Corporate Governance and Tourism Firms' Financial Performance: International Evidence

Ibrahim Ayed S Alatawi
Accounting Professor Assistant at the Department of Accounting, College of Business at Al-Baha University, Albaha, Accounting Professor Assistant at the Department of Accounting, Faculty of Business Administration at the University of Tabuk

(**Received:** 02-11-2024; **Accepted**: 29-12-2024)

Abstract: The study examines the impact of corporate governance (CG) on financial performance (FP) within global tourism firms, utilising Agency Theory (AT), Organizational Culture Theory (OCT) and the available literature. A regression analysis of tourism firms indicates a positive causality relationship between CG and FP, with substantial implications for enhancing FP through effective CG practices. The findings highlight that firm-specific characteristics and national factors—especially national governance (NG) and National culture (NC)—significantly control this relationship. While some firm-level factors negatively affect the CG-FP nexus, national factors are more supportive. This research suggests that policymakers and tourism firms could leverage these insights to optimise management practices, thereby improving performance outcomes. Despite limitations, such as the restricted sample size for listed firms and solely applying of Hofstede's culture insight, the study offers valuable insights for future research and practical applications, advocating for enhanced CG frameworks in tourism to encourage economic growth and sustainability.

Keywords: Corporate Governance, Financial Performance, National Factors and Tourism

***

حوكمة الشركات والأداء المالي للشركات السياحية: دليل عالمي

إبراهيم عائد العطوي
أستاذ المحاسبة المساعد، قسم المحاسبة بكلية إدارة الأعمال بجامعة تبوك

(**تاريخ الاستلام:** 02-11-2024؛ **تاريخ القبول:** 29-12-2024)

مستخلص البحث: تبحث الدراسة في تأثير حوكمة الشركات (CG) على الأداء المالي (FP) في الشركات السياحية على مستوى العالم وذلك بالاستناد إلى نظرية الوكالة (AT)، ونظرية الثقافة التنظيمية (OCT)، والأدبيات المتاحة. تشير تحليلات الانحدار للشركات السياحية المتاحة إلى وجود علاقة سببية إيجابية بين الحوكمة والأداء المالي، مع دلالات كبيرة على تحسين الأداء المالي من خلال ممارسات حوكمة الشركات الفعالة. وتبرز النتائج أن خصائص الشركات المحددة والعوامل الوطنية - خاصة الحوكمة الأهلية (NG) والثقافة الأهلية (NC) - تتحكم بشكل كبير في هذه العلاقة. في حين أن بعض العوامل على مستوى الشركة تؤثر سلباً على العلاقة بين الحوكمة والأداء المالي، إلا أن العوامل الوطنية تكون أكثر دعماً. تقترح هذه الدراسة أن صناع السياسات والشركات السياحية يمكنهم استغلال هذه الرؤى لتحسين ممارسات الإدارة، وبالتالي تحسين نتائج الأداء. ورغم القيود، مثل حجم العينة التي اقتصرت على الشركات المدرجة بالإضافة الى الاقتصار على مقاييس هوفستيد الثقافية، تقدم الدراسة رؤى قيمة للبحوث المستقبلية والتطبيقات العملية، وتدعو لتعزيز أطر حوكمة الشركات في قطاع السياحة لتشجيع النمو الاقتصادي والاستدامة المالية

الكلمات المفتاحية: حوكمة الشركات، والأداء المالي، وعوامل أهلية (ثقافية، وحوكمة)، والسياحة.

DOI: 10.12816/0062189

(*) **Corresponding Author**:
Ibrahim Ayed S Alatawi
Accounting Professor Assistant at the Department of Accounting, College of Business at Al-Baha University, Albaha, Accounting Professor Assistant at the Department of Accounting, Faculty of Business Administration at the University of Tabuk.
Email: i-alatawi@hotmail.com

(*) للمراسلة:
إبراهيم عائد العطوي
أستاذ المحاسبة المساعد/ قسم المحاسبة بكلية إدارة الأعمال بجامعة تبوك، المملكة العربية السعودية.
البريد الإلكتروني:
i-alatawi@hotmail.com

1. Introduction

According to agency theory (Eisenhardt, 1989), the principal-agent problem includes incomplete and asymmetric information and the misuse of resources. Therefore, various strategies, including effective policies and governance structures, may align the agent's interests with the principal's. This creates a situation where the principal cannot ascertain whether the agent has acted in accordance with expectations. In this case, the principal and agent may favour different courses of action due to their divergent attitudes. This presents challenges that agents are well-positioned to address by endorsing strategic decisions, ensuring accountability, and protecting shareholder interests—essential aspects of good governance that ultimately enhance firm performance (Yu, 2023). According to Organizational Culture Theory (OCT), organisations operate as collective systems of assumptions, beliefs, and values that influence behaviour and performance (Pettigrew, 1979). Schein (2010) further asserts that a firm's values collectively form its culture, including its goals, ideals, norms, standards, and moral principles.

Yu (2023) highlights a significant gap in research that accounts for diverse international datasets and considers the unique complexities faced by multinational firms, particularly in integrating national factors like culture and governance. This gap is crucial in the tourism sector, where national culture and governance structures may substantially impact organisational performance. Existing studies focus on isolated national or organisational contexts, overlooking how governance interacts across different cultural settings and fail to apply multi-theoretical frameworks that can deepen the understanding of governance and performance dynamics (Yu, 2023). The need for a broader theoretical and empirical approach becomes even more essential in the tourism sector, which plays a pivotal role in encouraging economic growth across industries. Tourism is an economic driver deeply connected with host economies, cultures, and societal frameworks (Paramati et al., 2017). This interconnection emphasises the need for such research considering cross-cultural differences in CG practices (De Grosbois, 2012 and Henderson, 2007).

Given the industry's unique position, robust governance in tourism has implications beyond the firms themselves, influencing environmental, social, and economic factors, thereby requiring a consolidative research approach incorporating cultural and institutional factors concerning firms' FP. Despite its growing significance, the relationship between CG and FP in tourism firms remains under-researched. This study, therefore, aims to address this gap by investigating the causal relationship between CG and FP, incorporating the influence of critical national factors such as GDP, governance factors, and cultural dimensions. This multifaceted approach is grounded in the evidence that governance structures, combined with national cultural and economic contexts, can shape and enhance firm governance practices, ultimately influencing financial outcomes (Lattemann et al., 2009). Focusing on these national factors, this study introduces a unique perspective that moves beyond firm-level determinants and explores how broader institutional and cultural frameworks impact tourism firm performance.

This study fills the gap by providing insights into the distinctive challenges and opportunities faced by tourism firms operating within diverse national contexts. Furthermore, the ultimate outcomes should highlight the importance of governance practices for enhancing global tourism firms' performance. By applying a novel and solid model, the study should contribute to both theoretical and practical visions.

The layout of the paper is organised as follows: the next section presents the literature review and hypothesis development. Section 3 details the research methodology, followed by a presentation and discussion of the findings. The final section provides the conclusion.

2. Literature Review and Hypotheses Development

Recent studies have concentrated on the role of governance and its impact on firm performance, based on the view of agency theory (Eisenhardt, 1989). The governance, which refers to the system by which companies are directed and controlled, encompasses the regulations, mechanisms and processes used by stakeholders (for instance, shareholders, management, board of directors, and other stakeholders). This system should influence firms' performance and ensure accountability, fairness, and transparency in a company's relationship with its stakeholders. Thus, scholars have explored this influence and reported various outcomes. Various aspects of CG have been linked to firm FP, focusing mainly on non-financial firms and financial firms and rarely within the tourism context.

The available studies such as (Adu, 2022; Adu et al., 2024; Affes & Jarboui, 2023; Al-ahdal et al., 2020; Al Farooque et al., 2007; Alexis et al., 2021; Chaudhary & Shrivastava, 2021; Kasbar et al., 2023; Kyere & Ausloos, 2021; La Rosa & Bernini, 2018; Lee & Thong, 2023; Lu, 2021; Madanoglu & Karadag, 2016; Nawaz & Ohlrogge, 2023; Oana Pintea et al., 2021; Paniagua et al., 2018; Saha & Khan, 2024; Shan & McIver, 2011; Singal, 2014; Yeh & Trejos, 2015; Yeon et al., 2023 and Zheng & Tsai, 2019)the focus on the reduce, reuse, and recycle (3Rs have considered that aspects with a mixed conclusions (positive, unfavourable, mixed or no impact). The extant body, therefore, can be categorised into three thematic arias, which exhibit the ultimate relevance to the investigated association between CG and FP. These themes have been generated based on a systematic search for this field, starting by building search strings and searching global databases using EBSCO host platform, increasing the quality and ensuring access to the available CG and FP literature.

