Impact of Corporate Governance on Organizational Performance in Five-Star Hotels: The Moderating Role of Governance Barriers

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Abstract
This research aims to investigate the impact of corporate governance on organizational performance; taking into consideration the moderating role of many governance barriers as well. Applying stratified random sampling technique; 92 five-star hotels in Egypt were selected as a representative sample. This research entailed general managers, executive managers, resident managers and other managerial positions in these hotels. A simple random sampling was also adopted in order to survey those respondents.

The data collected from 77 respondents were analyzed through Structural Equation Modeling (SEM) using Smart PLS statistical program. Results clarify that implementing five principles of corporate governance has a positive impact on organizational performance namely; rapid adaptation, time to market, cost reduction, employee satisfaction and innovation. In addition, many corporate governance barriers were found to negatively moderate the relationship between corporate governance and organizational performance. In essence, the findings of the study provide implications for both hotels’ managers and board of directors which enable them to reach high levels of competitiveness by achieving high organizational performance especially innovation.

Keywords: Corporate Governance, Organizational Performance, rapid adaptation, time to market, cost reduction, employee satisfaction, and innovation

1. Introduction
In today’s business environment, there are a lot of organizations that face high levels of competition, and in some cases state of uncertainty within the context of the globalized business world. As a result, identifying the art of implementing corporate governance (CG) is an important issue (Qarashay and Alzu’bi, 2018). Indeed, taking into consideration the appropriate procedures...
that allow organizations to reach their goals and achieve high levels of organizational performance, the role of CG as an important element in raising efficiency and gaining competitive advantage should be highlighted (Shan, 2019). In this regard, CG allows establishments to gain full control over the organizational activities on a scientific basis, taking into consideration performing good functional tactics (Shahid and Abbas, 2019).

Indeed, the approach of CG represents a crucial concept of organizational commitment which forms an important managerial theory in the field of business management (Singh et al., 2018). More comprehensively, a lot of establishments in the field of hospitality industry intend to implement well-designed framework of CG in order to gain high levels of organizational performance (Yameen et al., 2019). Actually, gaining high levels of financial and non-financial performance is a reflection of the organization’s ability to implement effective principles of CG and achieve strategic goals (Ciftci et al., 2019). As a result, the implementation of CG principles enables the organizations to achieve organizational objectives and retain a competitive edge (Boateng et al., 2019).

Clearly, this study intends to identify the extent by which CG principles are applied in Egyptian five-star hotels, and to investigate if it leads to raising the organizational performance represented in rapid adaptation, time to market, satisfaction, cost reduction and innovation. Moreover, the barriers of CG that may affect the relationship between CG and organizational performance can be investigated. As a result, creating a linkage among CG, overcoming governance barriers and organizational performance represents an insightful approach that leads to gaining competitive advantage (Otman, 2014).

2. Literature Review and Formulating the Hypotheses

2.1 Corporate Governance (CG)

Corporate governance (CG) is defined as “the system by which corporations are directed and controlled” (Shaqqour, 2017). Clearly, CG is attributed to the success of any organization. It enables all organizations to take the appropriate actions to accomplish the organizational objectives. It also enhances the relationship among senior management, shareholders, stakeholders and board of directors to reach strategic objectives (Lehn, 2018). CG is also about a commitment to providing supportive and efficient system by which key individuals such as managers, employees, shareholders and the board of directors are involved in creating critical success factors (Areneke, 2018).

Meanwhile, OECD (2015) clarified that, the principles of CG can be classified as follows: the role of stakeholders in corporate governance, disclosure and transparency, the responsibilities of the board, the rights and equitable treatment of shareholders and key ownership functions, and Ensuring the basis for an effective CG framework. Moreover, CG principles are characterized by the flexibility and ability to be in line with the need to change. It also enables organizations to determine specific rules for making decisions to ensure corporate success (Kwame, 2017). Following, an overview of the CG principles:

Rights of shareholders

Shareholders represent an important building block with respect to managing emergent issues that face the organization, overcoming governance barriers and handling any potential risks (Jiraporn et al., 2015; Shahid and Abbas, 2019). In essence, Otman (2014)
revealed that the rights of shareholders entail gaining knowledge about meetings arrangement, participating in making decisions, posing questions regarding any mysterious transactions and determining which strategy can be approved. Additionally, board of directors is responsible for providing effective communication channels that facilitate the participation of shareholders in formulating organizational strategies (Wamba et al., 2018). Shareholders have to follow laws and regulations made by board of directors. These regulations are about ensuring the independence of the board and to avoid interrupting the pattern of organizational processes (Hamid et al., 2016; Crisostomo et al., 2020).

Equitable treatment of shareholders

Obviously, Naciti (2019) indicated that, equitable treatment of shareholders is a cornerstone in corporate governance. Further, Dressler (2020) clarified that monitoring the transfer of control among shareholders and ensuring effective institutional voting among them is the main essence of equitable treatment of shareholders. Board of directors must review the level of shareholders’ satisfaction with the equitable treatment among them to increase their loyalty. They must inform all shareholders about any corporate changes and include them in the process of allocating organizational resources (Gulen and O’Brien, 2017; Dicko, 2017; Alrayes, 2019). Moreover, Esqueda and O’Connor (2020) stated that, during the implementation of CG board members have to eliminate barriers that obstruct fairness and transparency in handling issues of all shareholders.

Role of stakeholders in corporate governance

Board of directors must pay a huge attention to the role of stakeholders in implementing CG (Berkowitz et al., 2020). In this regard, Derakhshan et al. (2019) indicated that recognizing the rights and duties of stakeholders can cause a strong relationship between the organizations’ management and stakeholders to be created. In this regard, under supervision of CG principles, both internal and external stakeholders must have the chance in developing crucial decisions of the organization (Mrabure and Abuhlimen-Iyoha, 2020). More comprehensively, Kamal (2021) clarified that organizations have to provide agreements with several stakeholders based on honesty and mutual benefits in order to maintain high levels of organizational development and sustain profitability.

Disclosure and transparency

Disclosure and transparency in CG can be viewed as the intention of the organization to disclose the financial and non-financial information and make it available to the interested parties on a timely and accurate basis. The information may include data regarding financial performance and quality indicators (Fung, 2014). Moreover, disclosure and transparency include a developed framework which contains a set of policies and procedures that monitor the organization’s activities. These activities include allowing stakeholders and managers to check annual reports in order to participate in making decisions (Baroma, 2020). Implementing the principles of disclosure and transparency must be in accordance with the overall organizational objectives. This approach enables managers to strike a balance between ensuring the confidentiality of critical and information and disclosing specific information for interested parties (Al-Hadi et al., 2019). Indeed, all organizational
efforts must be devoted to benefit from their insightful reviews in order to be applied (Harvey et al., 2020).

**Responsibilities of the board of directors**

According to Zerban et al. (2017), board of directors can be defined as the people who have the responsibility to manage and oversee the activities of the organization in order to make and apply the perfect decisions. Kouaib et al. (2020) clarified that CG principles allow organizations to follow strict standards through developing the composition of board of directors by which diversity and efficiency are obligations. Crow and Lockhart (2016) indicated that board members must be able to prepare all financial and non-financial reports in a systematic way that leads to gaining a comprehensive view about the organization’s business situation. Accordingly, through building the structure of the board of directors, organizations ensure high level of independence and avoid any potential conflict of interests among board members (Olthuis and Oever, 2020).

### 2.2 Organizational Performance

Organizational performance can be defined as the final outcome of effective utilization of resources and dynamic capabilities in a way that enhances the organization’s ability to keep up with the external business environment. It also represents measuring the extent by which the predetermined plans have been executed and goals have been achieved. It also encompasses taking the appropriate corrective actions against any deviation exists (Chepkwony, 2016). Indeed, is about an indicator that represents the position by which specific establishment is settled, taking into consideration all the organizational outcomes. These outcomes entail all financial and non-financial results (Ahmed et al., 2018).

