

# DIMENSIONS OF CORPORATE GOVERNANCE AND ORGANIZATIONAL LEARNING: AN EMPIRICAL STUDY

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## ABSTRACT

*This paper aims to investigate the impact of corporate governance on organizational learning dimensions. To achieve the study's objectives, a form of questionnaire was used to collect data, the sample of the study included 229 respondents, the Statistical Package for Social Sciences (SPSS) was used to analyze questionnaire data, and the study found a set of results, most of which were positive. Managers' impressions of community governance in private Jordanian universities are leveled medially, and their observations of organizational learning elements are at a high level. The presence of a statistically significant important impact of corporate governance variable scopes on organizational learning in Jordanian private universities. However, Corporate governance (participation, equality, efficiency, accountability) have a significant effect on Organizational Learning Dimensions. While strategic vision and transparency have no significant effect on Organizational Learning.*

**Keywords:** Corporate governance; Organizational learning.

## INTRODUCTION

Learning organization and organizational learning are two notions based on mental metaphors. Organizational learning is a process that involves intuiting, interpreting, integrating, and institutionalizing information at the individual, group, and organizational levels (Bratianu, 2015). It is a deliberate process that is guided and sustained by inspired leadership (Shibly et al., 2021). It could be an adaptive process based on single-loop learning or a generative process based on double-loop learning (Ali & Oudat, 2021a). Organizational learning necessitates organizational unlearning and a dynamic organizational memory. A learning organization is one that is capable of transforming organizational learning into a knowledge creation engine with the goal of gaining a competitive advantage (Bratianu, 2015; Ali et al., 2016; Alawamleha & Murthy, 2020).

Corporate governance may be described as a set of processes, conventions, rules, regulations, and institutions that determine how a business is managed, administered, or controlled, with the goal of influencing the organization's conduct toward its stakeholders directly or indirectly (Ali & Oudat 2021b). The commitment to the corporate governance

dimensions is an essential model for corporations that strive to improve the scopes of organizational learning and adaptation process, as well as the essence management task would be the use of logic and scientific prediction instead of chaos, where organizational learning is recognized at the moment as the critical key to the achievement of organizations, in addition (Sidani & Reese, 2018). And, while businesses can create organizational learning, they must adhere to the principles of corporate governance, which is a required requirement for such organizations seeking competitive advantages (Kearney & Kruger, 2013). As a result, the purpose of this study was to discover corporate governance and its impact on the enhancement of organizational learning scopes in private Jordanian universities. The current study discusses the part played by corporate governance dimensions in the promotion of the organizational learning process dimensions in the private Jordanian.

As a result, this research responds to requests for novel contributions in the fields of organizational studies, communications, and conflict resolution which will make a difference. To summarize, accept that, in addition to the practical components that are very necessary for study, the followings may form a theoretical contribution (Salamzadeh, 2020).

Thus, in this research, an effort is made to address a major question in this study: "What is the link between Corporate Governance and Organizational Learning?" To do this, the existing literature is evaluated, a research model is presented, and a research technique is developed. Finally, the hypotheses are put to the test, and the results are analyzed.

### **The Study Importance**

The study's significance stems from observing the existence of corporate governance scopes and their effect on the promotion of organizational learning process dimensions in private Jordanian universities, which assists concerned parties in these universities in the possibility of adopting the recommendations to be provided by the current study based on corporate governance data.

Considered as a foundation stone for future studies, and such studies will pave the way for future attempts by researchers and involved people to take into account other subjects related to organizational learning for focusing on it, and test their influences, particularly within the organizational reality for Jordanian organizations.

## **LITERATURE REVIEW**

Resource Based View (RBV): or Resource Based Theory (RBT) was proposed by Penrose in 1959 and has since evolved into an area of management research focusing on Organizational Performance.

According to Madhani (2009), who examines the evolution of RBV from 1959 to 1997, internal resources and capabilities are significant variables that impact long-term competitiveness and high-performance companies. According to Barney (1991), there are three sorts of resource categories: physical capital resources such as factories and equipment, human capital resources such as experience and knowledge, and organizational capital resources such as the formal structure of the organization.