2.1 Non-financial Firms' Governance and FP

Although some studies on non-financial firms have shown mixed (Al-ahdal et al., 2020 and Kyere & Ausloos, 2021) or no significant impact (Nyakurukwa, 2022) of CG on FP, most research supports a positive relationship (Affes & Jarboui, 2023; Aibar-Guzman et al., 2024 and Musah et al., 2022)1994. These investigations, spanning more than nine countries and global samples like the EU and GCC, often adopt agency, stewardship, or stakeholder theories. The comprehensive review reveals both the direct and mediating effects of CG on FP, highlighting the influence of governance practices. Studies like Kyere & Ausloos (2021) and Nyakurukwa (2022) have explored the impact of CG within specific national contexts, revealing varying outcomes. Kyere & Ausloos found mixed results in the UK, while Nyakurukwa's work in Zimbabwe suggested that current CG codes might need revision, as CG did not significantly affect FP. Despite employing measures like Tobin's Q and ROA, these studies underscore the importance of selecting relevant CG practices and highlight gaps such as excluding tourism firms. Other research mixed for instance, (Al-ahdal et al., 2020) similarly showed no significant outcomes in their comparative analysis of Indian and GCC firms, suggesting a need for more comprehensive data.

Other studies, such as those by Aibar-Guzman et al. (2024) and Paniagua et al. (2018), found that CG positively impacts FP, particularly with enhanced governance like climate-focused practices. These investigations used large datasets across multiple countries but also overlooked sector-specific insights, including tourism. Research in countries like Bangladesh (Al Farooque et al., 2007) and China (Peng, 2024) noted unique dynamics, such as reverse causality and reduced agency costs, emphasising the complexity of CG-FP relationships. Expanding these studies to include varied industries and control variables, especially within tourism, could offer more robust insights. Authors considering financial firms have also targeted this correlation between CG and FP, and interesting outcomes have been reported.

2.2 Financial Firms' Governance and FP

While some studies, like Abebe Zelalem et al. (2022)particularly in regulated financial systems where financial institutions must operate under legislative and prescriptive procedures, policies, rules, and regulations. As a result, the goal of this research was to look into the effect of corporate governance on the financial performance of Ethiopian insurance companies that are heavily regulated. The study used an explanatory research design with econometric panel data from nine insurance companies from 2012 to 2020. Random effect estimation technique was used to find out the most significant variable. Return on asset and equity were used to measure the financial performance and board size, management soundness, board remuneration, financial disclosure, debt and dividend policy as explanatory variables. The result revealed that board size, management soundness, board remuneration, and financial disclosure have a positive and significant effect on insurance company financial performance, whereas debt and dividend payout have a negative and significant impact on insurance company financial performance. Thus, the study concludes that all corporate governance measures have a significant impact on insurance companies' financial performance in Ethiopia as measured both by return on asset and equity. The study contributes to managers and stakeholders to improve the financial performance. Therefore, directors and other stakeholders should put in place proper governance frameworks to improve financial performance and regulators and policymakers develop policies and regulations to guarantee that businesses adopt proper governance structures in order to improve performance. [ABSTRACT FROM AUTHOR] Copyright of Cogent Economics & Finance is the property of Taylor & Francis Ltd and its content may not be copied or emailed to multiple sites or posted to a listserv without the copyright holder's express written permission. However, users may print, download, or email articles for individual use. This abstract may be abridged. No warranty is given about the accuracy of the copy. Users should refer to the original published version of the material for the full abstract. (Copyright applies to all Abstracts. and Grace Isidor et al. (2023)this study aimed to assess corporate governance's influence on financial performance regarding asset quality, efficiency use of equity, earning ability, capital adequacy, and liquidity. The study included the board aspect of governance and board control, constructs which have not been studied previously in assessing the influence of corporate governance on the performance of commercial banks. Other constructs included are the board's gender diversity, board size, directors' shareholding, board control, board members' over boarding, board activities, and the existence of important board committees. Panel data were collected from published reports of 15 commercial banks covering a period of 17 and employing multiple linear regression analysis to establish causal-effect relationships among the study variables. The findings revealed that corporate governance (board aspects of governance, board members over-boarding, reported mixed results, others, including Adu (2022) subsequently, determines the extent to which the sustainability-for-performance sensitivity metric is moderated by corporate governance mechanisms. Based on data collected from 220 banks in 16 Sub-Saharan Africa countries over the 2007–2018 period (i.e., making over 2027 bank-year observations, Adu et al. (2024), and Boachie (2023)chief executive officer (CEO, confirmed a positive impact of CG on FP. Grace Isidor et al. (2023) examined Tanzanian banks and found that board composition and member over-commitment boost FP, while gender diversity negatively impacts it. However, their study's single-context focus limits the broader applicability of these results. Similarly, Abebe Zelalem et al. (2022)particularly in regulated financial systems where financial institutions must operate under legislative and prescriptive procedures, policies, rules, and regulations. As a result, the goal of this research was to look into the effect of corporate governance on the financial performance of Ethiopian insurance companies that are heavily regulated. The study used an explanatory research design with econometric panel data from nine insurance companies from 2012 to 2020. Random effect estimation technique was used to find out the most significant variable. Return on asset and equity were used to measure the financial performance and board size, management soundness, board remuneration, financial disclosure, debt and dividend policy as explanatory variables. The result revealed that board size, management soundness, board remuneration, and financial disclosure have a positive and significant effect on insurance company financial performance, whereas debt and dividend payout have a negative and significant impact on insurance company financial performance. Thus, the study concludes that all corporate governance measures have a significant impact on insurance companies' financial performance in Ethiopia as measured both by return on asset and equity. The study contributes to managers and stakeholders to improve the financial performance. Therefore, directors and other stakeholders should put in place proper governance frameworks to improve financial performance and regulators and policymakers develop policies and regulations to guarantee that businesses adopt proper governance structures in order to improve performance. [ABSTRACT FROM AUTHOR] Copyright of Cogent Economics & Finance is the property of Taylor & Francis Ltd and its content may not be copied or emailed to multiple sites or posted to a listserv without the copyright holder's express written permission. However, users may print, download, or email articles for individual use. This abstract may be abridged. No warranty is given about the accuracy of the copy. Users should refer to the original published version of the material for the full abstract. (Copyright applies to all Abstracts. reported positive effects of board size and financial disclosure on Ethiopian insurance companies' FP. Research by Adu et al. (2024), Boachie (2023)chief executive officer (CEO, and George et al. (2022) thus, effort at improving its financial soundness through tax planning (TP highlighted CG's positive influence on African financial firms. Adu et al. (2024) emphasised how ownership structure and governance mechanisms affect FP, noting that differences in national conditions could limit generalisability. Boachie (2023) chief executive officer (CEO focused on Ghanaian banks and the moderating effects of CG, suggesting broader datasets could provide deeper insights. George et al. (2022)thus, effort at improving its financial soundness through tax planning (TP also highlighted the limitations of short study periods and the omission of external governance and cultural factors, suggesting that these aspects need more exploration. Nawaz & Ohlrogge (2023) analysed CG's impact on Deutsche Bank, finding a positive relationship and noting the importance of CG. However, they neglected tourism industry perspectives and CG components. The studies collectively indicate the need for extended datasets, longer study periods, and consideration of external factors to comprehensively understand CG's influence on FP, which should be aimed to enrich both theoretical and practical insights.