Obviously, successful organizations tend to maintain high level of organizational performance in order to gain the trust of both investors and customers. It also can be considered as an indicator of generating positive attitudes towards growth and progression. Multidimensional factors that enhance the efficiency of performance have to be highlighted to be in line with the dynamic business environment (Busara, 2016). Moreover, Chatzoglou et al. (2018) stated that organizational performance is about the distinguishing feature of all organizations that seek excellence. In sum, organizational performance represents the final outcome of all organizational improvement activities in the organization (Ali et al., 2020).

In essence, organizations pay a huge attention to both quantitative and qualitative parameters represented in innovation practices, cost reduction, satisfaction, time to market and rapid adaptation. These variables guide the senior management to determine strengths and weaknesses of the organizational performance and take the necessary steps to ensure that the plans are implemented and achieve their goals. Moreover, these variables represent the essence of organizational performance (Justinian, 2015; Gathara, 2018).

**Rapid Adaptation**

Rapid adaptation can be defined as “the organization's ability to adapt to changes in the external and internal environment in order to remain competitive in the markets” (Dodokh, 2017). The main essence of rapid adaptation revolves around the organization’s ability to be in line with its business environment at both internal and external level (Dodokh and Al-Maaitah, 2019). It is obvious that organization’s ability to fit within their business environment can be viewed as of the important dimensions that
constitute the concept of organizational performance (Kurniawan et al., 2020).

**Time to Market**

According to Dodokh (2017), time to market can be defined as “the length of time it takes the product from being just an idea to being available for sale in the markets”. In particular, the pattern by which the product has to be delivered to customers must be characterized by high levels of efficiency, quality and speed (Mbithi et al., 2015). Furthermore, Dodokh and Al-Maaitah (2019) explained that customers are always interested in obtaining high quality of service products at the right time; as a result, organizations must take into consideration using the appropriate marketing tools to raise the awareness of customers towards new developed products.

**Cost Reduction**

Dodokh (2017) defined cost reduction as “strategies and processes adopted and pursued by companies to reduce the cost by reducing and getting rid of unwanted charges to increase profits without compromising the quality of the product”. In addition, Akeem (2017) revealed that cost reduction is about the organization’s intention to lower unnecessary costs at the stage producing service products of order to strike a balance between achieving service quality and gaining profits. Moreover, cost reduction can be considered as an important element of organization’s performance by which organizations can monitor both fixed and variable costs with the aim of applying organizational strategies (Tomic et al., 2018).

**Employee Satisfaction**

Dodokh (2017) stated that employee satisfaction is about “the extent to which meets the overall performance of the company, incentives and working environment with staff expectations within the company”. Meanwhile, Miah (2018) stated that, factors like supportive working conditions, contingent rewards, work-life balance and management’s commitment to motivate the employees can be viewed as the basis that constitute the essence of employee satisfaction. In addition, Hendri (2019) stated that employee satisfaction represents an essential cornerstone of the organizational performance by which employees needs and requirements are met on one hand, and they feel satisfied and happy during performing their tasks.

**Innovation**

Indeed, the concept of innovation can be defined as a state of creating new ideas, approaches and perspective and allowing it to be put into action and to constitute reality at both tangible and intangible level, in parallel with developing the current ones (Tajuddin et al., 2015). Besides, Dodokh (2017) defined innovation as “the process of translating and transforming a new idea into a new product or service with a high value to get to a better organizational performance”. Moreover, Kogabayev and Maziliauskas (2017) stated that through an effective organizational communication among all the organization departments, high level of innovation can be achieved which represents the main essence of performance.

**2.3 The relationship between corporate governance and organizational performance**

In particular, Otman (2014) stated that CG has crucial role in establishing an effective procedural framework, encouraging cooperation among all individuals in the organization and in raising organizational
performance. Within this concept, it can be easily detected if the organization adopts good CG or not by looking at the improvement of its performance indicators (Mulcahy and Donnelly, 2015; Tamburini, 2016). Similarly, Madanoglu and Karadag (2016) explained that organizations that do not comply with the principles of CG are more likely to experience low-level of performance. Essentially, Singh et al. (2018) indicated that organizational performance is vulnerable to be influenced by the principles of CG at both financial and non-financial level specifically in the context of emerging markets. Also, Ciftci et al. (2019) stated that the role of ownership concentration within the context of following the managerial-board procedures is a supporter of the implementation of corporate governance. It leads to raising the organizational performance.