Agency Theory: Michael Johnson, a Harvard Professor, created agency theory. According to agency theory, corporate management acts as agents for shareholders with full awareness of their own interests, rather than as smart and wise and fair to shareholders

(stewardship theory). Stewardship theory is based on philosophical assumptions about human nature, specifically that humans are fundamentally trustworthy, capable of acting responsibly with integrity and honesty toward others. In other words, this theory believes that humans can be trusted to behave in the best interests of the public in general and stakeholders in particular. In studies of corporate governance and performance, the agency theory was employed as the guiding philosophy (Qeshtaa & Ali, 2020; Almari et al., 2021, Oudat et al., 2021; Qeshta et al., 2021; Ali & Oudat, 2021b; Hasan et al., 2021). The theory's primary aim is to eliminate or decrease the agency costs borne by the principals by regulating the conduct of the agents via the company's internal control systems. Additionally, agency theory stresses the fact that businesses can use a number of methods to match the owners' and agents' interests.

## **Learning Organization and Good Corporate Governance**

One of the most basic requirements of humanity is the formation of relationships with others and duty to society and individuals (Salamzadeh et al., 2009; Doshmanli et al., 2018).

Santoso et al. (2019) investigated the impact of learning organizations on effective corporate governance. In the study, 100 leaders from AIA Financial in East Indonesia were used. The partial least squares test technique is used to test the seven hypotheses stated in this study. The study's findings indicate that strategic leadership factors, organizational culture, and learning organizations all have a major impact on excellent corporate governance. Organizational culture, learning organizations, and effective corporate governance, on the other hand, have a major impact on organizational performance.

The learning organization argument, according to Sidani and Reese (2018), has numerous roots that have resulted in opposing viewpoints today. The research explains his unique history and how he came to form his ideas, which he concedes have not always been implemented in practice. This is also reinforced by Lauer (2017), who claims that effective corporate governance cannot be implemented overnight, necessitating the existence of a learning organization. This demonstrates the significance of learning organizations in creating and establishing strong corporate governance inside a firm. According to Kearney and Kruger (2013), there is a link between learning organizations and excellent corporate governance. This is because the organization consistently learns how to use strong corporate governance concepts effectively. Abadi and Nematizadeh (2012) studied the connections between corporate governance, organizational learning, and the efficacy of strategic planning. Corporate governance, but not organizational learning, was found to be strongly linked with strategic planning performance. Furthermore, corporate governance and organizational learning work together to improve the efficacy of strategic planning.

*H1: Corporate governance (Participation) has a significant effect on Organizational Learning.*

*H2: Corporate governance (Equality) has a significant effect on Organizational Learning*

*H3: Corporate governance (Efficiency) has a significant effect on Organizational Learning*

*H4: Corporate governance (Strategic vision) has a significant effect on Organizational Learning*

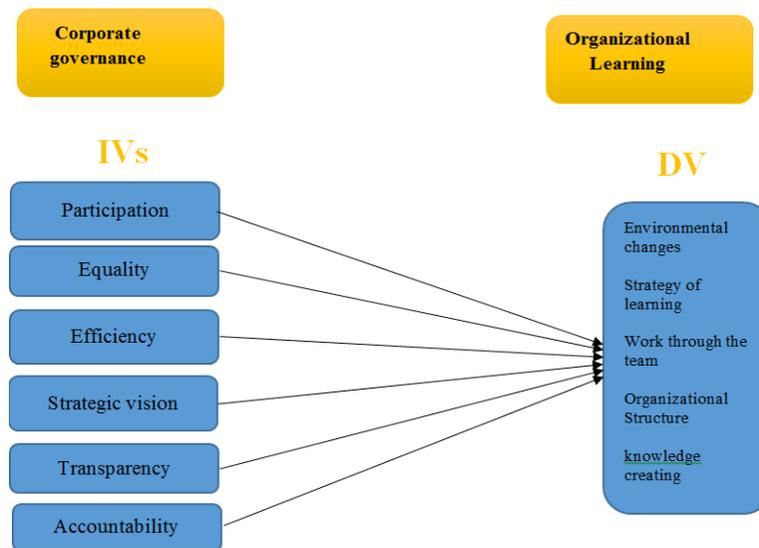
*H5: Corporate governance (Transparency) has a significant effect on Organizational Learning*

*H6: Corporate governance (Accountability) has a significant effect on Organizational Learning*

## METHODOLOGY

### The Study Model

The Corporate Governance is the independent variable (IV) in this study (participation, equality, efficiency, strategic vision, transparency, and accountability). In this study, DV refers to organizational learning, which has five domains: (environmental changes, learning strategy, working through the team, flexible organizational structure, and knowledge creation) (Figure 1).