2.3 Tourism Firms' Governance and FP

Several studies (such as, Alexis et al., 2021; Bodhanwala & Bodhanwala, 2022; Chaudhary & Shrivastava, 2021; Kumar & Mukhopadhyay, 2021; La Rosa & Bernini, 2018; Lee & Thong, 2023; Li et al., 2018; Madanoglu & Karadag, 2016; H. Peng et al., 2021; Singal, 2014; Yeh & Trejos, 2015; Yeon et al., 2023 and Zheng & Tsai, 2019)many firms that have caused direct pollution to the environment have begun to think about the necessity of environmental management. As buildings have played an important role in environmental issues, the real estate industry can no longer ignore demands for environmental management. Research on environmental management has mainly focused on its financial implications. However, there has been no consensus in the literature about the relationship between environmental management and firm performance. By comparing portfolios of environmentally certified properties of 19 lodging Real Estate Investment Trusts, this study explores the relationship between environmental management and firm performance, while taking into account the moderating role of outside board of directors. The relationship between environmental management and firm performance appeared to have mixed results, but this study found a positive moderating effect of outside board of directors. This study provides new insights into the hospitality and the real estate literature from a corporate governance perspective. [ABSTRACT FROM AUTHOR] Copyright of Tourism Economics is the property of Sage Publications, Ltd. and its content may not be copied or emailed to multiple sites or posted to a listserv without the copyright holder's express written permission. However, users may print, download, or email articles for individual use. This abstract may be abridged. No warranty is given about the accuracy of the copy. Users should refer to the original published version of the material for the full abstract. (Copyright applies to all Abstracts. have examined the impact of governance with regards to FP. However, these studies have not fully elucidated the comprehensive relationship between CG and FP, nor have they covered the scope of this current study. Existing research has been restricted to single contexts or relied on firm-level models, which may drop the influence of national factors. Of all the available studies, only two articles (Chaudhary & Shrivastava, 2021 and Madanoglu & Karadag, 2016) have confirmed the negative impact of examined governance dimensions on FP, and a similar number have confirmed mixed outcomes (La Rosa & Bernini, 2018 and Yeh & Trejos, 2015). This, therefore, emphasises the need for such studies, considering comprehensive examinations of the tourism firms.

Chaudhary & Shrivastava (2021) and Madanoglu & Karadag (2016) focus on the role of CG in influencing firm FP, examining the impact of CG norms on India's Tourism firms and the moderating of governance provisions within the U.S. restaurant firms (respectively). Both have underscored the importance of CG and firm performance, yet they highlight the complexity of this nexus. However, their reliance on a single context, which might affect the generalisation of the results, raises questions about the applicability of these findings. The theoretical grounding in agency theory is a notable strength that adds depth to the analysis; however, this was notably ignored across most of the available literature, e.g. (Chaudhary & Shrivastava, 2021). Examining the tourism context, La Rosa & Bernini (2018) and Yeh & Trejos (2015) have partially tested this nexus using Italian and Taiwanese firms, respectively. Although they supported the importance of the examined relationship, a mixed result was reported, indicating that only boards positively impact Italian firms. Conversely, board size is negatively related to Taiwanese firms' FP.

The available studies have collectively examined various aspects of CG, sustainability, and social performance within the tourism firms, drawing their relating to FP and broader organisational outcomes (Alexis et al., 2021; Bodhanwala & Bodhanwala, 2022; Kumar & Mukhopadhyay, 2021; Lee & Thong, 2023; Li et al., 2018; H. Peng et al., 2021; Singal, 2014; Yeon et al., 2023 and Zheng & Tsai, 2019) many firms that have caused direct pollution to the environment have begun to think about the necessity of environmental management. As buildings have played an important role in environmental issues, the real estate industry can no longer ignore demands for environmental management. Research on environmental management has mainly focused on its financial implications. However, there has been no consensus in the literature about the relationship between environmental management and firm performance. By comparing portfolios of environmentally certified properties of 19 lodging Real Estate Investment Trusts, this study explores the relationship between environmental management and firm performance, while taking into account the moderating role of outside board of directors. The relationship between environmental management and firm performance appeared to have mixed results, but this study found a positive moderating effect of outside board of directors. This study provides new insights into the hospitality and the real estate literature from a corporate governance perspective. [ABSTRACT FROM AUTHOR] Copyright of Tourism Economics is the property of Sage Publications, Ltd. and its content may not be copied or emailed to multiple sites or posted to a listserv without the copyright holder's express written permission. However, users may print, download, or email articles for individual use. This abstract may be abridged. No warranty is given about the accuracy of the copy. Users should refer to the original published version of the material for the full abstract. (Copyright applies to all Abstracts.. However, further research may benefit from focusing on firm and national-level data and exploring how cross-country tourism contexts (such as airlines, hotels, restaurants, casinos and resorts) affect the CG and FP nexus. Yeon et al. (2023) have investigated the link between environmental governance and firm performance, highlighting a positive effect of outside board directors. Similarly, Li et al. (2018) have answered the question, "How corporate social performance affects FP in tourism and manufactory industries?". Their findings reveal that employee relations and CG performance were positively linked to short- and long-term FP. Even though these studies contribute novel perspectives to hospitality and real estate discussions, emphasising the direct relationship between CG and tourism FP is absent.

Another single context has been aimed by Kumar & Mukhopadhyay (2021), who have explored the relationship between CG and FP of Indian hospitality firms. Although their findings demonstrate that adherence to CG norms enhances FP, these outcomes cannot be generalised, and the absence of theoretical grounded might cause the ultimate results. Correspondingly, a study by H. Peng et al. (2021), which has empirically examined Chinese tourism firms, has revealed a positive relationship between technical efficiency and FP, and they confirm that technical efficiency mediates the relationship between board, ownership, and FP. A similar study by Zheng & Tsai (2019)a bivariate correlation and a fixed-effects panel regression analysis were performed on the data. Findings: The empirical results showed that diversification positively influenced firm performance until firms reached an optimal level of diversification (0.34 indicated that diversification positively impacts firm performance up to a level and then the impact becomes negative. This is based on secondary data from Hong Kong hotel firms between 2005 and 2016. Although the study offers theoretical and managerial implications, providing comprehensive perspectives on all tourism firms considering cross-country and entire CG concerning FP is needed.

A concern about tourism firms has been recognised (Alexis et al., 2021; Bodhanwala & Bodhanwala, 2022; Lee & Thong, 2023 and Singal, 2014); however, none of these have considered the entire influence of CG on the tourism firms' FP. They collectively have explored either part of CG dimensions or various dimensions of sustainability in the context of firm performance. Lee & Thong (2023) have examined the impact of board gender diversity, finding that increased female representation correlates positively with FP. This positivity has been reported by Bodhanwala & Bodhanwala (2022), who have linked environmental, social, and governance (ESG) to tourism firms' FP. Their conclusion reflects that the effects of individual ESG dimensions on performance vary across transportation, hotels, and leisure firms, suggesting a need for further solid models. Additionally, the role of green governance and its effect on tourism FP has been investigated by Alexis et al. (2021), who have reported that green governance significantly supports green practice, which, in turn, enhances FP. The research by Singal (2014) also suggests that strong FP leads to more significant sustainability investments, subsequently improving economic outcomes.

Overall, while these studies make significant contributions to understanding governance, sustainability, and firm performance, they share common limitations, including a reliance on specific CG dimensions such as board diversity, gender diversity or environmental and social governance. Also, the absence of a theoretical building view could reflect the ultimate critical discussion when the results align with the applied theories. The models used are not free from constraints, particularly applying national factors such as national governance and culture. These limitations highlight the need for further research incorporating more diverse samples, considering a broader range of governance metrics, and accounts for national factors and solid theoretical views and models, which can be built upon a combination of related theories.

H1: CG has a positive impact on the tourism firms' FP.

2.4 The Effect of National Factors on The CG and FP Nexus

The research suggests that the growing internationalisation and demographic shifts, particularly within tourism, are likely to influence performance significantly, which indicates that national factors, e.g., cultural factors, play a role in shaping leaders and their work-related attitudes (Testa, 2007)the purpose of this paper is to examine more closely how employees evaluate leaders with varying national cultures and identify any subsequent employee responses. First, the results of an open-ended questionnaire on cultural influences, perceived leadership and work-related outcomes administered to 112 hospitality managers and staff members in a highly multicultural environment are discussed. Next, perspectives drawn from in-depth interviews with 12 hospitality stakeholders help to synthesize the findings. The results suggest that this is a highly complex issue, which can have a significant impact on employee reactions their leaders and the service received by guests. Implications for hospitality leaders are discussed.

