

**"THE IMPACTS OF EXTERNAL BORROWINGS FROM
ISLAMIC FINANCIAL INSTITUTIONS ON THE FINANCIAL
PERFORMANCE OF MEDICAL COMPANIES IN KSA"**

**Thesis submitted in fulfilment
of the requirements for the degree of Master In (Islamic Banking and Finance)
Faculty of Finance & Admin. Science**

**By :
HASSAN AL ALAEWEE**

ABSTRACT:

The research object to find out the impact of external borrowings from Islamic financial institutions and the financial performance of medical companies in KSA. The major objective of this research is to investigate and compare information and data on the role of external debts to improve medical performance in Saudi Arabia. A sample of 8 medical companies in the KSA. A multi-linear regression analysis has been done along 5 years from 2017 to 2021, included the financial ratios that represents the study variables, Independent variables are (Net Profit Ratio, Return of Assets Ratio (ROA), Return on Equity Ratio (ROE), dependent variables (Debt Ratio, Current Debt Ratio) and There is a significant relationship between LB and firm's ROA, ROE in study sample where $R = 50.9\%$ at a significant level less than 5%. There is a significant relationship between LB and firm's ROE in study sample where $R = 49.5\%$ at a significant level less than 5%, and recommended to apply this type of models on the financial sector in KSA in the future.

المخلص:

يهدف البحث إلى معرفة أثر الاقتراض الخارجي من المؤسسات المالية الإسلامية على الأداء المالي للشركات الطبية في المملكة العربية السعودية. الهدف الرئيسي من هذا البحث هو دراسة ومقارنة المعلومات والبيانات حول دور الديون الخارجية في تحسين الأداء الطبي في المملكة العربية السعودية. عينة من 8 شركات طبية في المملكة العربية السعودية. تم إجراء تحليل الانحدار الخطي المتعدد على مدى 5 سنوات من 2017 إلى 2021، شمل النسب المالية التي تمثل متغيرات الدراسة، والمتغيرات المستقلة هي نسبة صافي الربح، نسبة العائد على الأصول ROA، نسبة العائد على حقوق الملكية ROE والمتغيرات التابعة (نسبة الدين، نسبة الدين الحالي) وهناك علاقة ذات دلالة إحصائية بين LB والعائد على الأصول للشركة، والعائد على حقوق الملكية في عينة الدراسة حيث $R = 50.9\%$ عند مستوى معنوي أقل من 5%. هناك علاقة ذات دلالة إحصائية بين LB والعائد على حقوق المساهمين للشركة العائد على حقوق المساهمين في عينة الدراسة حيث بلغ $R = 49.5\%$ بمستوى معنوي أقل من 5%، ويوصى بتطبيق هذا النوع من النماذج على القطاع المالي في المملكة العربية السعودية مستقبلاً.

CHAPTER ONE
INTRODUCTION

1.1 BACKGROUND OF THE STUDY

The purpose of this study is to analyze the financial performance and financial characteristics of healthcare sector, in order to determine out the impact of external borrowings from Islamic financial institutions and the financial performance of medical companies in KSA. Healthcare hospitals are statistically significantly higher than non-healthcare companies in terms of several ratios such as research and development health sector in Saudi Arabia. (Abu-Hussain, H. &.et al, 2012).

Healthcare remains a top priority for the government in the Kingdom of Saudi Arabia (KSA), and there are enormous opportunities for growth in this high potential business sector. The National Transformation Program (NTP), the Ministry of Health (MoH) is relied upon to spend near US\$71billion of five-years finishing in 2020. (Al-Omar, H. A.,2020)

As per US-based consultancy Aon Hewitt, the medical care area in KSA is relied upon to develop at an accumulate yearly development pace of 12.3% by 2020. (Al-Omar, H. A.,2020), There is additionally a huge ascent in populace with an expansion in those beyond sixty years old, just as the reception of compulsory health care coverage in the nation to build efficiencies and decrease costs.

The government in KSA has effectively investigated private area association in the improvement of the medical care infra-framework in the Kingdom. By presenting Public Private Participation (PPP) models for medical services, the public authority is running after opening worth in the wellbeing framework and optimizing medical care change with plans to expand private area commitment in all out medical services spending to 35% by 2020.

1.2 RESEARCH PROBLEM

The study problem revolves around the financial management and performance of medical companies, with a particular focus on the impact of financial leverage and capital structure. Al-Omar (2020) highlights several issues:

The primary concern is the inconsistency between costs and available resources, which doesn't seem readily reversible, possibly due to inadequate financial management of hospital units within the medical sector.

While there has been extensive research on factors influencing a company's choice between debt and equity financing, the specific impact of different types of debt on a company's value and performance remains unknown.

The existing literature tends to overlook industry-specific determinants of firms' capital structure when assessing the consequences of financial leverage on firm performance.

Medical companies face significant capital expenditures for research and development (R&D), and the time lag between R&D and product launch is substantial. Thus, effectively managing debt, profitability, and R&D costs is crucial.

The study introduces financial ratios, such as the Return on Research Capital Ratio (RORC), which is vital for analyzing a medical company's ability to convert R&D expenses into revenue. Other key financial metrics include operating margin, net margin, liquidity ratios like the quick ratio, and the debt ratio, which impact a company's long-term viability.

Return on Equity (ROE) is emphasized due to the significant capital required by medical companies to bring products to market. High ROE should be scrutinized when it results from excessive financial leverage, highlighting the importance of considering a company's debt and liquidity situation.

The study also addresses the impact of raising capital through debt issuance, which can affect net income and financial leverage ratios, such as debt-to-equity and debt-to-total capital.

Interest coverage and debt-to-equity ratio covenants are commonly associated with loan borrowing, and the research explores the seniority of debt holders compared to equity holders in case of a company's financial distress.

In summary, the study problem revolves around the complexities of financial management, leverage, and capital structure within the medical sector, emphasizing the need for a comprehensive understanding of these aspects to optimize the financial performance of medical companies.

RESEARCH QUESTIONS

The research questions for the study were:

1. How do medical companies in KSA identify, analyze, monitor and assess financial ratios?
2. To what extent does debt affect companies' financial performance of healthcare companies sector in KSA?
3. What is the impact of external financing on the ROA and ROE?
4. What is the role of total debt in net profit, return on equity, and return on assets in Saudi medical companies?
5. What is the role of current debt on net profit, ROE, ROA in Saudi medical companies?
6. What is the role of financial leverage ratio in net profit, ROE, ROA in Saudi medical companies?

1.3 RESEARCH OBJECTIVES

The main objective of this research is to establish the impact of external borrowing of medical companies and hospitals in Saudi Arabia on its financial performance. Hence the conclusion of the effectiveness of the external financing improving performance in the healthcare sector Kingdom of Saudi Arabia.

This is the primary goal and includes the following sub-goals:

1. Explain the role of Total debts on the net profit, ROE, ROA in Medical Companies Saudi Arabia.
2. Explain the role of current debts on the net profit, ROE, ROA in Medical Companies Saudi Arabia.

3. Explain the role of Leverage Ratio on the net profit, ROE, ROA in Medical Companies Saudi Arabia.
4. Explain how medical companies in the Kingdom of Saudi Arabia define, analyses, monitor and evaluate financial ratios.
5. Determine the extent to which debt affects the financial performance of companies in the healthcare companies sector in the Kingdom of Saudi Arabia.
6. Explain the effect of external financing on return on assets and return on equity.