**FIGURE 1**

### RESEARCH FRAMEWORK OF THE STUDY

#### The Study Methodology

This study is based on the analytical descriptive technique, which included the scanning method, as well as the use of the area of survey tool for collecting data through the study tool and statistically analyzing it in order to check the validity of hypotheses and reply to its questions.

#### The Study Sample

The study sample was drawn from 50 percent of the overall managers in Jordanian private universities, including the (Middle East University, Arab Amman University, Private Amman University, Petra University, Zitouna University, the University of Jerash, Private Zarqa University, Jadara University, Isra University), and (372) forms of questionnaire were distributed to the participants. Thus, the total number of valid questionnaires for analysis was (229), representing 38% of the entire research population and 76.1 percent of the total examination specimen.

## Data Analysis

The variables of distributing the investigation specimen; age, job experience, and educational qualification, etc. were as below (Table 1).

Variable	Level	No	Percentage
Age	30 yrs or less	41	18
	From 31-40 yrs	51	22
	From 41-50 years	88	38
	50 years or over	49	22
Job Experience	5 Yrs or less	37	16
	6-10 yrs	52	23
	11-15 yrs	83	36
	16 years or over	57	25
Educational Qualification	Medium certificate of diploma or less	19	8
	Bachelor's	110	48
	Postgraduate	100	44

## RESULTS

### Reliability Coefficients

The results in Table 2 show that the reliability coefficients of the corporate governance tool dimensions varied between 0.909 to 0.914, and that the reliability coefficients of the Organizational Learning (OL) tool scopes ranged are 0.938, which is an extraordinary magnitude for the study. And the results are shown in Table 2.

Tool	Dimensions	Reliability Coefficients
Corporate Governance	Participation	0.909
	Equality dimension	0.909
	Efficiency	0.909
	strategic vision	0.909
	Transparency diemsnion	0.907
	Accountability dimension	0.914
Organizational Learning		0.938
<b>Reliability Statistics</b>		
Cronbach's Alpha		N of Items
0.924		7

### The Availability of Corporate Governance Dimensions in the Private Jordanian Universities

Table 3 shows how arithmetic means (Arith. mean) and standard deviations (SD) were calculated to reflect the research sample views of corporate governance dimensions in private universities.

<b>Var</b>	<b>N</b>	<b>Minimum</b>	<b>Maximum</b>	<b>Mean</b>	<b>Std. Deviation</b>
Part	229	1	7	4.97	1.33
Equa	229	1	7	4.99	1.34
Effi	229	1	7	5.31	1.21
Strat	229	1	7	5.08	1.34
Tran	229	1	7	5.16	1.32
Acco	229	1	7	4.92	1.39
OL	229	1	7	4.91	1.42

According to the Table 3, the overall average of the corporate governance dimensions was (5.07), indicating that the research sample's opinions of the corporate governance aspects among workers at private Jordanian universities were on the medium level. By analyzing the Corporate Governance dimensions, it is clear that the efficiency dimension was with a mean of (5.31) and an SD (1.21), followed by accountability dimension with a mean of (4.92), and an SD (1.39), followed by transparency dimension with a mean upto (5.16), and an SD (1.32), followed by participating dimension with a mean upto (4.97), and an SD (1.33), followed by Equality dimension with a mean upto (4.99), (1.34). This finding implies that Jordanian private universities are confronted with numerous and varied problems, necessitating the implementation of strategies and policies by senior management to adapt to these issues and effectively accomplish the aims of these departments. By expanding the field of freedom intended for staff at various management levels to make appropriate decisions without reference to senior management except in emergency situations and for critical decisions, it also results in a positive interpretation of the importance of accountability and views it from a positive perspective is unlimited to identifying blunders and those responsible for them.

