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Corporate Governance Effect on Corporate Performance, through the Moderation Role of Organizational Culture

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Abstract This study aims to examine the moderation role of the organizational culture that might impact the effectiveness of corporate governance practices and moderate the relationship between corporate governance practices on corporate performance in technology small and medium enterprises in Egypt. The study assumes that the organizational culture is the incubator for corporate governance, so the readiness of the organizational culture is a key moderator that might support firms to realize the intended benefits of corporate governance practices.

Keywords: *corporate governance, corporate performance, organizational culture*

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1. Introduction

Many firms wished to implement effective corporate governance practices but failed to realize the intended results. Firms tried to implement corporate governance practices, aiming to consistently create value for stakeholders (shareholders, customers, and other partners), without the direct involvement of shareholders (owners) in the day-to-day operations of the firms, and secure their visibility and clear accountability to realize the intended results. It is believed that implementing corporate governance practices is a must for today's firms to succeed whether it is listed on the stock exchange or not, whether it is a big corporation or small or medium firm, whether it has separation between management, board of directors, and shareholders. To achieve the intended results from implementing corporate governance practices, the management should work in parallel to build and reinforce the culture that supports and cultivate corporate governance practices.

Even though there is a growing body of literature on corporate governance practices and corporate performance, there is a diversity of results due to the different theoretical perspectives applied, selection of methodologies, measurement of performance, conflicting views on board involvement in decision-making, and the contextual nature of individual firms [16] also found that political opportunity, structure, stakeholder interest, and social infrastructure have an influence on corporations and corporate stakeholders, demanding attention for good corporate governance practices.

Literature on corporate governance and its impact on firm performance is focused on developed economies, it is limited in the context of emerging markets also, cultural and institutional differences might play a role in corporate governance practices' effectiveness.

This research aims to assess the moderation role of the organizational culture to decide whether the organizational culture differences among firms might influence the effectiveness of corporate governance practices to enhance corporate performance. In addition to that, it aims to define which one of the four organizational culture types (Clan, Adhocracy, Hierarchy, and Market) might support or oppose the impact of corporate governance practices on corporate performance.

The research was designed and conducted in Egypt addressing the non-listed firms on the stock exchange. The questionnaire was designed, data collected, and analyzed based on the following three variables (corporate governance as the independent variable, corporate performance as the dependent variable, and organizational culture as the moderator variable), the organizational culture was assessed in a quantitative measure using four dimensions (dominant characteristic, organizational leadership, management of employees and organizational glue), in addition to categorizing the firms under the study into one of the four types (Clan, Adhocracy, Hierarchy, and Market). The research results might help SMEs managers and owners in Egypt how to effectively implement corporate governance practices and achieve brilliant results.

2. Literature Review

2.1. Corporate Governance

According to prior literature, corporate governance is not agreed upon. [1] argue that "scholars have approached corporate governance from various disciplines, including economics, management, law, political science, culture, and sociology. Likewise, corporate governance has emerged as a key term in public policy debates around the world, refracting academic concepts through the lens of diverse institutions and cultures of discourse". Given that there are several definitions of corporate governance, the author divides them according to the paradigm that the definitions serve, mainly the macro and micro-level aspects of the corporate governance system.

[7] defined corporate governance as "the set of mechanisms - both institutional and market-based - that induce the self-interested controllers of a company (those that make decisions regarding how the company will be operated) to make decisions that maximize the value of the company to its owners (the suppliers of capital)". This definition is very much tied to the idea of how macro-level (constitutional) and micro-level (firm practices) aspects of corporate governance will help shareholders to minimize the cost of conflict of interests. [22] define corporate governance mechanisms as "economic and legal institutions that can be altered through the political process sometimes for the better". In the same, [4] defines corporate governance as "the whole set of legal, cultural and institutional arrangements that determine what publicly traded corporations can do, who controls them, how control is exercised, and how the risk and returns from the activities they are allocated". According to the last definition, corporate governance practices must go beyond firm-level contractual agreements to include other constitutional factors of the hosting country.