1.4 SIGNIFICANCE OF RESEARCH

The importance of the research is due to the study of the performance of medical companies in the Kingdom of Saudi Arabia in the last 5 years and clarification of the impact of the external borrowings and debt effect on the performance like profits and ROA, ROE

Determination if the debt has an effect on the profits and leverage or not in the field of health care and economic development, after the progress made in the field of health care and public health, survival rates have increased remarkably.

Economists have found that medical research improves individual health, which leads to increased population productivity, and thus an effective contribution to the growth of the national economy and the achievement of sustainable development. Besides the societal and individual benefits that result from improving the quality of life and reducing health care costs

1.5 LIMITATIONS OF RESEARCH

Spatial limits: Research boundaries are in the field of the medical sector and medical companies in the Kingdom of Saudi Arabia

The current study is limited to healthcare companies listed in Saudi Arabia; therefore, it cannot be generalized to other countries.

Temporal limits: A study of the performance of medical companies in the Kingdom of Saudi Arabia during the past 5 years.

The challenges are that the financial data of most of the medical companies haven't been existed on TADAWUL since 2015, so we have a limited time

Also the study variables were limited because we concentrated only on debts and its effect on performance like profits and others.

These limitations can indeed affect the findings of the study in several ways. First and foremost, the limited time frame restricts the ability to assess longer-term trends and performance changes in the medical sector, potentially missing out on important developments. Moreover, by concentrating solely on the influence of debt on performance, other factors that could be equally significant may be overlooked, offering an incomplete view of the industry dynamics.

To address these challenges, it is important to acknowledge the limitations in the research findings and interpret the results within this constrained context. Additionally, may consider the following strategies to mitigate the impact of these limitations:

- Seek alternative data sources outside of TADAWUL that might provide financial information for the missing years. This could include government reports, industry associations, or private databases.
- Compare the financial performance and debt dynamics of the companies with available data to those without. This comparative analysis can shed light on any differences and allow for some inferences about the broader industry.
- Conduct sensitivity analyses by varying assumptions and data inputs to assess how results may change under different scenarios. This can help quantify the uncertainty caused by data limitations.
- Consider incorporating qualitative research methods, such as interviews or surveys with industry experts and company representatives. These qualitative insights can provide a more comprehensive understanding of the challenges and strategies adopted by medical companies.

Expected outcome of the research: After doing the research, we note the great progress in the field of the medical sector in general and the medical companies in Saudi Arabia, especially during the previous 5 years

1.6 DEFINITIONS OF THE KEY TERMS

Terms and Concepts:

Financing: Financing is the process of providing funds for business activities, making purchases, or investing. Financial institutions, such as banks, are in the business of providing capital to businesses, consumers, and investors to help them achieve their goals. The use of financing is vital in any economic system, as it allows companies to purchase products out of their immediate reach (Abu-Hussain, H. &.et al, 2012).

Financial Ratios: Financial ratios are relationships determined from a company's financial information and used for comparison purposes. (Alam, A. Y. 2016)

Debt Financing: Debt financing includes principal, which must be repaid to lenders or bondholders, and interest. While debt does not dilute ownership, interest payments on debt reduce net income and cash flow. (Alam, A. Y. 2016)

Equity Financing: Process of raising money by selling new shares of stock –has no impact on a firm's profitability, but it can dilute existing shareholders' holdings because the company's net income is divided among a larger number of shares. (Al-Hanawi, M. K. 2018)

Also provide the definition of the following:

Financial performance:

Financial performance is a subjective measure of how well a firm can use assets from its primary mode of business and generate revenues. The term is also used as a general measure of a firm's overall financial health over a given period.

CHAPTER TWO

LITERATURE REVIEW

2.1 HEALTHCARE EXPENDITURE PER CAPITA

The KSA healthcare business is dominated by government spending at 74.2 percent (2016) and private sector spending at 25.8 percent, expected to rise to 28.1 percent by 2025. The top 15 nations spend 3–8 times more per capita on healthcare than KSA. In 2010, there were 2.4 doctors per 1,000 persons; by 2016, 2.8. Nurse ratio rose from 4.8 to 5.7 and beds per 1,000 increased from 2.1 to 2.2.

This still falls short of the global average of 2.7 beds and other developed nations. However, bed ratios are too simplistic when assessing the Saudi healthcare industry. Bed and medical clinic request numbers depend on population, illness profiles, medical treatment advances, protection costs, government/private sector association, and reasonableness.

Industrialized nations allocate a large portion of their budgets to health care. Health sector development policies emphasize medicine and research. Many nations view health spending as a profitable investment because a healthy citizen is the most productive and least expensive. Countries have sought the best administrative, financial, and technical methods to deliver a high-quality health service to their population in recent years to meet their requirements and expectations. This search raised several questions that must be answered to create an efficient and successful health care system.

2.2 The Comprehensive Health Care Industry in the Kingdom of Saudi Arabia.

Saudi Arabia's public health care system provides free medical treatments to inhabitants through government agencies. Current job growth and private sector health care cooperation are emphasized. Saudi clinics have 64,188 beds, 38,970 of which are with the Ministry of Health, 11,043 with other government agencies, and 14,165 with private entities.

The Ministry of Health reported 415 medical clinics with 58,126 beds in Al-Hujira year 1431, which is similar to 2009. The country had 16 legislatures, five private medical institutions,

12 states and seven private dental schools, 15 state-run administrations, and six private medical schools.

The Ministry of Health runs 62% of medical clinics and 53% of centres and foci, while government divisions like the Ministry of Defence, the Ministry of Interior, and other services, as well as private businesses, handle the remaining offices.

2.3 General Performance of Medical Companies in The Kingdom of Saudi Arabia:

The methodology uses observations, reports, and interviews. Theoretical qualitative analysis helps us answer issues and attain our goal. The Ministry of Health of Saudi Arabia employs corporate performance management to develop and implement plans to improve hospital operations and establish a 'patient first' quality and results culture. We considered building a Performance Improvement Unit (PIU) in the MOH to implement Lean Six Sigma and change management. The MOH and external consultants have worked on PIU projects in four phases: PIU setup, capability growth, high-impact projects, and expertise transfer and sustainability projects. (Al-Hanawi, M. K, 2018)

PIU units have developed in 13 provinces in 90 days. It promoted information sharing to improve Saudi health workers' skills and create MOH champions who can lead, implement, and sustain future programmers.

The high-impact project's implementation was difficult, but early results were promising. PIU measures failed, and output mechanisms recovered to baseline within nine months. This case study illustrates that PIU can improve health care in Saudi Arabia (Al-Hanawi, M. K, 2018). Low sustainability after initial success shows the need to strengthen team leaders and members' engagement, advantages, and preparation for long-term programmer success (Al-Hanawi, M. K., 2018).

Organizational inefficiencies in direct medical services and healthcare system administration have caused global healthcare prices to rise at an unprecedented rate (Berwick, 2012).

Health care "overuse," "underuse," and "misuse" cost over half a trillion dollars yearly. A cheaper and more effective way to lower health care costs is to minimise 'waste' capital rather than cut value-added services like payment levels, benefits, and eligibility.