Available literature supports the connection between management's strategy and national culture (DiMaggio & Powell, 1983 and Nakayama & Wan, 2018). Therefore, the CG and FP nexus can be influenced by Hofstede's six dimensions, commonly used in the literature (Gholipour & Tajaddini, 2014; Hofstede et al., 1998 and Reisch, 2021)this study investigates the relationship between Hofstede's six cultural dimensions (power distance (PDI. Filimonau *et al.* (2018) and Kang *et al.* (2016) found that culture significantly impacts corporate activities within tourism firms, which was suggested to be considered in future tourism research and policy, particularly in the multinational tourism context. Although reliance on Hofstede's dimensions may not entirely capture the complexities of cultural influences on the nexus of CG and tourism FP, the alternative measurement that could provide deeper insights is not historically available. However, this existing research gap, which includes Hofstede's cultural effects on the relationship between CG and FP, should significantly add to the literature. The alternative measurement can be a venue for future studies.

H2: the national culture shapes the influence of CG on the tourism firms' FP.

Like cultural factors, national governance can influence firms' management practices (Lattemann et al., 2009), reflecting the crucial role of maintaining operational and economic efficiency (Lui et al., 2021 and Mitchell et al., 2013). In the global tourism context, national governance can vary across different administrative regions (Wang & Ap, 2013), making effective public policies essential for promoting efficient tourism practices (Jamaliah

& Powell, 2018). National governance, therefore, can also shape the relationship between CG and tourism firms' FP. While empirical studies examining the effect of CG on tourism firms' FP are limited, linking this nexus to national governance, such as government effectiveness, accountability, corruption, etc, indicates solid and crucial contributions.

H3: the national governance controls the influence of CG on the tourism firms' FP.

3. Study Framework and Model

3.1 Sample and Data Description

To examine the relationship between CG and tourism firms' FP, the sample was drawn from Refinitiv, now named LSEG, which Serves about 40,000 institutions in 190 Countries. This sample is available through ASSET4 and includes international listed tourism firms from 2004 to 2022. After eliminating duplicate entries, the final dataset contains 66 countries. The study sample is limited to listed tourism firms, which might limit the applicability of the findings to large, publicly listed entities. However, including a diverse range of developed and developing nations supports the least necessity for generalisability. The countries in the sample include Australia, Austria, Belgium, Bulgaria, Canada, Croatia, Cyprus, Denmark, Estonia, Finland, France, Germany, Greece, Ireland, Israel, Italy, Japan, Lithuania, Luxembourg, Malta, Monaco, the Netherlands, New Zealand, Norway, Poland, Portugal, Romania, Russia, Slovakia, Slovenia, Spain, Sweden, Switzerland, the UK, the US, Bahrain, Brazil, Bulgaria, Chile, China, Egypt, Hong Kong, India, Indonesia, Jordan, Kuwait, Liberia, Malaysia, Mexico, Morocco, Nigeria, Oman, Pakistan, Panama, the Philippines, Saudi Arabia, Singapore, South Africa, South Korea, Sri Lanka, Taiwan, Thailand, Turkey, the UAE, and Vietnam.

The dependent variable is FP in tourism firms, which is assessed using two key metrics: Return on Assets (ROA) and Tobin's Q. Return on assets, an accounting-based measure, indicates how efficiently a firm utilises its assets to generate profit, reflecting operational efficiency crucial in asset-heavy tourism operations. Tobin's Q, a market-based measure, compares the market value of a firm's assets to their replacement cost, providing insights into investor confidence and market expectations. A higher Tobin's Q signals strong market positioning and positive predictions, which is especially important in an industry influenced by external factors like economic cycles, cultural dimensions and geopolitical events. These metrics offer a comprehensive view of financial health by balancing internal efficiency with external market valuation, aiding strategic planning and investment decisions in the competitive tourism industry.

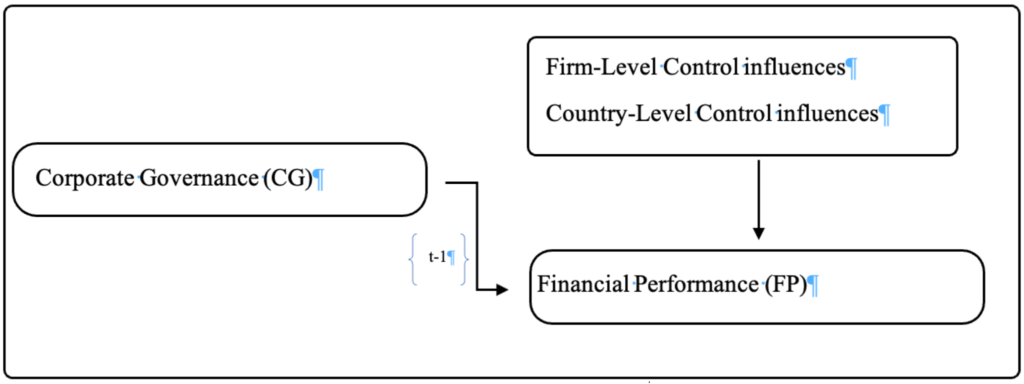
The independent variable, corporate governance (CG), is a firm's weighted average relative rating, calculated based on reported governance information. In this context, a higher percentage represents more vital governance practices and implies better oversight, transparency, and adherence to ethical and regulatory standards. This variable is especially significant due to the unique nature of the tourism industry, which often involves managing complex relationships with diverse stakeholders, including local communities, tourists, investors, and government bodies. Effective CG in tourism firms can improve trust and reputation, which is crucial in an industry where consumer perception is fundamental. High CG ratings in tourism firms reflect robust risk management, sustainability practices, and operational accountability, all of which can contribute to stable FP and long-term success. As such, the CG rating serves as a benchmark for governance quality and becomes a critical indicator of a firm's ability to adapt to market shifts and regulatory requirements, fostering confidence among investors and enhancing competitive advantage.

Control variables are categorised into national and firm factors. National factors include NG, assessed by Government Effectiveness (GE), and NC, which encompasses cultural dimensions based on Hofstede's framework. Though, reliance on Hofstede's dimensions could not capture the entire view of cultural influences and the alternative measurement could provide deeper insights, this study limited to Hofstede's cultural effects, due to the accessibility to databases. However, the alternative measurement of culture can be a venue for future studies. These dimensions that included to the study are Power Distance (PD), Individualism, Masculinity, Uncertainty Avoidance (UA), and Long-Term Orientation (LTO). Firm-specific control factors include Growth, Leverage, and Size. Growth is measured by the change in sales, Leverage by the ratio of debt to total assets, and Size by the logarithm of assets. These firm-level variables are accessible through Assets4.

3.2 Regression Framework and Model

To test the hypothesis that CG affects tourism firms' FP, considering theoretical and literature discussion, the model below was developed to analyse the causality impact of CG on FP within the tourism firms (see Figure 1). This model, introduced and used for the first time in this study, aims to clarify the causal relationship between CG and FP, reducing the risk of reverse causality. To address causality concerns, FP has lagged by one year, shortening the analysis period (from 2005 to 2022). Furthermore, the model incorporates control variables at the firm and country levels. The main regression models are outlined as follows.

Figure 1: Visual Representation of the Applied Model



Part 1: To explore the link between CG and FP (OLS model):

$$FP_{i,t}=B_0+B_1CG_{i,t-1} \quad (1)$$

$$FP_{i,t}=B_0+B_1CG_{i,t-1}++B_2Controls\ (firms\ charactristics)+(NE)+(NG)+(NC) \quad (2)$$

$$FP_{i,t}=B_0+B_1CG_{i,t-1}++B_2Controls\ (firms\ charactristics)+(NE)+(NG)+(NC)+YE \quad (3)$$

Part 2: Applying alternative variable to explore the link between CG and FP (Tobin's Q):

$$TPi,t(T\ Q)=B_0+B_1CG_{i,t-1}++B_2Controls\ (firms\ charactristics)+(NE)+(NG)+(NC)+YE$$

Part 3 Further model analysis of CG and FP (GLM model):

$$FP_{i,t}=B_0+B_1CG_{i,t-1}++B_2Controls\ (firms\ charactristics)+(NE)+(NG)+(NC)+YE$$

4. Findings and Discussion

In addition to a summary of the descriptive findings, this section will interpret the correlation and regression models, analysing the effect of CG on the FP of tourism firms. Descriptive statistics, which outline the main features of the dataset, and inferential statistics, which facilitate drawing conclusions and making predictions about the larger population based on this study's data, are employed to provide a comprehensive discussion of the results.