Other corporate governance definitions are directly linked to firm-level practices. [10] define corporate governance "as the system of laws, rules, and factors that control operations at a company". Also, [3] identify corporate governance as internal firm-level mechanisms and practices that determine the capital structure decisions of firms, [5] argue that corporate governance

"is defined as a response to the agency problems that arise from the separation of ownership and control in a corporation". Many more definitions of corporate governance abound in prior related literature.

According to these two groups of definitions of corporate governance, it's clear that scholars define corporate governance based on the paradigms in which they support or are interested. However, all of these definitions talk about the mechanisms either internal or external that help organizations to maintain a lower level of agency problems as a result of the conflict of interest between shareholders and managers. At the micro-level, internal corporate governance includes ownership concentration and a board of directors, while at the macro-level it includes formal institutions and regimes designed to enforce the legislative frameworks at the national environment level. This research will focus on internal corporate governance practices only.

2.2. Corporate Performance

Corporate performance in the literature is based on the value of the firm. There are four approaches to corporate value have been identified in the corporate finance literature [14]. (i) the financial management approach which focuses on the estimation of cash flows and investment levels before identifying and evaluating the impact of financing sources on corporate value; (ii) the capital structure approach which studies the impact of capital structure changes on the value of corporate and how different factors impact directly or inversely, the debt and equity component of the corporate capital structure; (iii) the resource-based approach which explains the value of corporate as an outcome of firm's resources; and (iv) finally, the sustainable growth approach is a summary of the above three approaches to corporate value, taking into account the firm's operating performance, its investment and financing needs, the financing sources, and its financing and dividend policies for sustainable development of firm's resources and maximization of corporate value.

The financial measures of corporate performance used in empirical research on corporate governance fit into both accounting-based measures and market-based measures [15]. The most used accounting-based measures are return on assets (ROA) [15], return on equity (ROE), and earnings per share. The most commonly used market-based measures are market to book value ratio and Tobin's Q [2]. There is criticism about accounting as opposed to market-based measures. Accounting-based measures can be easily manipulated by the management through changes to accounting methods or accruals and are difficult to interpret across industries. They are historical and report a more backward focus on past success, and exclude risks and investment requirements, and the time value of money [15]. Market-based measures are based on the value of companies' common stock and are often affected by factors beyond the control of the leaders of the firms. They reflect risk-adjusted performance and are not adversely affected by multi-industry or multinational contexts [6]. They are considered forward-looking and reflect current plans and strategies [15]. This research will consider the balanced scorecard for measuring corporate performance based on the market-based forward-looking and reflection of the current plans and strategies.

2.3. Organizational Culture

Organizational culture is a set of values, beliefs, and behavior patterns that differentiate one organization from other organizations [19].

Organizational culture includes the norms that the members of an organization experience and describe as their work settings [21]. Such norms shape how members behave and adapt to get results in the organization. Organizational culture is how the members of an organization interact with each other and other stakeholders [23]. Business managers use organizational culture to differentiate their company from other companies [25]. Apple Inc, the International Business Machines Corporation (IBM), and Hewlett-Packard

Corporation (HP) exist on similar technology and the same operating environment, but these companies have different organizational cultures [20]. The Apple culture includes producing simple, elegant, and innovative products [24] Priorities in HP culture are employees' autonomy and creativity [18]. IBM's cultural focal point is long-term thinking with loyal and highly motivated employees [9].

Four types of organizational culture include (a) clan culture, (b) adhocracy culture, (c) hierarchy culture, and (d) market culture [8].

The assumptions and values of clan culture include human affiliation, collaboration, attachment, trust, loyalty, and support [8]. The ultimate goal of clan culture is improving employee performance through commitment, a sense of ownership, and responsibility [11].

The assumptions and values of adhocracy culture include (a) growth, (b) risk-taking, (c) creativity, (d) diversity, (e) independence, and (f) adaptability [12]. The ultimate result of an adhocracy culture is innovation and change [8]. In a hierarchical culture, organization members follow the rules and regulations, and each activity is set with pre-defined procedures and rules [12]. The ultimate goal of a hierarchy culture is efficiency and effectiveness.