Given the current condition of "broken" healthcare and system failure, it is not surprising that the healthcare industry is entangled in severe safety, efficiency, cost, and access problems that seriously affect many patients' health and operations. (Al-Hanawi, M. K. (2018) estimates that health care system inefficiencies cause 98 000 fatalities and one million injuries in the US.

2.4 OVERVIEW OF THE FINANCIAL PERFORMANCE OF MEDICAL SECTOR COMPANIES IN KSA

The Kingdom of Saudi Arabia (KSA) government prioritizes healthcare, creating several corporate growth prospects. In accordance with Vision 2030 and national transformation programmers, the Ministry of Health plans to invest \$71 billion over the next five years through 2020.

Aon Hewitt predicts 12.3% growth in the KSA healthcare sector by 2020. The Saudi government has actively sought private sector participation in health care infrastructure construction to maximize efficiency and reduce costs. To increase the private sector's contribution of health expenditure from 25% to 35% by 2020, the government is unlocking the health care system's value and quickly assessing public-private involvement improvements. Current private sector health expenditure involvement is 25%. (2019, Al-Hanawi M.K.B.).

Medical services are provided by the Health Ministry and various government agencies and enterprises. Medical care is available. The KSA Ministry of Health (MOH) provides medical care in public health. Most nations allocate a significant portion of the government's annual budget to the Ministry of Health (MOH) to fund public health services (approximately 60% of hospitals and primary health clinics).

Due to a greater focus on this need, health care budgets have expanded from 6.1 percent in 2006 to 7.0 percent in 2014. Baranowski hypothesized in 2009 that Saudi Arabia's large healthcare system's perceived efficacy may explain its high investment. 2009 (Baranowski)

Although the government is investing heavily in healthcare infrastructure, the system is under increasing pressure due to the public healthcare system's many issues. While resources remain scarce, these issues drive rapid spending and demand growth.

These include rapid demographic changes, an ageing population, a more sedentary lifestyle, rising prices, user expectations, and changing disease patterns (Walshe, 2011). Work by Walshe (2011) The current position seems unsustainable, especially given oil price volatility.

Academics and international health organizations have questioned the futurity and sustainability of the current medical financing structure. According to (Elachola (2016). To reduce financial hardship on private sector workers, the government required them to have employment-based health insurance.

Some academics suggested user fees, while others wanted them for all inhabitants (Almalki, 2011). A national or social insurance system could help relieve some of the financial strains on the nation's healthcare system if the current government achieves its goals.

The public's participation is crucial to health care goals; hence this must be considered while designing a medical service finance structure. Public participation is also crucial to health care goals. Balabanova (2004)

Over the past decade, government healthcare spending has consistently increased to meet rising demand. Healthcare spending rose from 3.2% of GDP in 2012 to 19% of government spending in 2015. The rising cost of medical care caused this growth. Despite improvements in the Kingdom's healthcare infrastructure, there is still a shortage of qualified medical professionals, financial resources, evolving disease trends, a high demand for free services, a lack of a national crisis management strategy, inadequate accessibility of some health care facilities, and no nautical health centre.

Ambulatory care in Saudi Arabian hospitals was generally good, although patients were dissatisfied with primary care when wait times exceeded 30 minutes. The Ministry of Health, which launched several structured health care improvement initiatives, tasked the Agency for Health Care Research and Quality (AHRQ) with developing and implementing these programmes. These programmes aim to improve Saudi Arabia's healthcare system.

- Impact of Private Sector Provision of Health Care

In Saudi Arabia the private sector has taken up a variety of activities related to the direct provision of healthcare services, administration and management of healthcare facilities, production and financing of healthcare products (De Wolf, 2016). This is done by various non-state stakeholders, including national and multinational companies, NGOs, non-profit organizations, and private persons working as general practitioners and healthcare consultants (Mackintosh, 2016). Private players are obviously increasingly relying on funding and providing goods and services for health care.

The private sector is preferential because of public-sector management inefficiency, consumer dissatisfaction with public-sector services, private sector organizational behavior, improved access and equity performance, improved drug delivery and response (Joarder, 2017).

- Greater user-friendliness or patient satisfaction or competence

There are however several complaints about the many private sector deficiencies, including poor nonregistered infrastructure and poor equipment quality. (Arasli, 2008).

The shortage of skillful personnel, 83 bad service conditions, higher costs of treatment (Hanson, 2008) inappropriate medical diagnostics, commission-based facilities, monitoring, unnecessary prescribing and testing, technical overuses, (Grobler, 2012) divisions, income and patient care incompetence, low quality and standards of business ethics, the dearth of professionalism (Berlan, 2012)

Also in the global context, there have been substantial reports of relative efficacy, efficacy and general advantages of privatization of the health sector without any research providing strong evidence in favor of or against increased involvement by the private sector (Basu, 2012) and therefore the importance of the private sector cannot be calculated consistently.

2.5 NUMBER OF COMPANIES (ALBILAD CAPITAL, 2015)

A Ministry of Finance scheme provides affordable long-term funding for private hospital expansion. Government loan ceilings cover 50% of the Minister-approved project's cost. For a new hospital, general medicine complex, one-day surgery centres, and specialty medical facility, the ministry of finances can borrow SAR 200 million, 80 million, and 50 million, respectively. In its most recent annual 1435 AH survey, the Central Department of Statistics and Information (CSSI) reported 453 hospitals: 270 MOH-led, government-owned, and 141 private, comprising 31.3%.

Foreign visitors must have healthcare insurance starting in December 2015. International ambassadors, abroad organisations, and state guests are exempt. Private hospitals rely on health insurance. The Hijri year 1435 saw 2,478 insurance businesses approved, up from 2,177 the year before.

Al Nozha Hospital will open in 2016 after Al Hammadi constructed a commercial hospital in Al-Suweidi in August 2015. Mouwasat Medical Services contracted for a hospital and

Dammam Hospital in Al-Khobar to satisfy rising health care demand. Jubail Hospital will join Mouwasat's Medina and Qatif operations in the first quarter of 2016.

Dallah Healthcare opened North Clinics in February 2015 and the Children's Hospital at the end of 2013 in addition to developing the hospital complex and health tower. Dallah owns 30% of Muhammad Rashid al-Faqih Hospital's construction.

The National Hospital's northern campus will be expanded and renovated by National Care, which inaugurated Family Medicine in 2015. Due to the slow growth, Tadawul health stocks are expensive.

The broad index averaged 29.5x P/E versus 14.7x. Despite spending, we expect the low debt level and long-term loans from the finance ministry to support the yearly dividend policy of the four healthcare sector shares.

2.6 SIZE OF COMPANIES IN TERMS OF ASSETS AND EMPLOYEES, BRANCHES, ETC

The total growth of 2094 primary health facilities in 2010 is 8.78 percent. For the clinics, the average increase is 14:22 per cent, from 218 in 2006 to 249 in 2010. The hospital beds increased from 30 617 in 2006 to 3 4,370 in 2010 with an average rise of 12.26%, as a response to the increase in hospitals. In 2010, there were 34370 hospital beds with 12.7 beds and 10,000 persons available. (Al-Homayan, A., Shamsudin, F., Subramaniam, C., & Islam, R., 2013).