4.1 Descriptive Statistics Outcomes

Table 1: Descriptive Outcomes

Study's Variables	Mean	SD	Min	Max
	International tourism nations			
FP	0.04	0.07	-0.24	0.30
CG	0.19	0.27	0.00	0.88
Size	14.24	1.86	9.36	17.61
Growth	0.09	0.29	-0.74	2.28
Leverage	0.26	0.19	0.00	0.96
PD	0.53	0.17	0.13	1.00
Individualism	0.58	0.26	0.17	0.91
Masculinity	0.62	0.19	0.08	0.95
UA	0.63	0.24	0.29	1.00
LTO	0.52	0.25	-0.01	1.00
Indulgence	0.49	0.19	-0.01	0.75
VAA	0.75	0.22	0.06	1.00
PS	0.63	0.21	0.09	0.99
GE	0.84	0.13	0.35	1.00
RQ	0.83	0.15	0.34	1.00
ROL	0.82	0.16	0.29	1.00
COC	0.81	0.17	0.25	0.99
GDP	31057.56	20630.03	0.00	85233.63
Observations' number	7920			

Table 1 summarises the main descriptive findings for the dependent and independent variables used in this study. The mean FP is low (0.04) with a slight standard deviation, indicating most firms are clustered around the mean, while some experience losses. Corporate governance shows a mean of 0.19 with a wide range, pointing to disparities in governance practices that may impact FP. Firm size, growth, and leverage metrics reveal differences in operational scale, expansion strategies, and debt levels, suggesting varied risk approaches. Cultural dimensions like individualism (mean 0.58) and masculinity (mean 0.62) indicate that national culture influences firm strategies, including risk management and growth. Other national factors, such as GDP (mean 31057.56) and political stability (mean 0.63), underscore the impact of economic and political conditions on tourism firms' FP and market stability. Collectively, the data emphasises that solid governance, strategic planning, and awareness of cultural and economic contexts are vital for tourism firms to achieve sustainable success. Overall, the means are close to their respective standard deviations, indicating that FP, CG, and control variables are consistently distributed and meet the minimum requirements of the study's model.

4.2 Findings of Multicollinearity and Correlation Discussion

To ensure the robustness of the regression analysis, a multicollinearity assessment was performed using the Variance Inflation Factor (VIF) test. Table 2 presents the results of this assessment for the key variables. The findings reveal that none of the variables have a VIF above 10, indicating a low level of multicollinearity among the variables, thus supporting the stability of the regression analysis (Myers, 1990).

Table 2: Variance Inflation Factor Assessment for Multicollinearity Evaluation

Variable	VIF	1/VIF
CG	1.59	0.629200
Size	2.01	0.497374
Growth	1.03	0.974568
Leverage	1.24	0.806072
PD	3.36	0.297398
Individualism	3.75	0.266720
LTO	2.16	0.462941
UA	1.77	0.564124
Masculinity	1.49	0.671498
GE	2.55	0.391896
GDP	1.85	0.541623
Mean VIF	2.07	

4.3 Correlation and Regression Findings

The bellow Table 3 displays the correlation matrix, which highlights the relationships among the study's variables and indicates minimal correlation among the explanatory variables used in the regression model. The correlation results among the independent variables serve as criteria for their inclusion or exclusion in the models to address potential multicollinearity issues. Consequently, the regression analysis should omit national governance dimensions -specifically RQ, ROL and COC-. The primary focus is on the key variables, including CG, firm-level and country-level control variables, and the FP of tourism firms. The positive correlation (0.03*) between CG and FP is exciting, suggesting that governance considerations within tourism firms may positively influence FP. Conversely, a negative relationship is observed between national cultural factors (e.g., PD, UA, LTO and indulgence) and national governance factors (e.g., GE, RQ, ROL, and COC, indicating a potential impact of national cultural and governance factors. However, firm-level characteristics, particularly size and leverage, appear to negatively affect FP, which demands further exploration in the discussion of the regression models.

Table 3: Correlation Matrix of the Study Variables[1]

	FP	CG	Size	Growth	Leverage	PD	Indi	Masc	UA	LTO	Indu	VAA	PS	GE	RQ	ROL	COC	GDP
FP	1.00																	
CG	0.03*	1.00																
Size	-0.12***	0.58***	1.00															
Growth	0.00	-0.08***	-0.06***	1.00														
Leverage	-0.18***	0.22***	0.40***	-0.01	1.00													
PD	-0.07***	-0.22***	-0.17***	0.02	-0.14***	1.00												
Individualism	0.10***	0.29***	0.19***	0.01	0.16***	-0.77***	1.00											
Masculinity	-0.01	0.02	0.10***	-0.07***	-0.01	-0.22***	0.11***	1.00										
UA	-0.16***	-0.28***	-0.29***	-0.08***	-0.15***	0.25***	-0.45***	0.18***	1.00									
LTO	-0.13***	-0.10***	0.05***	-0.06***	-0.11***	0.13***	-0.37***	0.48***	0.46***	1.00								
Indulgence	0.11***	0.27***	0.17***	0.00	0.19***	-0.58***	0.75***	0.12***	-0.42***	-0.39***	1.00							
VAA	0.02	0.18***	0.08***	-0.04***	0.07***	-0.74***	0.65***	0.26***	0.02	0.07***	0.57***	1.00						
PS	-0.02	0.03**	0.02	-0.08***	-0.08***	-0.33***	0.15***	0.43***	0.24***	0.34***	0.19***	0.58***	1.00					
GE	0.04**	0.19***	0.22***	-0.07***	0.03*	-0.60***	0.48***	0.38***	-0.08***	0.17***	0.40***	0.68***	0.69***	1.00				
RQ	0.05***	0.24***	0.21***	-0.06***	0.06***	-0.71***	0.60***	0.29***	-0.15***	0.00	0.49***	0.77***	0.64***	0.90***	1.00			
ROL	0.04**	0.21***	0.18***	-0.07***	0.03**	-0.70***	0.58***	0.33***	-0.06***	0.07***	0.46***	0.81***	0.68***	0.93***	0.93***	1.00		
COC	0.03**	0.22***	0.20***	-0.07***	0.03**	-0.68***	0.58***	0.40***	-0.06***	0.09***	0.45***	0.78***	0.71***	0.92***	0.93***	0.96***	1.00	
GDP	-0.00	0.11***	0.17***	-0.01	0.06***	-0.37***	0.32***	0.20***	0.15***	-0.07***	0.17***	0.37***	0.48***	0.53***	0.48***	0.54***	0.51***	1.00

* p < 0.05, ** p < 0.01, *** p < 0.001.

1 FP: Financial Performance (ROA); CG: Corporate Governance refers to the weighted average relative rating of a corporation based on the reported governance information; Size: Log of Total Assets ; Growth: Growth of Sales; Leverage: Debt to Total Assets; PD: power distance: refers to how much less powerful members of society accept and expect unequal power distribution; Individualism (Indi): Take care of only themselves and their immediate families; masculinity(Masc): A preference for achievement, assertiveness; UA: Uncertainty Avoidance; LTO: Long Term Orientation; Indulgence: the extent to which people can freely satisfy their basic desires and enjoy life; VAA: Voice and Accountability refers to the degree to which citizens can participate in government selection, and enjoy freedom of expression, association, and media; PS: Political Stability refers to a country's level of political stability and its ability to maintain governance structures over time; GE: Government Effectiveness refers to the quality of public services, civil servant capacity, independence from political pressures, and policy formulation and implementation; RQ: Regulatory Quality refers to government's ability to implement policies and regulations that support private sector development; ROL: Rule of Law refers to how fairly, consistently, and equally laws are applied within a country; COC: Control of Corruption refers to the extent to which public power is used for private gain, covering both petty and grand corruption; GDP: Gross Domestic Product.