Competition culture includes (a) gathering customer and competitor information, (b) appropriate goal setting, planning, and decision-making, and (c) task focus leadership.

2.4. Research Gap

Even though there is a growing body of literature on corporate governance practices and corporate performance, there is a diversity of results due to the different theoretical perspectives applied, selection of methodologies, measurement of performance, conflicting views on board involvement in decision-making, and the contextual nature of individual firms [16]. [16] also found that political opportunity, structure, stakeholder interest, social infrastructure, and mobilization influence corporations and corporate stakeholders, demanding attention to good corporate governance practices.

Although the literature on corporate governance and its impact on corporate performance is focused on developed economies, it is limited in the context of emerging markets. Furthermore, institutional legal frameworks in emerging economies are not well developed compared to developed countries, which limits the benefits of their corporate governance efforts. These emerging economies show significant differences in terms of economic growth, business environments, income levels, and management practices [13].

Since there are some studies mentioned two variables (corporate governance and corporate performance ignoring the role of the organizational culture, corporate governance, and organizational culture ignoring its impact on corporate performance, and others studied the organizational culture and corporate performance ignoring the impact of corporate governance), and are limited to the listed corporates this research will study the moderation role of the organizational culture on the relationship between corporate governance and corporate performance in the small and medium enterprises which are not listed in the stock exchange. this research is expected to yield interesting results to fill the gap in knowledge of the relationship between corporate governance practices and corporate performance considering the organizational culture as a key moderator factor. Given the different environments in which businesses perform in Egypt, including the economic and political environment, social culture, shareholders' interest, corporate governance practices, legal requirements, firms' maturity stages, and management focus build and enforce the suitable organizational culture that suits their firms' mission.

3. Research Method

In this research, the quantitative research technique was employed to obtain the SMEs and non-listed firms in the stock exchange owners' or managers' experiences of how corporate governance practices influence or might influence their firm's performance and the organizational culture's role in supporting corporate performance. A structured questionnaire was designed to collect data. The medium firms' owners, executives, or managers whose businesses in operation for at least 5 years and comply with the description of the SMEs and non-listed firms in the stock exchange, were the respondents in this study. Simple random probability sampling enabled researchers to draw a sample of 250 respondents and only 225 questionnaires were usable for data analysis. The proposed theoretical model is shown below.

3.1. Research Objective

Objective 1: study the relationship between corporate governance and corporate performance in the non-listed SMEs in the Egyptian market.

Objective 2: study the effect of the organizational culture type as a moderator factor on the relationship between corporate governance and corporate performance in the non-listed SMEs in the Egyptian market.

3.2. Research Hypotheses

The purpose of the study is to assess the relationship between corporate governance and corporate performance in the non-listed SMEs in the Egyptian market. In addition to assessing the effect of the organizational culture type as a moderator on the relationship between corporate governance and corporate performance.

H1: There is a positive direct impact of corporate governance on corporate performance.

H2: The organizational culture strength positively moderates the relationship between corporate governance and corporate performance.

H2.a: The clan-type organizational culture positively moderates the relationship between corporate governance and corporate performance.

H2.b: The adhocracy-type organizational culture positively moderates the relationship between corporate governance and corporate performance.

H2.c: The hierarchy-type organizational culture positively moderates the relationship between corporate governance and corporate performance.

H2.d: The market-type organizational culture positively moderates the relationship between corporate governance and corporate performance.