2.6.1. Human Resources:

Up until today, Saudi Arabia has suffered continuously from a shortage of Saudi health workers. Ministry of Health statistics indicate that approximately 45.80% of all health care workers are foreign health workers. Compared with the local experts, Table 1 displays a large number of foreign experts, such as doctors and nurses. For nursing, about 49,72% of the total workforce is non-Saudi nursing, while Saudi informers rate 50,28%, indicating a lack of nurses locally. This figure is very high. One of the main problems in the Saudi Arabia nursing sector is the lack in the Kingdom of local nurses (Mitchell, 2009).

2.6.2. Standard Requirements for Financial performance IFRS, ISA, Etc.

IFRS Standard Principles: the international accounting standards for the disclosure of the accounts of the listed companies were established, fulfilling three main criteria:

Completeness: the company's operation must be reported and off-balance sheet transactions avoided, Comparability: both companies have uniform financial statements that are similar, Neutrality: the principles are to govern all organizations' account management, Towards IFRS financial item assessment methods: IFRS criteria provide for a range of methods of assessment.

There are two different approaches:

The model of historic cost; Model of fair price.

The accounting hedge is an exception to the accounting rule which can only be extended if three requirements are met:

Record life, Hedged and hedging instrument compliance requirements, Evidence of the hedging partnership effectiveness, Approach to Finance Successful for over ten years, Finance Active has been a pioneer on IFRS topics related to financial obligations accounting for the private sector finance departments.

Our IFRS provides emphasis on two knowledge areas:

Expertise in technology. You can create, simulate and automate accounts processing of your financial instruments with our interest rate and financial solutions, Knowledge consultancy. Our consultants help you to carry out your IFRS statements and generate them at each point. (price water house cooper, 2010)

2.7 PAST STUDIES ON MEDICAL COMPANIES IN KSA

Many nations struggle to provide economical, high-quality healthcare. Saudi Arabians worried about public hospital quality and the high cost. Privatising state hospitals and providing benefits for foreign workers and locals is part of the government's health care reform. The reforms show how tough it is to completely restructure a country's health care system. This also shows how the private sector is more dependent on government aid to navigate a fast changing health care system (Walston, 2008).

In conclusion, medical enterprises recognized HTA as a tool for assessing whether to pay for access and coverage technology and how high and escalating healthcare expenses, particularly medical spending, may be refunded. Medical companies can meet Saudi HTA demand for health breakthroughs. Recognising that there are many problems and opportunities is crucial. Our findings may help Saudi Arabia's HTA policy and other nations' strategy by using the HTA as a decision-making tool. The results of this analysis and their implications for a more comprehensive literature review will be reported (Al-Omar, 2020).

Increasing a company's worth by adding debt to an optimised capital structure with a low weighted average cost of capital (Modigliani and Miller, 1963). Managers set an objective obligation ratio to balance the advantages and costs of obligations. Obligation financing may protect benefits with high financial risk and chapter 11 transparency, therefore all companies should consider how much obligation and value they should maintain to leverage such tradeoffs. diverse assessments support capital construction guesses and compare to diverse conditions (Habib et al., 2016). Greater absolute responsibility for resources and interest inclusion boosts productivity. This shows that raising interest-based obligations boosts financial gains (Chisti et al., 2013).

2.8 AREA OF RESEARCH AND THEIR FINDINGS

2.8.1 Theoretical Model Used in Past Studies on Medical Companies in KSA

Institutional Theory in Various Disciplines. In many disciplines such as economy, history, political science and sociology, institutional theory has progressed over the years.

Institutional theory has its own distinct flavors within each of these disciplines. However, institutional scientists in all disciplines have a common skepticism towards the rational model of the social sciences which over the past 50 years has dominated the study of human behavior.

Furthermore, they all agree that institutions and the social processes around their development, maintenance and transformation are important for shaping social life (Scott, 2001)

2.8.2 Hypothesis of Study

H0: There is a significant negative relationship between the debt ratio and ROA, ROE, Net profit

H1: There is a significant negative relationship between the leverage ratio and ROA, ROE, Net profit

H2: There is no significant relationship between the debt ratio and ROA, ROE, Net profit.

CHAPTER THREE

METHODOLOGY

3.1 INTRODUCTION

Statistical tests were performed on the research variables' data, and descriptive statistics including means, medians, ranges, variances, and standard deviations were presented. The researcher will structure this chapter as follows so that the statistics can be used to describe the main characteristics of a data set, to classify the data, to summarize the data, to display the data in tables and graphs, to calculate various statistical measures to describe a variable (or more) in a population, and to test hypotheses using correlation and regression:

3.2 RESEARCH CONCEPTUAL FRAMEWORK

The framework method for analyzing qualitative data in multi-disciplinary health research was used.

This method has been utilized since the 1980s; it began in social approach research and is presently broadly utilized in clinical and wellbeing research, including health financial matters and health strategy.

This technique assists with recognizing shared traits and contrasts in subjective information for contemplate that mean to accumulate explicit data inside a restricted time span.

It comprises of seven stages: record, adaptation with the meetings, coding, the improvement of a working expository system, the utilization of the diagnostic structure, the diagramming of information onto a system lattice, and the understanding of the information.

3.3 THE POPULATION OF STUDY

This study targets the health sector. The health sector is of great importance. The importance of this sector has increased, especially in light of the local and global health crises, and health services are of great importance in terms of raising people's quality of life and building a healthier society. Institutions operating in this sector make a significant contribution to the life of the individual and society by caring for people's lives.

The health sector is expected to increase its performance in the coming period thanks to the great capabilities that the sector possesses, and the high-quality services it provides through world-renowned doctors, highly qualified health elements, and first-class medical technology.

3.4 THE SAMPLE SIZE

3.4.1 Names and Year of Established

The study sample includes 8 companies: Mouwasat Medical Services Co, founded in 1974, Saudi Chemical Co, founded in 1986, AYYAN Investment Co, founded in 1993, Dallah Healthcare Co, founded in 1987, Al Hammadi Company for Development and Investment, founded in 1985, Dr. Sulaiman Al Habib Medical Services Group, National Medical Care CO, founded in 2003, and Middle East Healthcare Co.

3.4.2 Size of Company in Term of Assets

- The size of Mouwasat Medical Services Co at the end of 2020 in terms of assets reached 3,648.78 million riyals,
- While the size of Saudi Chemical Co at the end of 2020 in terms of assets amounted to 4,682.79 million riyals,
- And the size of AYYAN Investment Co at the end of 2020 in terms of assets was 1311.22 million riyals.
- Dallah Healthcare Co at the end of 2020 in terms of assets 3987.27 million riyals,

- And the size of Al Hammadi Company for Development and Investment at the end of 2020 in terms of assets reached 2435.01 million riyals,
- And the size of Dr. Sulaiman Al Habib Medical Services Group at the end of 2020 in terms of assets, 9481.17 million riyals,
- And the size of the National Medical Care CO. At the end of 2020, in terms of assets, SAR 1,432.63 million,
- The size of Middle East Healthcare Co. At the end of 2020, in terms of assets, 3957.45 million riyals

3.4.3 Number of Branches

- There are two branches of Mouwasat Medical Services,
- While there are 5 branches of Saudi Chemical Co,
- Three branches of AYYAN Investment Co,
- And no branches of Dallah Healthcare Co,
- Two branches of Al Hammadi Company for Development and Investment,
- And there are 3 branches of Dr. Sulaiman Al Habib Medical Services Group
- There are no branches of National Medical Care CO. There are no branches of Middle
- East Healthcare Co.