4.4 Main Regression Findings and Analytical Discussion

Table 4: The OLS Regression of the Effect of CG on Tourism Firms' FP

Tourism firms' variables	**Tourism Firms' FP (ROA)**		
Main independent:	(1)	(2)	(3)
CG	0.0206***	0.0211***	0.0312***
	(10.37)	(6.61)	(9.98)
Firm characteristics 's Variables:			
Size		-0.00567***	-0.00659***
		(-10.74)	(-13.09)
Growth		-0.00352	0.00323
		(-1.46)	(1.31)
Leverage		-0.0688***	-0.0544***
		(-16.67)	(-13.73)
National-level Variables:			
PD		-0.0163*	-0.0149*
		(-2.30)	(-2.20)
Indi		-0.00184	-0.00347
		(-0.36)	(-0.71)
Masc		0.0204***	0.0207***
		(4.53)	(4.86)
UA		-0.0467***	-0.0461***
		(-12.07)	(-12.55)
LTO		-0.0246***	-0.0197***
		(-6.18)	(-5.22)
GE		0.00148	-0.00747
		(0.19)	(-1.00)
GDP		6.16e-08	0.000000160***
		(1.35)	(3.65)
Constant	0.0256***	0.175***	0.191***
	(42.47)	(14.51)	(15.99)
Observations	14065	8419	8419
R2	0.008	0.099	0.192
Adjusted R2	0.008	0.098	0.189
F	107.6	83.82	71.20
Year Effect	No	No	Yeas
Note: t statistics level of significance in parentheses: * p < 0.05, ** p < 0.01, *** p < 0.001			

The applied regression model (Table 4) reveals several statistically significant relationships between CG and tourism firms FP, considering firm characteristics and national factors. Notably, the CG appears as a consistently strong positive influence across all models ($p < 0.001$). This suggests that tourism firms with better governance structures exhibit improved FP, which aligns with most existing literature on this field. However, the relatively small coefficient (ranging from 0.0206 to 0.0312) indicates that while CG is crucial, it may only be one of several contributing factors to the tourism firms' FP. Firm size, for instance, has a negative impact, suggesting that the cost of governance mechanisms outweighs the financial benefits. This needs further examination into the probable causes, considering managerial inefficiencies or increased regulatory burdens that large firms might encounter. Similarly, leverage with a consistently negative coefficient reflects that higher debt may create financial risks that adversely affect FP. Therefore, tourism firms should balance leveraging debt for growth and maintain financial stability.

An interesting aspect of the study results is the year effects, particularly during the global financial crisis of 2008 and COVID-19. The model outcomes indicate a positive impact in 2008, reflecting short-term strategies that allowed tourism firms to mitigate this crisis. However, significant negative influences in 2009 and 2021 highlight the lengthy economic disruptions during those periods. The negative coefficients likely reflect the compounded effects of COVID-19 on the whole global market, which worsened the performance of the tourism industry in addition to other sectors. These results highlight the need for building flexibility against macroeconomic shocks, which can be further discussed and examined. Future research could focus on understanding the mechanisms and methods that allowed firms to survive such disruptions. This, however, should include national factors, e.g. national economics, culture and governance, which were some of the surprising findings of this study. National economics (GDP) is considered a fundamental driver of tourism firm FP; however, its direct effect on FP is limited.

Furthermore, UA shows a negative relationship with FP, which indicates that tourism firms with high levels of UA are more risk-averse, possibly limiting their willingness to benefit from uncertain opportunities. Similarly, PD and LTO, which show a significant negative impact, support the view concerning management culture and stakeholders' orientations. Masculinity, however, positively leads to an increase in tourism firms FP. This conclusion highlights the complex interplay between cultural factors and tourism firm performance, suggesting that firms' strategies should account for cultural factors, particularly in multinational tourism firms. The ultimate results of this model provide valuable insights as the R^2 values (ranging from 0.008 to 0.192); however, scholars can conduct further investigations as a significant portion of the variance in FP remains unexplained.

The study's hypothesis has been confirmed, aligning with findings from various studies (e.g., Affes & Jarboui, 2023; Kasbar et al., 2023; Lee & Thong, 2023; Lu, 2021; Oana Pintea et al., 2021; and Saha & Khan, 2024). Moreover, the results of this research are consistent with those observed across various other industries examined in previous studies (e.g., Aibar-Guzman et al., 2024; Musah et al., 2022; Adu, 2022; Adu et al., 2024; and Boachie, 2023). However, some tourism studies have reported conclusions that deviate from the findings of this research (e.g., Chaudhary & Shrivastava, 2021; and Madanoglu & Karadag, 2016). In general, the ultimate view of the available literature seems to be in line with this study's outcomes.

Also, the empirical outcomes highlight the idea that governance mechanisms are crucial for reducing agency conflicts and improving FP. Effective governance, then, helps align the interests of principles and owners, leading to better performance. However, firm characteristics and culture also influence the effectiveness of CG in controlling agency costs. Therefore, this study has discussed agency problems, where some studies (Chaudhary & Shrivastava, 2021 and Madanoglu & Karadag, 2016) have confirmed the negative impact of CG on firms' FP. However, NC and governance shape the risk tolerance and management strategies that either worsen or mitigate these problems. To further align with agency theory, tourism firms should continue enhancing governance practices for managers, which should be in consideration of cultural and national governance to reduce misalignments between managerial actions and stakeholders' interests.

4.5 Robustness and Additional Findings and Analytical Discussions

The results provided in (Table 5) show the variety among accounting and market-base, and the GLM regression model examines the relationship between CG and ROA and with Tobin's Q, highlighting a significant impact on both metrics. The latest, however, as a measure of market value relative to asset replacement cost, has a strong positive relation with CG, in addition to firms' characteristics variables and GDP, indicating that such factors support a firm's market assessment. Therefore, tourism firms with solid governance could benefit in both operational performance and market valuation.

Using the Hausman specification test, Table 5 also presents the results of GLM for robustness analysis, indicating that the results in both the OLS and GLM models are consistent, confirming the positive association between CG and tourism firms' FP. Both methods show that firm- and country-level control variables contribute to FP in a manner comparable to global tourism firms. In addition to the original econometric analysis, which uniquely considers national variables such as GDP, NC and NC, represents a novel finding in the field. Although this relationship has been newly tested, the results align with those of previous related studies. However, this is not the case in the context of tourism or national factors.

Table 5: Robustness and Additional Findings (Accounting FP, Market FP and GLM)

Tourism firms' variables	Tourism Firms' FP (ROA & Tobin's Q2)		
	ROA	TQ	GLM3
Main independent:			
CG	0.0312***	0.826***	0.0312***
	(9.98)	(16.93)	(9.98)
Firm characteristics 's Variables:			
Size	-0.00659***	0.692***	-0.00659***
	(-13.09)	(85.26)	(-13.09)
Growth	0.00323	0.286***	0.00323
	(1.31)	(7.94)	(1.31)
Leverage	-0.0544***	-1.080***	-0.0544***
	(-13.73)	(-16.97)	(-13.73)
National-level Variables:			
PD	-0.0149*	0.380***	-0.0149*
	(-2.20)	(3.50)	(-2.20)
Indi	-0.00347	0.793***	-0.00347
	(-0.71)	(9.96)	(-0.71)
Mas	0.0207***	1.225***	0.0207***
	(4.86)	(17.79)	(4.86)
UA	-0.0461***	-0.449***	-0.0461***
	(-12.55)	(-7.56)	(-12.55)
LTO	-0.0197***	-0.127*	-0.0197***
	(-5.22)	(-2.08)	(-5.22)
GE	-0.00747	-0.119	-0.00747
	(-1.00)	(-0.99)	(-1.00)
GDP	0.000000160***	0.00000655***	0.000000160***
	(3.65)	(9.45)	(3.65)
Constant	0.191***	-4.213***	0.191***
	(15.99)	(-22.87)	(15.99)
Observations	8419	8122	8419
R2	0.192	0.712	NA
Adjusted R2	0.189	0.711	NA
F	71.20	1820.7	NA
Year Effect	Yes	No	No
Note: t statistics level of significance in parentheses: * p < 0.05, ** p < 0.01, *** p < 0.001			

2 Tobin's Q (TQ): a simplified formula supported by (Tobin, 1969), which is a Market Value (MV).

3 GLM: generalised linear model.

This study addresses a key research gap by integrating agency and organisational culture theories to offer a comprehensive framework for understanding firms as collective systems of responsibilities, concerns, assumptions, beliefs, and values that guide behaviour. By combining these theories, the study emphasises that tourism firms' culture is not just a background element but a powerful influence on the actions and decisions of agents within tourism firms. Shared values and beliefs, developed and reinforced over time, create a foundation that shapes how managers interpret their roles, responsibilities, and performance. As agency theory describes, these cultural elements align employees' motivations with organisational goals, bridging personal interests with collective outcomes. This combination highlights the dynamic interplay between individual actions and the organisation's guiding norms, illustrating how an embedded, cohesive culture can enhance both governance and operational efficiency, ultimately impacting tourism firms' FP.