Moreover, Bauer et al. (2008) revealed that organizational performance is affected by the practices of CG specifically at the financial level including the concept of cost reduction. Moreover, Jarboui et al. (2015) stated that when the board of directors has high level of independence during putting the principles of CG in action, the efficiency and the organizational performance can be positively affected specifically on the part of innovation, rapid adaptation and employee satisfaction. Further, Abdullah (2018) clarified that during the implementation of corporate governance, the organization must be able to reach high levels of performance represented in innovation, organizational agility, and cost reduction, time to market and satisfaction. Organizations must also be able to manage the risk at internal and external levels in order to generate high performance and gain profit. Hence, the following hypothesis is formulated:

$H1$: Implementing principles of corporate governance influences positively organizational performance in five-star hotels in Egypt.

$H1a$: Implementing principles of corporate governance influences positively rapid adaptation in five-star hotels in Egypt.

$H1b$: Implementing principles of corporate governance influences positively time to market in five-star hotels in Egypt.

$H1c$: Implementing principles of corporate governance influences positively cost reduction in five-star hotels in Egypt.

$H1d$: Implementing principles of corporate governance influences positively employee satisfaction in five-star hotels in Egypt.

$H1e$: Implementing principles of corporate governance influences positively innovation in five-star hotels in Egypt.

2.4 The Moderating Role of Corporate Governance Barriers

According to Okpara (2011), there are specific barriers at the financial level that prevent implementation of CG effectively such as weak or non-existent financial management mechanisms, abuse of shareholders’ rights, lack of commitment on the part of boards of directors, weak financial monitoring systems, and lack of transparency and disclosure. Moreover, Argentino et al. (2017) stated that there are some financial challenges that obstruct formulating effective CG concept and put it in action. These barriers include the absence of effective incentive systems that enable employees to be involved in implementing CG governance principles.

From other side, non-financial barriers such as conflicting values, lack of transparency, the absence of authority decentralization, bureaucracy and the absence of governance
framework can obstruct implementing CG (Brahim and Nourredine, 2017). Further, other CG barriers may include corruption, political interference, delays, incompetence, nepotism, poor management, and low technology. Moreover, some factors like poor decision making, weak enforcement, lack of commitment on the part of management and centralizing control of management system represent barriers to CG implementation (Ali, 2017).

With respect to the moderating role of governance barriers, Marashdeh(2014) indicated that the barriers of CG can influence negatively on the organization’s ability to reach high levels of organizational performance. Further, Otman(2014) indicated that, CG enables organizations to reach the intended performance. However, governance barriers decrease the efficiency of this relationship. Consequently, organizations that have any governance barriers may not comply with CG principles, and leads to the deficiency of organizational performance (Tamburini, 2016). Consequently, the following hypothesis is formulated:

**H2: Governance barriers moderate negatively the relationship between implementing the principles of corporate governance and organizational performance.**

### Figure: the research framework

3. **Research Method**

3.1 **Population and Sampling**

The population of this study included five-star hotels in Egypt. Applying stratified random sampling techniques; 92 five-star hotels in Egypt were selected as a representative sample which is about 60% of the entire population. In essence; the researcher took into consideration gaining precise representation of the whole tourist destinations of Egypt in order to facilitate the generalization of the study results. This research entailed general managers, executive managers, resident managers and other managerial positions in these hotels. A simple
random sampling was adopted in this study in order to survey the majority of respondents.