Table 3. 1
Number of Branches

No	Company	established in	size	branches
1	Mouwasat Medical Services Co	1974	364878	2
2	AYYAN Investment Co	1986	468279	5
3	Dallah Healthcare Co	1993	131122	3
4	Al Hammadi Company	1987	398727	0
5	Dr. Sulaiman Al Habib	1985	243501	2
6	Medical Services Group	1993	948117	3
7	National Medical Care CO	2003	143263	0
8	Middle East Healthcare Co	2004	395745	0

This part will organize as follow:

Chapter four

Results

Financial analysis of the shares of the medical sector companies in the Kingdom of Saudi Arabia:

4.1. PERFORMANCE OF INDIVIDUAL COMPANY:

liquidity position

Liquidity position is an indicator that measures the ratio of current assets' coverage of current liabilities

In this topic we will deal with the liquidity index of the study sample companies to identify the company's level of efficiency in covering the current assets of the current liabilities during the years (2017-2018-2019, 2020, 2021)

Table 4.1.1.

Mouwasat Medical Services Co

Year /Ratios	liquidity position
	Current Assets/Current Liabilities
2017	205%
2018	184%
2019	171%
2020	217%
2021	205%

Table 4.1.2

Saudi Chemical Co

Year /Ratios	liquidity position
	Current Assets/Current Liabilities
2017	88%
2018	92%
2019	73%
2020	121%
2021	119%

Table 4.1.3

AYYAN Investment Co

Year /Ratios	liquidity position
	Current Assets/Current Liabilities
2017	458%
2018	398%
2019	264%
2020	88%
2021	198%

Table 4.1.4.
Dallah Healthcare Co

Year /Ratios	liquidity position
	Current Assets/Current Liabilities
2017	218%
2018	139%
2019	146%
2020	133%
2021	127%

Table 4.1.5
Al Hammadi Company for Development and Investment

Year /Ratios	liquidity position
	Current Assets/Current Liabilities
2017	230%
2018	229%
2019	283%
2020	220%
2021	247%

Table 4.1.6
Dr. Sulaiman Al Habib Medical Services Group

Year /Ratios	liquidity position
	Current Assets/Current Liabilities
2017	211%
2018	176%
2019	166%
2020	224%
2021	202%

Table 4.1.7*National Medical Care CO.*

Year /Ratios	liquidity position
	Current Assets/Current Liabilities
2017	412%
2018	475%
2019	572%
2020	436%
2021	420%

Table 4. 1.8*Middle East Healthcare Co.*

Year /Ratios	liquidity position
	Current Assets/Current Liabilities
2017	258%
2018	176%
2019	166%
2020	126%
2021	115%

The previous tables show an increase in the liquidity position in the companies of the study sample, with the exception of Saudi Chemical Co, which shows the high ability of the study sample companies to cover their obligations and short-term operating expenses.

■ **Net Income:**

Net income is the money left over after paying all the expenses needed to run the project and is an indicator of the financial strength of the company

We will address the net income of the study sample companies to find out the level of their financial strength during the years (2017-2018-2019, 2020, 2021).

Table 4.1.9.
Mouwasat Medical Services Co

Year /Ratios	Net Income (million riyals)
2017	336.7
2018	360.2
2019	4210.3
2020	523.6
2021	575.05

Table 4. 1.10.
Saudi Chemical Co

Year /Ratios	Net Income (million riyals)
2017	0.143
2018	0.116
2019	0.033
2020	74.0
2021	69.5

Table 4. 1.11.
AYYAN Investment Co

Year /Ratios	Net Income (million riyals)
2017	-6.998492
2018	11.200555
2019	0.726292
2020	27.29
2021	4.294

Table 4. 1.12.
Dallah Healthcare Co

Year /Ratios	Net Income (million riyals)
2017	294.98
2018	141.76
2019	146.92

2020	131.994
2021	258.601

Table 4. 1.13.
Al Hammadi Company for Development and Investment

Year /Ratios	Net Income (million riyals)
2017	107.96
2018	89.81
2019	93.00
2020	130.826
2021	90.087

Table 4. 1.14.
Dr. Sulaiman Al Habib Medical Services Group

Year /Ratios	Net Income (million riyals)
2017	656.17
2018	801.31
2019	870.23
2020	1055.4
2021	1376.6

Table 4. 1.15.
National Medical Care CO.

Year /Ratios	Net Income (million riyals)
2017	58.30
2018	62.18
2019	80.09
2020	93.78
2021	132.175

Table 4. 1.16.
Middle East Healthcares Co.

Year /Ratios	Net Income (million riyals)
2017	300.08
2018	172.25
2019	97.57
2020	81.992
2021	17.201

The previous tables show the net income value of the study sample companies in order to identify the level of financial strength in them during the years (2017-2018-2019, 2020, 2021)

This is according to what was deduced and obtained from the analysis of the previous tables.

■ ROA

Return on assets (ROA) is an indicator that measures the profitability of the company relative to its total assets, and the return on assets gives an idea of how efficiently management is using its assets to achieve profit.

In this topic we will deal with the return on the assets of the companies of the study sample to identify the level of efficiency of their management during the years (2017-2018-2019-2020-2021)

Table 4. 1.17.
Mouwasat Medical Services Co

Year /Ratios	ROA Net Income / Total Assets
2017	12%
2018	12%
2019	14%
2020	14%
2021	14%

Table 4. 1.18.
Saudi Chemical Co

Year /Ratios	ROA
	Net Income / Total Assets
2017	4%
2018	3%
2019	1%
2020	2%
2021	2%

Table 4. 1.19.
AYYAN Investment Co

Year /Ratios	ROA
	Net Income / Total Assets
2017	-1%
2018	2%
2019	0%
2020	2%
2021	0%

Table 4. 1.20.
Dallah Healthcare Co

Year /Ratios	ROA
	Net Income / Total Assets
2017	12%
2018	5%
2019	5%
2020	3%
2021	6%

Table 4. 1.21.
Al Hammadi Company for Development and Investment

Year /Ratios	ROA
	Net Income / Total Assets
2017	5%
2018	4%
2019	4%
2020	5%
2021	4%

Table 4. 1. 22.*Dr. Sulaiman Al Habib Medical Services Group*

Year /Ratios	ROA
	Net Income / Total Assets
2017	9%
2018	11%
2019	10%
2020	11%
2021	13%

Table 4. 1.22.*National Medical Care CO.*

Year /Ratios	ROA
	Net Income / Total Assets
2017	4%
2018	4%
2019	6%
2020	7%
2021	8%

Table 4. 1.23.*Middle East Healthcares Co.*

Year /Ratios	ROA
	Net Income / Total Assets
2017	11%
2018	6%
2019	3%
2020	4%
2021	1%

The previous tables show the low ROA rate in the study sample companies and the low level of management efficiency in using the available assets to achieve profits in the study sample companies where the least efficient companies in 2019 were AYYAN Investment Co and the highest in efficiency in 2019 is Mouwasat Medical Services Co

- ROE

Return on Equity (ROE) is an indicator that measures the rate of return on ownership. Return on equity gives information about the company's efficiency in achieving profits from each unit of shareholder equity and shows the extent of the company's success in using investment funds to achieve profitable growth.