<b>Var</b>	<b>N</b>	<b>Minimum</b>	<b>Maximum</b>	<b>Mean</b>	<b>Std. Deviation</b>
OL	229	1	7	4.91	1.42

According to the Table 4, the overall average for organizational learning was (4.91), with an SD (1.42). This relates to the necessity of improving organizational learning. The study performed various tests to check the data's appropriateness for regression analysis assumptions, as follows (Table 5).

It is noted that (Skewness) test magnitudes for all parameters ranged between (0.494-0.9), as well as allowed variation test magnitudes (Kurtosis) ranging between (0.485- 1.63) that is about higher than (0.05) and this is indicated the absence of a high correlation between the

independent parameters (Multicollinearity), it was ensuring that the data follow a normal distribution through determination.

Var	N	Skewness		Kurtosis	
		Statistic	Std. Error	Statistic	Std. Error
Part	229	-0.900	0.161	1.243	0.320
Equa	229	-0.900	0.161	1.243	0.320
Effi	229	-0.864	0.161	1.363	0.320
Strat	229	-0.724	0.161	1.199	0.320
Tran	229	-0.703	0.161	0.976	0.320
Acco	229	-0.494	0.161	0.485	0.320
OL	229	-0.755	0.161	1.636	0.320

	Part	Equa	Effi	Strat	Tran	Acco	OL
Part	1						
Equa	1.000**	1					
Effi	0.739**	0.739**	1				
Strat	0.709**	0.709**	0.804**	1			
Tran	0.678**	0.678**	0.750**	0.821**	1		
Acco	0.588**	0.588**	0.729**	0.701**	0.713**	1	
OL	0.744**	0.744**	0.751**	0.735**	0.716**	0.689**	1

When more than one component is used to examine the contribution of independent variables to the regression model, this might lead to a multicollinearity problem.

We address the possibility of multicollinearity before examining the contribution of independent variables to the regression model. To evaluate the degree of correlation between variables, a multicollinearity test was used. The differences between the independent variables are shown in Table 6. Anderson et al. (1990) suggested the "dome law" test, which states that any over-correlation value of 0.7 indicates a possible issue (Table 7). Table 6 shows that the correlations between variables are not statistically significant enough to suggest a serious multicollinearity concern.

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.830 <sup>a</sup>	0.689	0.682	7.00462

*H1: Corporate governance (Participation) has a significant effect on Organizational Learning.*

**TABLE 8**  
**THE EFFECT OF DIMENSIONS (CORPORATE GOVERNANCE) ON OL**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		0.001
Equa	0.735	0.130	0.332	5.672	0.000
Effi	0.411	0.176	0.172	2.330	0.021
Strat	0.299	0.177	0.130	1.688	0.093
Tran	0.218	0.133	0.116	1.638	0.103
Acco	0.367	0.111	0.195	3.312	0.001
Part	0.311	0.167	0.175	2.400	0.011

\*significant statistically at the significance level ( $0.05 \leq \alpha$ )

Observing from the statistical results in (Table 8), and subsequent (Beta) coefficients, and (t) test that the subsequent sub-variables associated with (dimension of participation, equality, Effi, and accountability) are the most effective and of impact of Corporate Governance parameters on OL, in terms of the (Beta) coefficients The results showed that the sub-variable (Part) has effect on OL in terms of high (t) determined magnitude from the tabulated magnitude at the significant level ( $= 0.05$ ). The following may be seen from the examples above:  $t=2.400$  and  $sig = 0.011$ . And the acceptance of the first hypothesis, which demonstrates that (variable of Part) has substantial influence on OL.

*H2: Corporate governance (Equality) has a significant effect on Organizational Learning.*

t test that the following sub-variable relating equality are highly effect corporate governance variables on OL. In terms of high (t) 5.672 determined magnitudes from the Tabulated magnitude on the significance level (0.000), the results showed that (Equality) had influence on the OL.

*H3: Corporate governance (Efficiency) has a significant effect on Organizational Learning.*

There is a positive relationship between Efficiency and OL. This hypothesis is supported as the path coefficient got a positive value of 0.172 and the corresponding t statistics is 2.330 ( $P < 0.021$ ); this value is significant at 5% level. So the Efficiency is positively correlated with OL.