3.2 Data Collection and Measures

The data were gathered through using structured questionnaire. The researchers placed a huge attention to the pilot study which enabled them to make the required modifications. In essence, 92 five-star hotels in Egypt were selected as a representative sample which is about 60% of the entire population. There were 77 usable responses collected which represent a response rate of 79%. In order to measure the principles of corporate governance, 39 items from Otman (2014) were used. Moreover, CG barriers were measured through using 11 items from the same study of Otman (2014). Further, organizational performance dimensions were measured through using 25 items from the study of Dodokh (2017). The items of the questionnaire were formulated on the basis of Likert scale. This scale extends from (1= strongly disagree) to (5= strongly agree). Additionally, general information such as educational background, position, experience and number of the hotel rooms were embedded in the questionnaire.

Table (1): Variables measures

<table>
<thead>
<tr>
<th>Variables</th>
<th>Operational dimensions</th>
<th>Items</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate governance (CG)</td>
<td>-The responsibility of board directors</td>
<td>9</td>
<td>Otman (2014)</td>
</tr>
<tr>
<td></td>
<td>-The role of stakeholders in CG</td>
<td>6</td>
<td></td>
</tr>
<tr>
<td></td>
<td>-Disclosure and transparency</td>
<td>9</td>
<td></td>
</tr>
<tr>
<td></td>
<td>-The rights of shareholders</td>
<td>9</td>
<td></td>
</tr>
<tr>
<td></td>
<td>-Equitable treatment of shareholders</td>
<td>6</td>
<td></td>
</tr>
<tr>
<td>CG barriers</td>
<td>-Barriers</td>
<td>11</td>
<td>Otman (2014)</td>
</tr>
<tr>
<td>Organizational performance</td>
<td>-Rapid Adaptation</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td></td>
<td>-Time to market</td>
<td>4</td>
<td>Dodokh (2017)</td>
</tr>
<tr>
<td></td>
<td>-Cost reduction</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td></td>
<td>-Employee Satisfaction</td>
<td>6</td>
<td></td>
</tr>
<tr>
<td></td>
<td>-Innovation</td>
<td>5</td>
<td></td>
</tr>
</tbody>
</table>

4. Results

The research followed the procedures of Cranach’s alpha measurement in order to evaluate the reliability of the questionnaire. A great attention was paid to the insights of Saunders et al. (2016) who indicated that when the value of Cronbach’s alpha is more than 0.60, the reliability of the data collection instrument and the findings are on the right way and can be accepted. Noteworthy, all values of Cronbach's alpha in this research exceed 0.704 (Table 2) which represent high levels of reliability.

Table (2): Cronbach’s Alpha and reliability for the study variables

<table>
<thead>
<tr>
<th>Variables</th>
<th>No of items</th>
<th>Cronbach’s alpha</th>
</tr>
</thead>
<tbody>
<tr>
<td>The responsibility of board directors</td>
<td>9</td>
<td>0.727</td>
</tr>
<tr>
<td>The role of stakeholders in CG</td>
<td>6</td>
<td>0.800</td>
</tr>
<tr>
<td>Disclosure and transparency</td>
<td>9</td>
<td>0.847</td>
</tr>
<tr>
<td>The rights of shareholders</td>
<td>9</td>
<td>0.808</td>
</tr>
<tr>
<td>Equitable treatment of shareholders</td>
<td>6</td>
<td>0.828</td>
</tr>
<tr>
<td>Corporate governance barriers</td>
<td>11</td>
<td>0.704</td>
</tr>
</tbody>
</table>
4.1. Sample Characteristics

The highest percentages of respondents were males (88%), the majority (92%) had bachelor degree while 8% of them had master or doctorate degree. The positions of the respondents were grouped into three categories; general managers (55%), resident manager (35%), and other managerial positions (10%). Respondents were asked if they had any academic course in management development programs. In this regard, the majority of respondents (87%) answered "Yes" while 13% answered "No" did not. The majority of the respondents (97%) had experience more than three years as hotel managers.