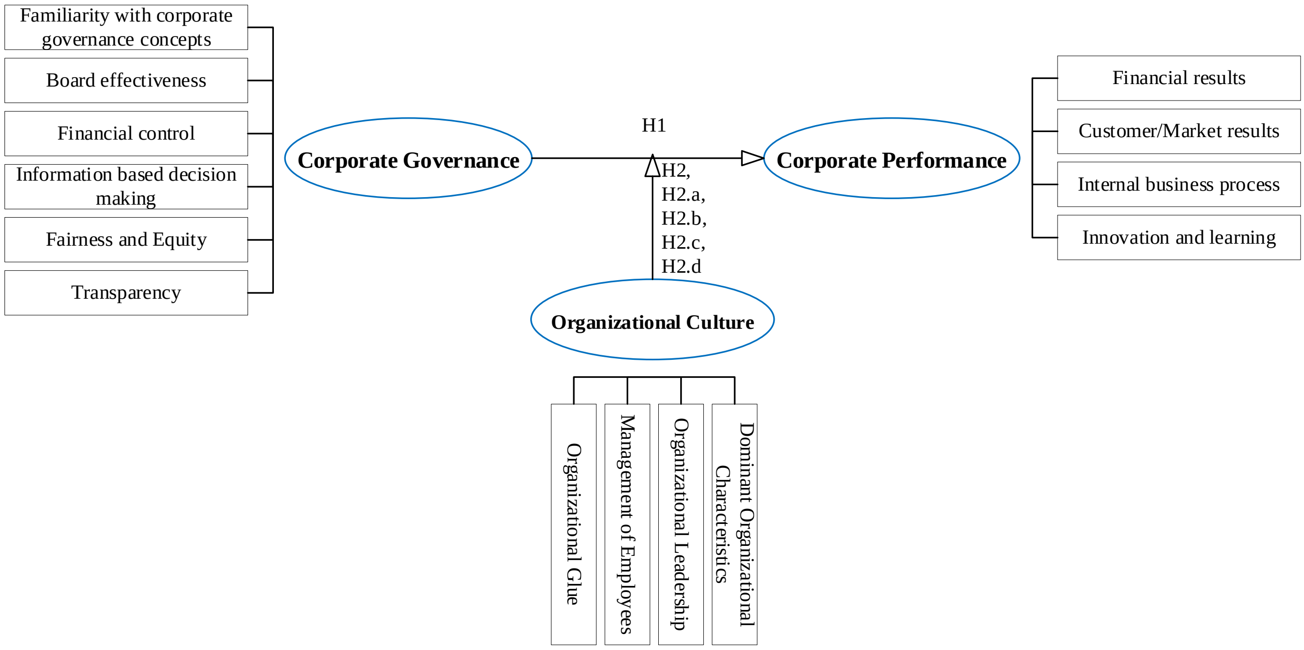

Figure 1. Research Theoretical Model. Source: The author

4. Data Analysis

4.1. Demographic Description

The total number of valid cases is 225.

Table 1. Demographic analysis by job level and gender

Investor / Employee / Job Level	Female	Male	Total
Employee	16%	64%	80%
Board Member	3%	5%	8%
Senior Level	3%	36%	39%
Middle Level	11%	23%	33%
Business Owner	4%	16%	20%
Board Member	4%	13%	17%
Middle Level	0%	3%	3%
Total	20%	80%	100%

20% of the respondents are female and 80% are male.

20% of the respondents are business owners and 80% are employees.

25% of the respondents are board members, 39% are in senior positions and 36% are at the middle level.

Table 2. Demographic analysis by age

Age range	Female	Male	Total
between 30 and 40	6%	20%	27%
between 40 and 50	7%	35%	41%
Above 50	7%	25%	32%
Total	**20%**	**80%**	**100%**

27% of the respondents' age ranges between 30 and 40 years, meanwhile, 41% are between 40 and 50 years, and 32% are above 50 years.

4.2. Descriptive Statistics

Table 3. Descriptive statistics for variables and dimensions

Variable / Dimension	Min	Max	Mean	Std.
Corporate Governance	**1.00**	**3.78**	**2.38**	**0.64**
CG_1: Familiarity with corporate governance	1.00	3.75	2.15	0.68
CG_2: Board effectiveness	1.00	5.00	2.48	0.87
CG_3: Financial control	1.00	4.00	1.96	0.67
CG_4: Information based decision making	1.00	4.50	2.68	0.84
CG_5: Fairness and Equity of firm	1.00	5.00	2.56	1.01
CG_6: Transparency of firm	1.00	5.00	2.42	0.82
Corporate Performance	**1**	**5**	**2.70**	**0.91**
CP_1: Financial Results	1	5	2.58	0.96
CP_2: Customer Results	1	5	2.75	0.93
CP_3: Internal Process	1	5	2.66	1.07
CP_4 : Innovation & Growth	1	5	2.77	0.99
Organizational Culture	**1.38**	**4.81**	**3.45**	**0.71**
OC_1: Dominant Characteristic	1.25	5.00	3.37	0.89
OC_2: Organizational Leadership	1.00	5.00	3.19	0.93
OC_3: Management of Employees	1.50	5.00	3.61	0.76
OC_4: Organizational Glue	1.50	5.00	3.65	0.71

