with stakeholders.

The rationale of selecting the abovementioned determinants needs to be understood. Board Independence, Board Meetings, CEO Duality, and Audit Committees as variables ensure financial accountability, risk management, and strategic monitoring. Board meetings improve operational oversight, audit committees increase financial transparency, and board independence reduces agency costs.In order to improve market valuation, reduce information asymmetry, and maintain investor trust and regulatory compliance, transparency and accountability are essential. Internal control systems protect organizational assets by ensuring financial accuracy and operational efficiency. Through improved market positioning and brand loyalty, CSR and governance initiatives improve reputation and stakeholder trust, which improves financial performance. Board independence ensures objective financial reporting and has a beneficial impact on audit quality. Building stakeholder trust through CSR initiatives promotes long-term financial viability. Transparency is increased by internal controls, which boosts investor confidence.

The Governance Index (G-Index)(Gompers, Ishii, and Metrick,2003) focuses on anti-takeover clauses but does not include industry-specific information pertinent to the healthcare industry. The suggested model, which emphasizes financial performance-related variables, is customized for India's private healthcare industry in contrast to the wide approach of G-Index.

Although they provide general guidelines, the OECD Principles of Corporate Governance are not healthcare-specific. The suggested framework offers a quantitative evaluation specific to India's market and regulatory conditions. The suggested model is especially appropriate for the private healthcare industry in India because it incorporates factors that are in line with SEBI regulations as well as the particular characteristics of the Indian healthcare sector. It provides a performance-based, quantifiable approach as opposed to the OECD's principle-based standards. This improved conceptual framework offers a strong basis for further empirical research and insightful information about the connection between financial performance and corporate governance in India's private healthcare industry.

Further, literature was explored to establish a relationship between different factors of corporate governance and the financial performance of hospitals (refer to Table 2). It was found that the financial success of the hospital is influenced by every aspect of its operations, thus the governance board must assess the organization's performance. According to the findings of Afriyie et al. (2020), independent directors have a positive impact on hospitals' net profit margin and return on assets. The diverse professional experiences and attitudes held by board members impact their decision-making on the operational efficiency and financial prosperity of hospitals. Austin et al.(2016); Oino (2019b) concluded that transparency increases the financial performance of organizations. This aspect can be further explored for healthcare organizations.

8. Implications for Policy, Practice, and Future Research

Corporate governance in India's private healthcare sector is evolving. There is a need for healthcare sector-specific regulations. Policymakers should consider standardizing corporate governance frameworks tailored specifically for the healthcare sector to ensure greater accountability. Hospital board members should be provided with continuous training on corporate governance principles to make them understand the complexities of healthcare management. This will help them align both patient care standards and financial goals. In addition to this, robust internal reporting systems should be implemented so that there is more transparency in financial and operational activities.

Since only a few empirical studies have examined corporate governance in the healthcare industry so far, the author intends to do further research in a more detailed manner on the same in the context of Indian hospitals to uncover new variables that may affect hospital performance. Future studies should also focus on testing the proposed conceptual framework using panel data from private healthcare organizations in India. With the increase in the adoption of healthcare IT systems, future research can be done to examine how digital tools can contribute to the principles of corporate governance concerning private healthcare organizations.

9. Conclusion

Corporate governance plays an essential and crucial part in the financial performance of healthcare enterprises to ensure profitability and sustainability. Every hospital is required to have a corporate governance structure that guarantees it operates within the ambit of its hospital budget, in the best interests of all parties involved. The discrepancy between planned budgetary provisions with contingencies and the actual performance/ expenses to provide quality services brings to light the issues of financial performance in the expenditures of budgetary provisions of the capital budget, operating budget and cash flow budgets. These factors determine the expenditures against revenue earnings, constraints, losses, wastages, less optimum utilization of physical, human and monetary resources, and thus profitability and sustainability. Therefore, this literature review paper attempts to explore the determinants cum variables of corporate governance in healthcare firms, which can augment the above-mentioned critical operation issues, and hence financial performance issues. They are depicted in the study's theoretical framework. Corporate governance in healthcare organizations can be measured using the following construct variables: Board Structure, Fairness, Transparency and Accountability, Internal Control Systems, Corporate Governance Initiatives and Corporate Social Responsibility.

Acknowledgement: Not applicable

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