4.2. Descriptive Statistics

Descriptive statistics of the study variables are represented in table 3. Overall, CG principles were seen to be applied. However, the principle of "Responsibility of Board of Directors" recorded the highest mean (4.30) when compared to other CG principles, while the principle of "Disclosure and Transparency" recorded the lowest mean (3.98). On the other side, CG Barriers recorded a mean of 2.52; this indicates that existence of many barriers to implement CG. Finally, regarding organizational performance dimensions; "Innovation" was the highest dimension with a mean of 4.13 while “Cost Reduction” recorded the lowest one with a mean (4.00).

Table (3): Summary of Descriptive Statistics

<table>
<thead>
<tr>
<th>Variables</th>
<th>Dimensions</th>
<th>Mean</th>
<th>S.D.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate governance</td>
<td>1-The Responsibility of Board of Directors</td>
<td>4.30</td>
<td>0.37</td>
</tr>
<tr>
<td></td>
<td>2-The Role of Stakeholders</td>
<td>4.05</td>
<td>0.29</td>
</tr>
<tr>
<td></td>
<td>3-Disclosure and Transparency</td>
<td>3.98</td>
<td>0.15</td>
</tr>
<tr>
<td></td>
<td>4-The rights of shareholders</td>
<td>4.02</td>
<td>0.16</td>
</tr>
<tr>
<td></td>
<td>5-The Equitable Treatment of Shareholders</td>
<td>4.01</td>
<td>0.18</td>
</tr>
<tr>
<td>Corporate Governance Barriers</td>
<td>Corporate Governance Barriers</td>
<td>2.52</td>
<td>0.44</td>
</tr>
<tr>
<td></td>
<td>1-Rapid Adaptation</td>
<td>4.04</td>
<td>0.30</td>
</tr>
<tr>
<td></td>
<td>2-Time to Market</td>
<td>4.11</td>
<td>0.35</td>
</tr>
<tr>
<td>Organizational Performance</td>
<td>3-Cost Reduction</td>
<td>4.00</td>
<td>0.38</td>
</tr>
<tr>
<td></td>
<td>4-Satisfaction</td>
<td>4.06</td>
<td>0.31</td>
</tr>
<tr>
<td></td>
<td>5-Innovation</td>
<td>4.13</td>
<td>0.35</td>
</tr>
</tbody>
</table>

4.3. Testing Hypotheses and Discussions

The data collected were analyzed through Structural Equation Modelling (SEM) using Smart PLS statistical program in order to test the hypotheses. With respect to (H1a), results indicated that CG influences positively RA (β=0.56; P < 0.004). The relationship between CG and RA can be considered as a strong positive by which the values acquired from the Path coefficient statistical test range from 5 to 8. These results are clarified in the Path Coefficient Axis (Figure.2)
With respect to (H1b), the results indicate that CG influences positively on time to market ($\beta=0.48; P < 0.001$). Additionally, looking at the correlation between CG and time to market, as can be clarified in figure (3), the Path coefficient test reveals that there is a strong positive relationship between CG and time to market by as depicted in the Path Coefficient Axis by which the values range from 4 to 7.

Regarding (H1c), results also indicate that CG has a positive impact on cost reduction ($\beta=0.50; P < 0.000$). Clearly, in order to attain an insightful view about the relationship between CG and cost reduction, the Path coefficient statistical test was conducted. Figure (4) clarifies that there was a strong relationship between CG and cost reduction by which the values acquired are between 2 and 6 as can be seen in the Path Coefficient Axis.
Additionally, with respect to (H1d), results clarify that CG influences positively on satisfaction ($\beta=0.49; P < 0.031$). Besides, Figure (5) also clarifies the relationship between CG and satisfaction, after conducting Path coefficient statistical test; it can be found that there is a strong positive relationship between CG and satisfaction by which the values are concentrated between 5 to 7 as shown in the Path Coefficient Axis.

![Figure 5: Path coefficient statistical test between CG and Satisfaction](image1)

Moreover, with respect to (H1e), results indicate that CG and influences positively on innovation ($\beta=0.54; P < 0.000$). As can be seen in figure (6), the relationship between CG and innovation can be considered as a strong positive by which the values acquired from the Path coefficient statistical test range from 5 to 7 as depicted in the Path Coefficient Axis.