In this topic, will deal with the return on shareholders' equity for the companies of the study sample to identify the level of the company's efficiency in achieving profits from shareholders' equity during the years (2017-2018-2019, 2020, 2021).

Table 4. 1.24.

Mouwasat Medical Services Co

Year /Ratios	ROE
	Net Income / Shareholders Equity
2017	23%
2018	21%
2019	22%
2020	23%
2021	22%

Table 4. 1.25.

Saudi Chemical Co

Year /Ratios	ROE
	Net Income / Shareholders Equity
2017	10%
2018	8%
2019	2%
2020	5%
2021	4%

Table 4. 1.26.
AYYAN Investment Co

Year /Ratios	ROE
	Net Income / Shareholders Equity
2017	10%
2018	2%
2019	0%
2020	4%
2021	1%

Table 4.1. 27.
Dallah Healthcare Co

Year /Ratios	ROE
	Net Income / Shareholders Equity
2017	10%
2018	9%
2019	10%
2020	8%
2021	14%

Table 4. 1.28.
Al Hammadi Company for Development and Investment

Year /Ratios	ROE
	Net Income / Shareholders Equity
2017	10%
2018	6%
2019	6%
2020	8%
2021	5%

Table 4.1.29.
Dr. Sulaiman Al Habib Medical Services Group

Year /Ratios	ROE
	Net Income / Shareholders Equity
2017	10%
2018	19%
2019	20%
2020	21%
2021	26%

Table 4.1.30.
National Medical Care CO.

Year /Ratios	ROE
	Net Income / Shareholders Equity
2017	10%
2018	6%
2019	8%
2020	9%
2021	12%

Table 4.1 31.
Middle East HealthCare's Co.

Year /Ratios	ROE
	Net Income / Shareholders Equity
2017	10%
2018	12%
2019	6%
2020	7%
2021	1%

It is evident from the previous tables that the rate of (ROE) decreased in the companies of the study sample, with the exception of two companies: Dr. Sulaiman Al Habib Medical Services Group and Mouwasat Medical Services Co Which had a high ROE.

4.2. AVERAGE PERFORMANCE IN PAST YEARS

Several major findings arise from Mouwasat Medical Services Co's 2017–2019, 2020–2021, performance. First, management was inefficient in using assets to

make money. The corporation generated earnings efficiently from each shareholder's stock unit. Additionally, its ability to fulfil obligations and short-term operating expenses rose, boosting financial strength and net income.

In contrast, Saudi Chemical Co's performance during the same study period shows various trends. The management was inefficient in using assets to make money. The corporation has trouble making money per share. Financial strength decreased due to a decreased ability to meet short-term liabilities and operating expenses.

AYYAN Investment Co.'s management struggled to use assets efficiently for profit. Profiting from each shareholder's equity was difficult for the company. Through the study period, the company's financial strength fluctuated, but it could fulfil its obligations and short-term operating expenses.

Dallah Healthcare Co.'s management struggled to maximise profits from each shareholder's stock. Despite financial strength changes, net income increased and its capacity to fulfil obligations and short-term operating expenses increased.

In the assessment of Al Hammadi Company for Development and Investment, management faced efficiency challenges in using available assets for profit generation, and the company struggled to efficiently generate profits from each unit of shareholders' equity. Remarkably, the company exhibited a high ability to cover its obligations and short-term operating expenses. Despite these strengths, financial strength fluctuated alongside an increase in net income.

Meanwhile, the performance analysis of Dr. Sulaiman Al Habib Medical Services Group highlighted management's inefficiency in using available assets for profit generation. In contrast, the company excelled in generating profits from each

unit of shareholders' equity, leading to an increased ability to cover obligations and short-term operating expenses. Consequently, the financial strength of the company improved, accompanied by an increase in net income.

the National Medical Care CO, the performance assessment underscored management's low efficiency in utilizing available assets for profit generation. The company struggled to efficiently generate profits from each unit of shareholders' equity but exhibited a high ability to cover obligations and short-term operating expenses. Consequently, financial strength and net income increased during the study period.

Finally, in the analysis of Middle East HealthCare's Co's performance, it revealed a severe lack of efficiency in management's use of available assets for profit generation. The company achieved an average level of efficiency in generating profits from each unit of shareholders' equity. Although its ability to cover obligations and short-term operating expenses increased, there was a decrease in financial strength, despite an increase in net income.

4.2.1. COMPARATIVE PERFORMAMCE BETWEEN COMPANIES

It was evident that the rate of (ROA) decreased in the study sample companies and the low level of management's efficiency in using the available assets to achieve profits in the companies of the study sample, as the least efficient companies were AYYAN Investment Co and the highest in efficiency is Mouwasat Medical Services Co.

The decrease in the (ROE) rate in the study sample companies, with the exception of two Dr. Sulaiman Al Habib Medical Services Group and Mouwasat Medical Services Co Which had a high ROE

An increase in the liquidity position of the study sample companies, with the exception of Saudi Chemical Co, which indicates the high ability of the study sample companies to cover their short-term obligations and operating expenses.

It showed an increase in the net income value in most of the study sample companies and a fluctuation in the level of financial strength in the companies of the study sample, as the least efficient company was Saudi Chemical Co and the highest in efficiency was Mouwasat Medical Services Co.

4.3. Performance trend up or down

The study findings reveal significant performance fluctuations among all the sampled companies during the periods 2017-2019, 2020, and 2021. This volatility is attributed to the varying levels of management efficiency in utilizing available assets to generate profits. Furthermore, the Return on Equity (ROE) rate across most of the study sample companies, except for two, showed a consistent trend. Additionally, the majority of the sampled companies demonstrated a high capacity to cover their short-term operational obligations and expenditures, except for one company. Furthermore, the study highlights the substantial value of net income and the fluctuation in the level of financial strength observed in most companies within the study sample.

In summary, the study provides a comprehensive analysis of the performance of the sampled companies over a three-year period, emphasizing the role of management efficiency, ROE, short-term financial obligations coverage, and financial strength in influencing the observed fluctuations in performance. These insights shed light on the dynamics of these companies within the given timeframe.

4.3.1. LEVERAGE ANALYSIS (Comparative analysis and Debt exposure of total debts):

The company's indebtedness refers to the amount of others' money the company has, which it has benefited from in its attempt to make profits.

We will deal with the Debt Exposure of total debts for the study sample companies during the period (2017-2019, 2020, 2021). This percentage indicates the relationship between long-term financing by others and those that were funded by owners. It is usually used to measure the degree of financial leverage of a business.

The higher this percentage, it indicates that it has a relatively high fixed assets and a high percentage of others' funds that have been relied upon.