In conclusion, hypotheses H1, H2, and H3 have been proven, where CG positively impacts tourism firms' FP with a crucial control of national cultural and national governance. Both firms' characteristics and national factors significantly influence the CG and FP nexus. This conclusion, therefore, has offered meaningful implications for professional bodies. Managers, directors, and decision-makers are encouraged to view governance structures as a strategic asset that can enhance tourism performance, particularly FP. This perspective might also open valuable avenues for scholars seeking to deepen research in this area, contributing to a better understanding of how governance influences productivity and firm performance.

5. Conclusion

In conclusion, this study contributes to understanding the relationship between CG and tourism firms' FP, filling a notable gap by integrating agency and organisational culture theories. This dual-theoretical approach frames firms as complex systems of shared values, responsibilities, and beliefs that shape behaviours and decision-making, providing a deeper context for examining CG's impact on FP. Our findings affirm that CG positively influences FP, with national cultural and governance factors crucial in controlling this nexus. These insights hold substantial implications for professionals in the tourism industry, such as managers, directors, and policymakers, who may view robust governance frameworks as strategic assets for enhancing tourism firms' FP. Additionally, this study opens new pathways for scholars to explore further CG's effects in different cultural and national contexts, deepening the understanding of governance as a driver of sustainable performance.

Yet, the study has some limitations that present valuable directions for future research. First, while we examined tourism firms across multiple countries, the data is limited to firms listed on global financial markets, potentially omitting insights from smaller, privately held tourism firms that also play a significant role in the industry. Expanding future studies to include these entities could provide a more comprehensive view of governance effects across various types of tourism businesses. Second, the scope of national cultural factors was limited to Hofstede's dimensions, which, although widely adopted, may not fully capture the complexity of culture's influence on corporate behaviour and governance effectiveness. Future research could incorporate alternative or updated cultural frameworks to offer a more nuanced view of national culture.

While this study focused on the direct causal effects, further exploration of moderating and mediating variables—such as technological adaptation, environmental practices, and workforce diversity—may help uncover the underlying mechanisms influencing the CG-FP nexus in tourism. National factors, particularly NC and NG, could also serve as critical moderating/mediating elements in this relationship. Therefore, future research should prioritise these avenues. Comparing results across sub-sectors of the tourism industry, particularly by applying this study's model, could provide valuable insights, such as pointing out the leading sub-sectors (e.g., hotels, restaurants, casinos, resorts or airlines).

Additionally, while the study focused on direct causality effects, further exploration of moderating and mediating variables—such as technological adaptation, environmental practices, or workforce diversity—may uncover underlying mechanisms that influence the CG-FP nexus in tourism. National factors, particularly NC and NG, might also play a critical moderating/ mediating role in this nexus. Thus, further studies should be essential venues. Comparing the results among the sub-sector tourism industry, mainly using this study model, may add to this field by viewing the leading sub-sector (hotels, restaurants, casinos, resorts and leisure agents). Finally, the study period, though comprehensive, could be extended in future studies to capture long-term changes in governance practices and their evolving impact on firm performance, especially in light of recent disruptions such as COVID-19.

Overall, this study emphasises the critical role of CG practices in tourism firms, demonstrating that effective governance positively contributes to FP. Managers, directors, and stakeholders are encouraged to adopt structured governance practices, with the importance of considering cultural factors. These findings are particularly significant for tourism industry, which serves as a foundation for many other sectors. Consequently, professionals and agents within the industry should prioritise implementing these practices to enhance financial outcomes and maximise benefits.

6. References

Abebe Zelalem, B., Ali Abebe, A., & Wodajo Bezabih, S. (2022). Corporate governance and financial performance in the emerging economy: The case of Ethiopian insurance companies. Cogent Economics & Finance, 10(1), 1–18. https://doi.org/10.1080/23322039.2022.2117117

Adu, D. . (2022). Sustainable banking initiatives, environmental disclosure and financial performance: The moderating impact of corporate governance mechanisms. Business Strategy & the Environment (John Wiley & Sons, Inc), 31(5), 2365–2399. https://doi.org/10.1002/bse.3033

Adu, D. A., Abedin, M. Z., Saa, V. Y., & Boateng, F. (2024). Bank sustainability, climate change initiatives and financial performance: The role of corporate governance. International Review of Financial Analysis, 95. https://doi.org/10.1016/j.irfa.2024.103438

Affes, W., & Jarboui, A. (2023). The impact of corporate governance on financial performance: a cross-sector study. International Journal of Disclosure and Governance, 20(4), 374–394. https://doi.org/10.1057/s41310-023-00182-8

Aibar-Guzman, B., Raimo, N., Vitolla, F., & Garcia-Sanchez, I.-M. (2024). Corporate governance and financial performance: Reframing their relationship in the context of climate change. Corporate Social Responsibility and Environmental Management, 31(3), 1493–1509. https://doi.org/10.1002/csr.2649

Al-ahdal, W. M., Alsamhi, M. H., Tabash, M. I., & Farhan, N. H. S. (2020). The impact of corporate governance on financial performance of Indian and GCC listed firms: An empirical investigation. Research in International Business and Finance, 51. https://doi.org/10.1016/j.ribaf.2019.101083

Al Farooque, O., Van Zijl, T., Dunstan, K., & Karim, A. W. (2007). Corporate governance in Bangladesh: Link between ownership and financial performance. Corporate Governance: An International Review, 15(6), 1453–1468. https://doi.org/10.1111/j.1467-8683.2007.00657.x

Alexis, I., Konstantinos, J. C., Leonidas, C. L., & Zhiteng, F. (2021). Applying the reduce, reuse, and recycle principle in the hospitality sector: Its antecedents and performance implications.

Business Strategy and the Environment, 30(7), 3394–3410. https://doi.org/10.1002/bse.2809

Boachie, C. (2023). Corporate governance and financial performance of banks in Ghana: the moderating role of ownership structure. International Journal of Emerging Markets, 18(3), 607–632. https://doi.org/10.1108/IJOEM-09-2020-1146

Bodhanwala, S., & Bodhanwala, R. (2022). Exploring relationship between sustainability and firm performance in travel and tourism industry: a global evidence. Social Responsibility Journal, 18(7), 1251–1269. https://doi.org/10.1108/SRJ-09-2020-0360

Chaudhary, M., & Shrivastava, D. (2021). Performance of Tourism and Hospitality Firms in India: Role of Board Structure and Management Practices of Corporate Governance. International Journal of Hospitality & Tourism Systems, 14(1), 1–8.

De Grosbois, D. (2012). Corporate social responsibility reporting by the global hotel industry: Commitment, initiatives and performance. International Journal of Hospitality Management, 31(3), 896–905.

DiMaggio, P. J., & Powell, W. W. (1983). The iron cage revisited: Institutional isomorphism and collective rationality in organisational fields. American Sociological Review, 147–160.

Eisenhardt, K. M. (1989). Agency theory: An assessment and review. Academy of Management Review, 14(1), 57–74.

Filimonau, V., Matute, J., Mika, M., & Faracik, R. (2018). National culture as a driver of pro-environmental attitudes and behavioural intentions in tourism. Journal of Sustainable Tourism, 26(10), 1804–1825.

George, T., Samuel Kwaku, A., Isaac, B., Vincent, A., & Ahmed, B. (2022). Tax planning and financial performance of insurance companies in Ghana: the moderating role of corporate governance. Cogent Business & Management, 9(1). https://doi.org/10.1080/23311975.2022.2144097

Gholipour, H. F., & Tajaddini, R. (2014). Cultural dimensions and outbound tourism. Annals of Tourism Research, 49, 203–205. https://doi.org/10.1016/j.annals.2014.08.006

Grace Isidor, T., Pendo Shukrani, K., & Chirongo Moses, K. (2023). Corporate governance and financial performance: Evidence from commercial banks in Tanzania. Cogent Economics & Finance, 11(2). https://doi.org/10.1080/23322039.2023.2247162

Henderson, J. C. (2007). Corporate social responsibility and tourism: Hotel companies in Phuket, Thailand, after the Indian Ocean tsunami. International Journal of Hospitality Management, 26(1), 228–239.