![Figure 6: Path coefficient statistical test between CG and Innovation](image2)

In addition, table (4) and figure (7) clarify the results obtained through using SEM test which indicated that the first hypothesis was accepted by which rapid adaptation explained 56% by CG, time to market 48%, cost reduction 50%, satisfaction 49%, and innovation influenced 54% by CG. The overall acquired results for H1 are in line with the study of Donaldson (2003), Sunityo-Shauki and Siregar (2007), Cheung et al. (2011), Kalezić (2012), Todorovic (2013), Otman (2014), Zuva and Zuva (2018), Sarpong-Danquah et al. (2018), Mansur and Tangl (2018) Almoneef and Samantaray (2019) and Ciftci et al. (2019) who indicated that implementing good CG leads to attaining high levels of organizational performance at both financial and non-financial level.
In more details, the result of H1a is in line with Lehn (2018) and Klein et al. (2019); they revealed the relationship between CG and the organization’s ability to adapt to rapid changes in its business environment is a revolutionary perspective. Also, the result of H1b is in line with the study of Al-Qudah (2012) who indicated that CG has a great influence on time to market. This influence is related to launching new products and improving existing products that meet customer expectations. Further, Lehn (2018) agreed that there is a strong relationship between CG and time to market represented in allowing establishments to gain organizational agility.

Regarding H1c, the result of H1c confirms the study of Claessens and Yurtoglu (2013) who clarified that implementing good CG enables organizations to get high levels of cost reduction and allocation of resources which represent an important indicator of high organizational performance. Moreover, Gomes (2014) found that CG influence cost reduction positively because managing financial capabilities of the hotels is one of the critical issues that govern the hotels’ business activates from the perspective of board members.

Additionally, in agreement with H1d, Muindi (2014) indicated that the more the concept of CG is applied efficiently, the higher employees are satisfied with their jobs. Moreover, Sandika et al. (2016) clarified that CG plays an important role in raising the employee’s efficiency, motivation, performance and satisfaction. Additionally, Yiga et al. (2017) concluded in agreement with H1d that CG has mechanisms like corporate structure and monitoring tool that strongly impact on employee satisfaction. Finally, in agreement with H1e, Sipos and Ionescu (2017) indicated that organizations are able to look for new ideas on a regular basis and put them in action, when CG principles are highly applied. Moreover, Helmers et al. (2017) found that CG has a strong positive influence on innovation, specifically on the part of research and development activities.

Table 4: Structural Equation Model for H1

<table>
<thead>
<tr>
<th>Hypotheses</th>
<th>Structural Relationship</th>
<th>R²</th>
<th>β</th>
<th>Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1a</td>
<td>Corporate governance → Rapid adaptation</td>
<td>.174</td>
<td>0.564***</td>
<td>Supported</td>
</tr>
<tr>
<td>H1b</td>
<td>Corporate governance → Time to market</td>
<td>.174</td>
<td>0.482***</td>
<td>Supported</td>
</tr>
<tr>
<td>H1c</td>
<td>Corporate governance → Cost Reduction</td>
<td>.163</td>
<td>0.504***</td>
<td>Supported</td>
</tr>
<tr>
<td>H1d</td>
<td>Corporate governance → Satisfaction</td>
<td>.174</td>
<td>0.498***</td>
<td>Supported</td>
</tr>
<tr>
<td>H1e</td>
<td>Corporate governance → Innovation</td>
<td>.295</td>
<td>0.546***</td>
<td>Supported</td>
</tr>
</tbody>
</table>
With respect to the second hypothesis, Figure 8 and table (5) clarify the use of path analysis statistical test with the aid of simple linear regression as a technique to examine this hypothesis. The findings indicate that governance barriers negatively moderate the relationship between CG and organizational performance with the percentage of 52.6%.