4.3. Reliability Test

The reliability test has been conducted for each variable through the SPSS, all variables passed the reliability test with Cronbach's Alpha values greater than 0.8 which indicates very good reliability.

Table 4. Reliability analysis for the variables

Variable / Dimensions	Cronbach's Alpha Based on Standardized Items	N of Items
CG Corporate Governance	**0.93**	23
CG_1 Familiarity with corporate governance	0.80	5
CG_2 Board effectiveness	0.83	4
CG_3 Financial control	0.73	3
CG_4 Information based decision making	0.82	3
CG_5 Fairness and Equity of firm	0.90	4
CG_6 Transparency of firm	0.76	3
CP Corporate Performance	**0.96**	**14**
CP_1 Financial Results	0.86	3
CP_2 Customers/Market Results	0.89	4
CP_3 Internal Processes	0.90	3
CP_4 Innovation & Growth	0.93	4
OC Organizational Culture	**0.93**	**16**
OC_1 Dominant Characteristic	0.82	4
OC_2 Organizational Leadership	0.71	4
OC_3 Management of Employees	0.77	4
OC_4 Organizational Glue	0.81	4

4.4. Validity Test

The below model and table show the regression results between the variables and their dimensions which are used to test the model validity.

Since the regression results between the variables and their dimensions > 0.50 for all variables and their related dimensions, this confirms the validity of the model.