Hofstede, G., Hofstede, G. H., & Arrindell, W. A. (1998). Masculinity and femininity: The taboo dimension of national cultures (Vol. 3). Sage.

Jamaliah, M. M., & Powell, R. B. (2018). Ecotourism resilience to climate change in Dana Biosphere Reserve, Jordan. Journal of Sustainable Tourism, 26(4), 519–536.

Kang, K. H., Lee, S., & Yoo, C. (2016). The effect of national culture on corporate social responsibility in the hospitality industry. International Journal of Contemporary Hospitality Management, 28(8), 1728.

Kasbar, M. S. H., Tsitsianis, N., Triantafylli, A., & Haslam, C. (2023). An empirical evaluation of the impact of agency conflicts on the association between corporate governance and firm financial performance. Journal of Applied Accounting Research, 24(2), 235–259. https://doi.org/10.1108/JAAR-09-2021-0247

Kumar, R., & Mukhopadhyay, D. (2021). Corporate Governance and Organisational Performance: Evidence from Indian Hospitality Industry. IUP Journal of Corporate Governance, 20(3), 22–43.

Kyere, M., & Ausloos, M. (2021). Corporate governance and firms financial performance in the United Kingdom. International Journal of Finance and Economics, 26(2), 1871–1885. https://doi.org/10.1002/ijfe.1883

La Rosa, F., & Bernini, F. (2018). Corporate governance and performance of Italian gambling SMEs during recession. International Journal of Contemporary Hospitality Management, 30(3), 1939–1958. https://doi.org/10.1108/IJCHM-03-2017-0135

Lattemann, C., Fetscherin, M., Alon, I., Li, S., & Schneider, A. (2009). CSR communication intensity in Chinese and Indian multinational companies. Corporate Governance: An International Review, 17(4), 426–442.

Lee, K. W., & Thong, T. Y. (2023). Board gender diversity, firm performance and corporate financial distress risk: international evidence from tourism industry. Equality, Diversity & Inclusion, 42(4), 530–550. https://doi.org/10.1108/EDI-11-2021-0283

Li, D., Jing, Y., & Yeasun, C. (2018). Effects of Corporate Social Performance on Corporate Financial Performance: A Two-sector Analysis *between the U.S. Hospitality and Manufacturing Companies. Global Business and Finance Review, 23(1), 47–62. https://doi.org/10.17549/gbfr.2018.23.1.47*

Lu, L. W. (2021). The moderating effect of corporate governance on the relationship between corporate sustainability performance and corporate financial performance. International Journal of Disclosure and Governance, 18(3), 193–206. https://doi.org/10.1057/s41310-020-00099-6

Lui, A. K. H., Lo, C. K. Y., Ngai, E. W. T., & Yeung, A. C. L. (2021). Forced to be green? The performance impact of energy-efficient systems under institutional pressures. International Journal of Production Economics, 239. https://doi.org/10.1016/j.ijpe.2021.108213

Madanoglu, M., & Karadag, E. (2016). Corporate governance provisions and firm financial performance : The moderating effect of deviation from optimal franchising. International Journal of Contemporary Hospitality Management, 28(8), 1805–1822. https://doi.org/10.1108/IJCHM-09-2014-0470

Mitchell, R., Wooliscroft, B., & Higham, J. E. S. (2013). Applying sustainability in national park management: Balancing public and private interests using a sustainable market orientation model. Journal of Sustainable Tourism, 21(5), 695–715.

Musah, A., Padi, A., Okyere, B., E. Adenutsi, D., & Ayariga, C. (2022). Does corporate governance moderate the relationship between internal control system effectiveness and SMEs financial performance in Ghana? Cogent Business and Management, 9(1). https://doi.org/10.1080/23311975.2022.2152159

Myers, R. H., & Myers, R. H. (1990). Classical and modern regression with applications (Vol. 2). Duxbury press Belmont, CA.

Nakayama, M., & Wan, Y. (2018). Is culture of origin associated with more expressions? An analysis of Yelp reviews on Japanese restaurants. Tourism Management, 66, 329–338. https://doi.org/10.1016/j.tourman.2017.10.019

Nawaz, T., & Ohlrogge, O. (2023). Clarifying the impact of corporate governance and intellectual capital on financial performance: A longitudinal study of Deutsche Bank (1957–2019). International Journal of Finance and Economics, 28(4), 3808–3823. https://doi.org/10.1002/ijfe.2620

Nyakurukwa, K. (2022). The Zimbabwe Code on Corporate Governance (Zimcode) and Financial Performance. Journal of African Business, 23(3), 549–567. https://doi.org/10.1080/15228916.2021.1889871

Oana Pintea, M., Pop, A. M., Dan Gavriletea, M., & Sechel, I. C. (2021). Corporate governance and financial performance: evidence from Romania. Journal of Economic Studies, 48(8), 1573–1590. https://doi.org/10.1108/JES-07-2020-0319

Paniagua, J., Rivelles, R., & Sapena, J. (2018). Corporate governance and financial performance: The role of ownership and board structure. Journal of Business Research, 89, 229–234. https://doi.org/10.1016/j.jbusres.2018.01.060

Paramati, S. R., Alam, M. S., & Chen, C.-F. (2017). The effects of tourism on economic growth and CO emissions: A comparison between developed and developing economies. Journal of Travel Research, 56(6), 712–724.

Peng, B. (2024). Corporate governance and its impact on financial performance and innovation in Chinese-listed firms. Corporate Social Responsibility and Environmental Management, 31(3), 1598–1609. https://doi.org/10.1002/csr.2647

Peng, H., Zhang, J., Zhong, S., & Li, P. (2021). Corporate governance, technical efficiency and financial performance: Evidence from Chinese listed tourism firms. Journal of Hospitality and Tourism Management, 48, 163–173. https://doi.org/10.1016/j.jhtm.2021.06.005

Pettigrew, A. M. (1979). On studying organisational cultures. Administrative Science Quarterly, 24(4), 570–581.

Reisch, L. (2021). Does national culture influence management's accounting behaviour and strategy? – an empirical analysis of European IFRS adopters. Cross Cultural & Strategic Management, 28(1), 129–157.

Saha, A. K., & Khan, I. (2024). Sustainable prosperity: unravelling the Nordic nexus of ESG, financial performance, and corporate governance. European Business Review. https://doi.org/10.1108/EBR-09-2023-0276

Schein, E. H. (2010). Organisational culture and leadership (Vol. 2). John Wiley & Sons.

Shan, Y. G., & McIver, R. P. (2011). Corporate governance mechanisms and financial performance in china: Panel data evidence on listed non financial companies. Asia Pacific Business Review, 17(3), 301–324. https://doi.org/10.1080/13602380903522325

Singal, M. (2014a). The link between firm financial performance and investment in sustainability initiatives. Cornell Hospitality Quarterly, 55(1), 19–30.

Singal, M. (2014b). The Link between Firm Financial Performance and Investment in Sustainability Initiatives. Cornell Hospitality Quarterly, 55(1), 19–30. https://doi.org/10.1177/1938965513505700

Testa, M. R. (2007). A deeper look at national culture and leadership in the hospitality industry. International Journal of Hospitality Management, 26(2), 468–484.

Tobin, J. (1969). A General Equilibrium Approach To Monetary Theory. Journal of Money, Credit and Banking, 1(1), 15. https://doi.org/10.2307/1991374

Wang, D., & Ap, J. (2013). Factors affecting tourism policy implementation: A conceptual framework and a case study in China. Tourism Management, 36, 221–233.

Yeh, C. M., & Trejos, B. (2015). The influence of governance on tourism firm performance. Current Issues in Tourism, 18(4), 299–314. https://doi.org/10.1080/13683500.2013.820258

Yeon, J., Lee, S., Jolly, P. M., & Mattila, A. S. (2023). The impact of environmental management on firm performance in the U.S. lodging REITs: The moderating role of outside board of directors. Tourism Economics, 29(2), 513–532. https://doi.org/10.1177/13548166211059075

Yu, M. (2023). CEO duality and firm performance: A systematic review and research agenda. European Management Review, 20(2), 347–359. https://doi.org/10.1111/emre.12522

Zheng, C., & Tsai, H. (2019). Diversification and performance in the hotel industry: do board size and family representation matter? International Journal of Contemporary Hospitality Management, 31(8), 3306–3324. https://doi.org/10.1108/IJCHM-06-2018-0465