Table 5: Path analysis model results of H2

<table>
<thead>
<tr>
<th>Moderation Effect</th>
<th>Path Analysis</th>
<th>$R^2$</th>
<th>$\beta$</th>
<th>Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate Governance $\rightarrow$ Organizational performance</td>
<td>.716**</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Governance Barriers $\rightarrow$ Organizational performance</td>
<td>.281**</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interaction Effect $\rightarrow$ Organizational performance</td>
<td>.526</td>
<td>-.144**</td>
<td>Supported</td>
<td></td>
</tr>
</tbody>
</table>

Clearly, the Beta coefficient reveals that CG barriers as a significant moderator influence negatively the relationship between CG and organizational performance ($\beta = -.14$, $P < 0.01$). In other words, when there is an increase with 1 unit in the part of CG barriers as a moderator, the relationship between CG and organizational performance can be influenced negatively with 144 units as a consequence. As a result, H2 is supported.
As shown in figure (9), CG barriers moderate the positive influence of CG on organizational performance. Moreover, the positive relationship between CG and organizational performance is stronger for those who have low CG barriers while weaker for those who have high with CG barriers. It can also be clarified that, CG barriers decrease the relationship between CG and organizational performance. The results are in line with the study of Otman (2014) who indicated when barriers are high; it leads to decreasing the implementation of CG. Actually, such decreasing could be reflected in attaining low levels of organizational performance as a consequence. Thereby, when there are low levels of CG barriers this leads to high levels of CG implementation.
5. Implications

The findings of the current study present insightful recommendations for both the academics, board of directors and managers. Taking into consideration the results of the research, members of the board must participate in developing effective action plans that ensure implementing CG principles efficiently. Moreover, board members, stakeholder and shareholders must work together through creating the organizational decisions in order to use CG as a tool for raising organizational performance.

Besides, coordination between hotel board of directors and the responsible persons of research and development tasks to be in line with the current business environment must be considered. This coordination facilitates developing more service products continuously and gaining flexibility through dealing with stakeholders. Moreover, implementing CG specific actions like entering new markets, investing in advanced technology and using a variety of marketing techniques must be considered by board of directors. Moreover, an effective plan that allows management to work on economies of scale effectively and minimize the wasteful use of resources must be provided. Board of directors must submit the application of several frameworks that ensure effective incentive systems and compromise any conflict of interests among employees as well.

Furthermore, CG must adopt the principles that encourage spreading of new innovative ideas through providing effective training programs for both employees and managers. These programs aid in creating a culture of coordination among all the departments of the hotels. These programs also encourage managers to create good relationship with board of directors and remove any conflict of interest among them. Also, the role of information technology and its involvement in evaluating strategies in five-star hotels must be considered in this regard. Finally, board of directors must work in an effective manner that ensures eliminating all the roots and causes of governance barriers. Specific actions must be conducted such as applying strong legal controls, providing effective financial disclosure and ensuring effective regulatory systems that enhance the hotels’ ability to implement good CG.

6. Limitations & Future Research

The research entailed specific limitations; it shed the light only on variables that are related to the corporate level of the hotels. Therefore, members of the senior management were exclusively involved in answering the questionnaires while other managerial positions were excluded. On the other hand, this study presents several insights which can inspire researchers to conduct a lot of research ideas in the future such as identifying the principles of CG from the perspective of 3-star hotels, 4-star hotels. Further, the role of benchmarking in applying best practices of CG can be investigated in the future. Finally, the drivers of implementing good CG must also be highlighted by future researchers in the field of hospitality industry.

7. Conclusion

This research placed a huge attention on the relationship between CG and organizational performance; implementing the principles of CG leads to gaining high levels of organizational performance in five-star hotels. Indeed, the findings clarified that CG positively influence organizational performance specifically on the part of rapid adaptation, time to market, cost reduction, employee satisfaction and innovation.
practices. Moreover, the results indicated that CG barriers have a moderating effect between CG and organizational performance; actually, hotels cannot reach high levels of organizational performance and apply CG effectively until they overcome these barriers. From the perspective of the researchers, board of directors and senior management should emphasize the role of implementing CG principles effectively which leads to gaining the desired levels of organizational performance. Moreover, all the managerial efforts of both managers and board members must be strategically aligned in order to reach the organizational objectives.

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