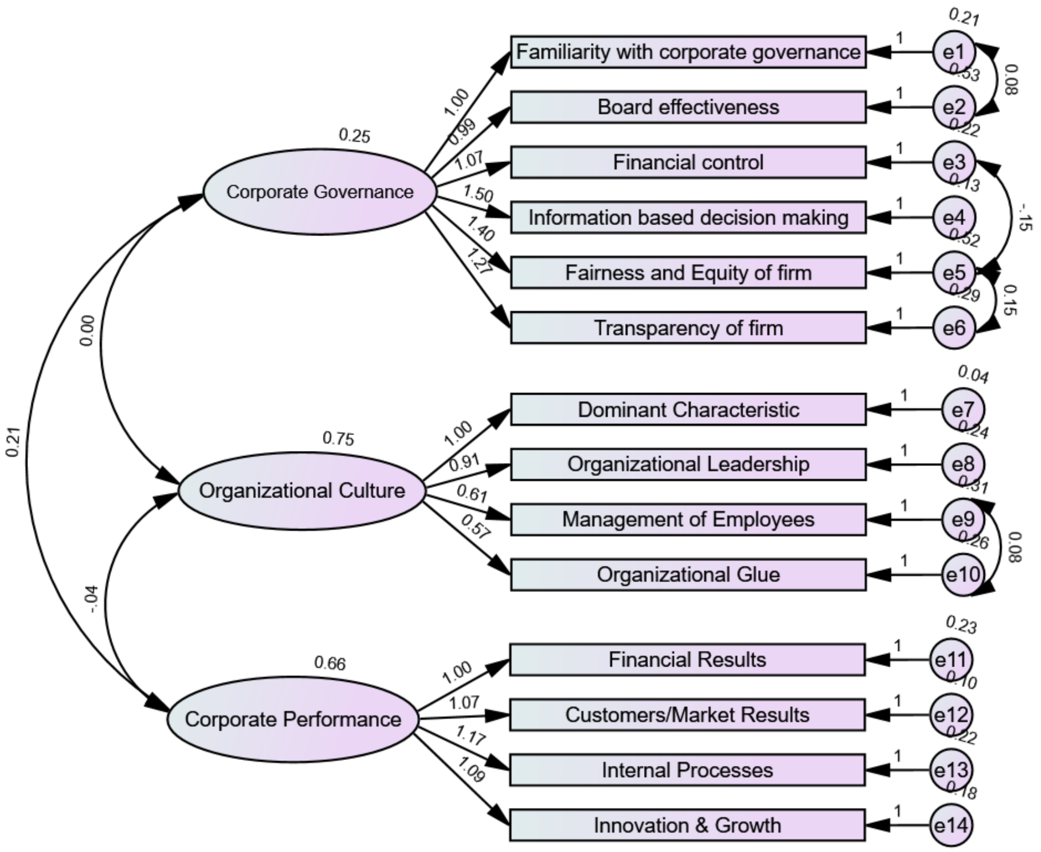

Figure 2. Unstandardized regression analysis

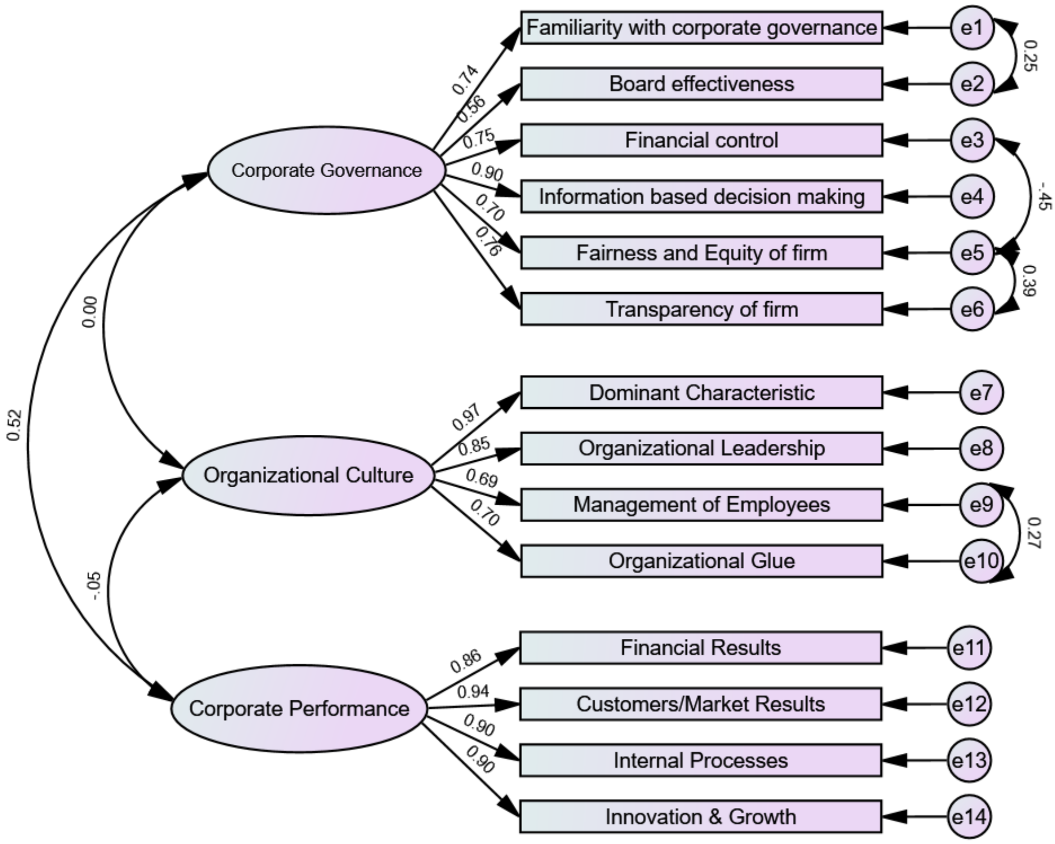

Figure 3. Standardized regression analysis

Table 5. Regression analysis between the variables and their dimensions

Relationship	Unstandardized Estimate	Standardized Estimate	S.E.	C.R.	P
Corporate Governance → CG_1	1	0.737	0.06	11.8	***
Corporate Governance → CG_2	0.991	0.564	0.10	9.58	***
Corporate Governance → CG_3	1.075	0.753	0.09	11.3	***
Corporate Governance → CG_4	1.498	0.903	0.11	13.6	***
Corporate Governance → CG_5	1.397	0.699	0.13	10.3	***
Corporate Governance → CG_6	1.267	0.763	0.11	11.4	***
Corporate Performance → CP_1	1	0.863	0.05	12.5	***
Corporate Performance → CP_2	1.066	0.941	0.05	21.1	***
Corporate Performance → CP_3	1.173	0.897	0.06	19.2	***
Corporate Performance → CP_4	1.09	0.903	0.05	19.5	***
Corporate Culture → OC_1	1	0.975	0.09	12.5	***
Corporate Culture → OC_2	0.907	0.847	0.05	17.7	***
Corporate Culture → OC_3	0.609	0.69	0.04	12.6	***
Corporate Culture → OC_4	0.57	0.699	0.04	12.9	***

4.5. Model Fit Summary

Table 6. Model Fit Summary

GOFI	Initial Model Result	Interpretation	Modified Model Result	Interpretation
PCLOSE ≥ 0.05	0.00	Moderate Fit	0.00	Moderate Fit
RMSEA ≤ 0.10	0.13	Moderate Fit	0.11	Moderate Fit
NFI ≥ 0.80	0.85	Good Fit	0.89	Good Fit
CFI ≥ 0.80	0.88	Good Fit	0.92	Good Fit
TLI ≥ 0.80	0.85	Good Fit	0.89	Good Fit
IFI ≥ 0.80	0.88	Good Fit	0.92	Good Fit
RFI ≥ 0.80	0.82	Good Fit	0.86	Good Fit
RMR ≤ 0.05	0.05	Good Fit	0.05	Good Fit
GFI ≥ 0.80	0.82	Good Fit	0.86	Good Fit
AGFI ≥ 0.80	0.75	Moderate Fit	0.80	Good Fit