*H4: Corporate governance (Strategic vision) has a significant effect on Organizational Learning.*

There is a positive relationship between Strategic vision and OL. This hypothesis is not supported as the path coefficient got a positive value of 0.177 and the corresponding t statistics is 1.688 ( $P > 0.093$ ); this value is significant at 10% level. So the Strategic vision is not positively correlated with OL.

*H5: Corporate governance (Transparency) has a significant effect on Organizational Learning.*

There is a positive relationship between Transparency and OL. This hypothesis is not supported as the path coefficient got a positive value of 0.116 and the corresponding t

statistics is 1.638 ( $P > 0.103$ ); this value is significant at 10% level. So the Transparency is not positively correlated with OL

*H6: Corporate governance (Accountability) has a significant effect on Organizational Learning.*

There is a positive relationship between Accountability and OL. This hypothesis is not supported as the path coefficient got a positive value of 0.195 and the corresponding t statistics is 3.312 ( $P < 0.001$ ); this value is significant at 5% level. So the Accountability is not positively correlated with OL.

## DISCUSSION

This work use empirical evidence to attempt to correct this imbalance, and its contribution is significant in that it fills a significant vacuum in the literature.

The results showed that the following sub-variables (participation, equality, efficiency and accountability) had the greatest impact on OL. This result was consistent with the findings of (Al-Khafaji & Ghalibi, 2006), which showed that excellent governance leads to higher performance. The findings showed that the following sub-variables (strategic vision, transparency) were not highly effective for corporate management criteria in the OL. This finding demonstrates that workers at Jordanian private colleges work hard to complete their responsibilities in innovative and creative ways, demonstrating their unique skills to alter and solve difficulties they encounter in the course of their work.

In terms of organizational learning, the competing values model holds that learning is one of the organizational skills that may help a firm improve its value and build a competitive edge. Organizational learning may be acquired from a variety of sources, depending on the activities of the company. Learning capability is viewed as the foundation for organizational capabilities, which are critical for completing a company's operations, goods, and value of service effectively. It then assesses the company's ability to generate value for stakeholders more effectively and quickly as a condition of financial success, and so impacts performance. Organizational learning, according to Cavaleri (2004), is a technique for transforming prior conditions and experiences into successful actions. Organizational learning is defined as a resource that is intended to be used to add value to the organization and hence produce profit. To be acknowledged as a competitive advantage, the roles and goals of each aspect of organizational learning must be distinct and differentiated from those of other organizations. Because learning is such a large process with so many different parts, the inclusion of organizational learning as a component of organizational capacity is thought to be highly essential. The more learning components a firm incorporates, the more likely it is that they will lead to improved strategic and financial success.

## LIMITATIONS AND FUTURE RESEARCH

There are a variety of constraints that must be handled. Because the sample is limited to private colleges, it may not reflect all of Jordan's industries. A future research might look into private and government universities. The use of surveys as a data collecting strategy might be viewed as a restriction of the study since self-report questionnaires have the potential to introduce response bias into the results. To minimize such possible bias, future research may try

gathering data from both sides. Second, rather of collecting data at the level of students, data were collected at the level of managers. A data structure like this decreases the analysis's power.

## RECOMMENDATIONS

The following suggestions were made as a result of the study:

1. The findings revealed that employees' understanding of the scopes of corporate governance was moderate, implying that Jordanian private universities must focus on the use of resources in a way that achieves their goals, as well as develop long-term strategic plans to deal with rapid environmental changes.
2. Improving inclusive methods by providing a suitable atmosphere that stimulates, provokes the behavior of workers, supports collaboration groups, cares about the workers' interests, and makes them feel that the firm belongs to them, which depends on activities of their own in a good way.
3. Because the findings indicated the presence of the impact of corporate governance dimensions on organizational learning, Jordanian private universities must increase their focus on creating an adjusting environment that promotes the scopes of corporate governance and organizational learning through the use of the following tools: Increasing the degree of independence of the firm and its employees, Clearly defining its goals, with a focus on the congruence of its goals and the ambitions of its employees, Increased incentives and bonuses to enhance staff morale, and to Encouraging workers to be innovative in order to inspire others to do the same.

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