Table 4.*Mouwasat Medical Services Co*

Year /Ratios	Debt exposure of total debts
	Total Laib / Total Equity
2017	66%
2018	78%
2019	80%
2020	60%
2021	56%

Table 4.*Saudi Chemical Co*

Year /Ratios	Debt exposure of total debts
	Total Laib / Total Equity
2017	143%
2018	173%
2019	200%
2020	199%
2021	185%

Table 4.*AYYAN Investment Co*

Year /Ratios	Debt exposure of total debts
	Total Laib / Total Equity
2017	35%
2018	35%
2019	30%
2020	75%
2021	88%

Table 4.
Dallah Healthcare Co

Year /Ratios	Debt exposure of total debts
	Total Laib / Total Eqoity
2017	49%
2018	69%
2019	92%
2020	135%
2021	149%

Table 4.
Al Hammadi Company for Development and Investment

Year /Ratios	Debt exposure of total debts
	Total Laib / Total Eqoity
2017	66%
2018	59%
2019	72%
2020	43%
2021	36%

Table 4.
Dr. Sulaiman Al Habib Medical Services Group

Year /Ratios	Debt exposure of total debts
	Total Laib / Total Eqoity
2017	62%
2018	74%
2019	93%
2020	93%
2021	103%

Table 4.
National Medical Care CO.

Year /Ratios	Debt exposure of total debts
	Total Laib / Total Eqoity
2017	45%
2018	40%
2019	31%
2020	38%
2021	39%

Table 4.
Middle East Healthcares Co.

Year /Ratios	Debt exposure of total debts
	Total Laib / Total Eqoity
2017	57%
2018	89%
2019	117%
2020	71%
2021	91%

The previous tables show the value of the Debt Exposure of total debts for the study sample companies to identify their level of financial strength during the years (2017-2018-2019, 2020, 2021).

It was evident that this percentage fluctuated in the study sample companies and that it is moderate in most of the companies of the study sample, with the exception of three high companies, namely Mouwasat Medical Services Co, Saudi Chemical Co, and Middle East HealthCare's Co and two companies are low on it, National Medical Care CO. And AYYAN Investment Co.

Islamic finance

We will address the value of Islamic finance for the companies of the study sample during the years (2017-2018-2019, 2020, 2021)

Table 4.

Mouwasat Medical Services Co

Year /Ratios	Net Income (million riyals)
2017	461.09
2018	602.21
2019	601.80
2020	523.623
2021	575.051

Table 4.

Saudi Chemical Co

Year /Ratios	Net Income (million riyals)
2017	78.75
2018	109.56
2019	100.54
2020	74.026
2021	69.570

Table 4.

AYYAN Investment Co

Year /Ratios	Net Income (million riyals)
2017	9.20
2018	19.89
2019	16.67
2020	27.293
2021	4.294

Table 4.
Dallah Healthcare Co

Year /Ratios	Net Income (million riyals)
2017	458.28
2018	562.64
2019	839.27
2020	131.994
2021	258.601

Table 4.
Al Hammadi Company for Development and Investment

Year /Ratios	Net Income (million riyals)
2017	477.31
2018	562.62
2019	429.55
2020	130.826
2021	90.087

Table 4.
Dr. Sulaiman Al Habib Medical Services Group

Year /Ratios	Net Income (million riyals)
2017	927.27
2018	1385.69
2019	1845.13
2020	1055.482
2021	1376.615

Table 4.
National Medical Care CO.

Year /Ratios	Net Income (million riyals)
2017	170.60
2018	146.47
2019	95.07
2020	93.758
2021	132.175

Table 4.
Middle East HealthCare's Co.

Year /Ratios	Net Income (million riyals)
2017	131.03
2018	329.68
2019	643.45
2020	81.992
2021	17.201

The value of Islamic finance for the companies of the study sample during the years (2017-2018-2019, 2020, 2021) was identified.

The increase in the value of Islamic finance was found in all companies of the study sample, with the exception of one company, AYYAN Investment Co, and its level fluctuated between high and low in most of the study sample companies during the study period.

4.3.2. COMPARATIVE LEVERAGE AGAINST PERFORMANCE

- Comparing leverage with performance

When studying financial leverage, it turns out the value of the Debt Exposure of total debts fluctuated in the companies of the study sample, and it is moderate in most of the companies of the study sample, with the exception of three high companies in them, namely Mouwasat Medical Services Co, Saudi Chemical Co, and Middle East HealthCare's Co and two companies are low

on it, National Medical Care CO. And AYYAN Investment Co and The increase in the value of Islamic finance was found in all companies of the study sample, with the exception of one company, AYYAN Investment Co, and its level fluctuated between high and low in most of the study sample companies during the study period.

When studying performance it turns out The performance of all the study sample companies fluctuated during the period 2017-2019, 2020, 2021, as the level of management's efficiency in using the available assets to achieve low profits in all companies of the study sample, as well as the ROE rate in all companies of the study sample with the exception of only two companies, while the capacity of the study sample companies was To cover its obligations and short-term operating expenses are high, with the exception of one company, as well as showing the high value of net income and the fluctuation of the level of financial strength in most companies of the study sample

- **Relationship between performance and leverage (compare debt/equity ratio and ROA & ROE**

When compare debt/equity ratio and ROA & ROE in the study sample companies, the fluctuation of the value of the Debt Exposure of total debts was found in the study sample companies, and it is average in most of the study sample companies with the exception of three high companies in them, namely Mouwasat Medical Services Co, Saudi Chemical Co, and Middle East HealthCare's Co and two companies are low on it, National Medical Care CO. And AYYAN Investment Co

It also showed the decrease in the (ROA) rate in the study sample companies and the low level of management's efficiency in using the available assets to achieve profits in the study sample companies as the least efficient companies were AYYAN Investment Co and the highest in efficiency is Mouwasat Medical Services Co.

While it was found that the rate of (ROE) decreased in the companies of the study sample, with the exception of two companies: Dr. Sulaiman Al Habib Medical Services Group and Mouwasat Medical Services Co Which had a high ROE.

- **Ranking of companies in terms of leverage and performance**

When classifying the companies of the study sample, it was found that the best companies are Mouwasat Medical Services Co It is followed by Saudi Chemical Co Then Dr. Sulaiman Al Habib Medical Services Group Then Middle East HealthCare's Co They are followed by Dallah Healthcare Co Then Al Hammadi Company for Development and Investment While the lowest was National Medical Care CO. And AYYAN Investment Co.

4.4. Data collections technique

This study depends on the empirical research method, where data is collected by analyzing the content of the financial reports published for companies. Data is an important means in scientific research on which all different studies and research are based. It is one of the ways of evaluating the problems and phenomena surrounding us. The data is the basis through which decisions to use the tools are determined. The data can also be defined as words, letters and numbers related to the subject of the study. , and result in information that is used in the analysis of the study, and despite the multiplicity of methods and methods used in data collection, all of them fall under the scope of two types of information, namely primary and secondary data, The quantitative method of data collection is the method in which quantitative data of a numerical and measurable nature is dealt with, such as the number of beneficiaries or users, and data that can be expressed in numbers through this method. If the research question tends to explain the relationships Between two or more variables, quantitative research is appropriate.

4.5. Statistical analysis tools

The study employed various statistical techniques to analyze the data. Initially, the survey statements underwent a Reliability test to assess their validity and reliability. Descriptive statistics were then used to summarize the study variables, including mean, median, mode, and standard deviation. Descriptive statistics serve to quantitatively describe the key characteristics of the dataset, and they complement inferential statistics, which aim to make population-wide inferences. Data validity tests, including tests for data normality, data independence, and variable autocorrelation, were conducted. Additionally, correlation tests were employed to reveal relationships between study variables, helping to determine the extent of their associations. The study considered situations where researchers might want to examine the impact of multiple

variables on an outcome, and correlation analysis was used for such investigations. Furthermore, regression analysis was employed to explore the influence of independent variables on dependent variables. Regression analysis encompasses various types, such as linear, logistic, Poisson, controlled learning, and unit weighted regression, and it helps predict the mean of one or more random variables based on other variables. Regression models typically involve a dependent variable and one or more independent variables, and they rely on causal relationships where changes in the independent variable substantially affect the dependent variable. These models are grounded in economic theory and often assume the stability of other factors.

CHAPTER FIVE

REVIEW AND SUMMARIZATION

5.1 RECOMMENDATIONS FOR FUTURE STUDY

We recommend that researchers who will do research work in the same field of medical companies and the roles of internal observers and the work of financial performance in medical companies pay attention to several important points to obtain good results from their research:

- a. Pay attention to the fact that all information is reliable and from sources that are professional, credible and specialized
- b. Paying attention to the details included in the research framework and not neglecting them.
- c. Supporting research with sources of credibility and academic credibility in the same field
- d. Pay attention to the good arrangement and presentation of information and data, and list the search results.

5.2 CONCLUSION OF THE RESEARCH

In conclusion, the impacts of external borrowings from Islamic financial institutions on the financial performance of medical companies in the Kingdom of Saudi Arabia are multifaceted and hold significant implications. This study has illuminated that while external borrowing can provide much-needed capital for expansion, investment in research and development, and overall growth,

it must be managed with careful consideration and a clear understanding of the unique dynamics in the medical industry. The research has shed light on the importance of aligning borrowing strategies with the specific needs and capabilities of medical companies. The analysis has also underlined the significance of balancing external debt with equity to maintain healthy financial structures, thus ensuring the long-term sustainability of these vital healthcare organizations. With an ever-evolving healthcare landscape, the findings emphasize that medical companies must adopt a strategic and nuanced approach to financial management, keeping in mind the principles of Islamic finance, to thrive and continue to provide quality healthcare services in Saudi Arabia.

REFERENCES

- Abu-Hussain, H. &-A. (2012). Risk management practices of conventional and Islamic banks in Bahrain. . *Journal of Risk Finance*, 13(3), 215–239.
- Alam, A. Y. (2016). *Steps in the process of risk management in healthcare*. *J Epid Prev Med*, 2(2), 118.
- Al-Hanawi, M. K. (2018). *Healthcare finance in the Kingdom of Saudi Arabia: a qualitative study of householders' attitudes*. *Applied health economics and health policy*, 16(1), 55-64.
- Al-Hanawi, M. K.-B. (2019). *Healthcare human resource development in Saudi Arabia: emerging challenges and opportunities*. a critical review. *Public health reviews*, 40(1), 1.
- Al-Homayan, A., Shamsudin, F., Subramaniam, C., & Islam, R. (2013). *Analysis of health care system—resources and nursing sector in Saudi Arabia*. . *Advances in Environmental Biology*, 7(9), 2584-2592.
- Almalki, M. F. (2011). *Health care system in Saudi Arabia: an overview*. *EMHJ-Eastern Mediterranean Health Journal*, 17 (10), 784-793.
- Al-Omar, H. A. (2020). *Pharmaceutical companies' views on a health technology assessment (HTA) entity in Saudi Arabia*.. *Saudi Pharmaceutical Journal*, 28(6), 662-668.
- Alraga, S. M. (2017). *An investigation into disaster health management in Saudi Arabia*. . *J Hosp Med Manage*, 3(2), 18.
- Al-Twaijry, A. A. (2003). *The development of internal audit in Saudi Arabia: an institutional theory perspective*.. *Critical Perspectives on Accounting*, 14(5), 507-531.
- Arasli, H. E. (2008). *Gearing service quality into public and private hospitals in small islands*.. *International journal of health care quality assurance*.
- Balabanova, D. &. (2004). *Reforming health care financing in Bulgaria: the population perspective*. *Social Science & Medicine*, 58(4), 753-765.
- Baranowski, J. (2009). *Health Systems of the World-Saudi Arabia*. . *Global Health-an Online Journal for the Digital Age*, 2(1).
- Basu, S. A. (2012). *Comparative performance of private and public healthcare systems in low-and middle-income countries: a systematic review*.. *PLoS med*, 9(6), e1001244.
- Berlan, D. &. (2012). *Holding health providers in developing countries accountable to consumers: a synthesis of relevant scholarship*. . *Health policy and planning*, 27(4), 271-280.

- Berwick, D. M. (2012). *Eliminating waste in US health care*. . *Jama*, 307(14), 1513-1516.
- De Wolf, A. H. (2016). *Assessing private sector involvement in health care and universal health coverage in light of the right to health*. *Health and Human Rights*, 18(2), 79.
- Elachola, H. &. (2016). *Oil prices, climate change—health challenges in Saudi Arabia*. *The Lancet*, 387(10021), 827-829.
- Grobler, S. (2012). *Private practice review: the Samaritan's Dilemma: private practice review*. *South African Gastroenterology Review*, 10(1), 36-38.
- Hanson, K. G. (2008). *Is private health care the answer to the health problems of the world's poor?* *PLoS Medicine*, 5(11), e233.
- Hassanain, M. (2017). *An Overview of the Performance Improvement Initiatives by the Ministry of Health in the Kingdom of Saudi Arabia*. *INQUIRY: The Journal of Health Care Organization, Provision, and Financing*, 54: 1–6.
- Ismail, T. H. (2013). *Chapter 18 Board Involvement in Risk Management Practices: Evidence from Saudi Arabia Banks*.
- Joarder, T. G. (2017). *Who are more responsive? Mixed-methods comparison of public and private sector physicians in rural Bangladesh*.
- Khalid, S. &. (2012). Risk management practices in Islamic banks of Pakistan. *Journal of Risk Finance*, 13(2), 148–159.
- Mackintosh, M. C. (2016). *What is the private sector? Understanding private provision in the health systems of low-income and middle-income countries*. . *The Lancet*, 388(10044), 596-605.
- Mitchell, J. E. (2009). *Job satisfaction and burnout among foreign-trained nurses in Saudi Arabia: A mixed-method study*.. University of Phoenix.
- Mufti, M. H. (2000). *A case for user charges in public hospitals*.. *Saudi medical journal*, 21(1), 5-7.
- Rampini, A. V. (2010). *Risk Management in Financial Institutions**. 1-56.
- Saati, A. (2003). *Privatisation of public hospitals: future vision and proposed framework*. . *Al-Egtisadia Daily*, 2.
- SAS. (2011). *Too Good to Fail? New Challenges for Risk Management in Financial Services*. . *SAS*, 1-2.
- Scott, W. R. (2001). *Institutions and organizations (2nd ed.)*. *Thousand Oaks, CA: Sage*.

Singh, B. &. (2012). *Risk management in hospitals..* International journal of innovation, management and technology, 3(4), 417.

Taylor, S. &. (1984). *“Introduction to qualitative research methods: the search for meanings.* . Wiley 1 Berwick DM, Hackbarth AD: Eliminating waste in US health care. JAMA. 2012;307(14):1513-1516.

Walshe, K. &. (2011). Introduction: the current and future challenges of healthcare management. *Healthcare management. 2nd ed. New York: McGraw-Hill, 1-10.*

Walston, S. A.-H.-O. (2008). *The changing face of healthcare in Saudi Arabia.* Annals of Saudi medicine, 28(4), 243-250.