The model fit analysis has been done using IBM AMOS software resulting in the Good Fit Model measuring values aggregated in the previous table. As shown in the table all values are indicating a good fit except PCLOSE (0.00) which is a little bit lower than 0.05, and RMSEA (0.11) which is a little bit higher than 0.10 but for other measures (NFI, CFI, TLI, IFI, RFI, GFI, and AGFI) are higher than the thresholds and close to 1.00 which mean that the model is a very good fit. Based on the analysis results the overall model is considered a good fit Model.

4.6. Regression Analysis

The regression analysis for the relationship between the variables without considering the moderation role of the organizational culture.

Table 7. Regression analysis for variables without considering the moderation role of the culture

Variables	R^2	Adj. R^2	SE	B	Beta	t	Sig.
Corporate Governance → Corporate Performance							
Model Summary	0.37	0.37	0.67				
Constant				0.26		1.05	0.29
Corporate Governance				0.82	0.61	11.93	0.00
Organizational Culture → Corporate Performance							
Model Summary	0.30	0.30	0.71				
Constant				0.91		4.00	0.00
Organizational Culture				0.66	0.55	10.25	0.00
Organizational Culture → Corporate Governance							
Model Summary	0.51	0.51	0.44				
Constant				1.35		9.55	0.00
Corporate Governance				0.63	0.71	15.86	0.00

The regression analysis for the relationship between corporate governance and corporate performance considers the moderation role of the organizational culture regardless of the culture type.

Table 8. Regression analysis for variables considering the moderation role of organizational culture

Variables	R^2	Adj. R^2	SE	B	Beta	t	Sig.
Corporate Governance → Corporate Performance moderated by organizational culture							
Model – 1	**0.40**	**0.39**	**0.66**				
Constant				0.10		0.41	0.67
Corporate Governance				0.59	0.44	6.12	0.00
Organizational Culture				0.28	0.23	3.26	0.00
Model – 2	**0.41**	**0.40**	**0.65**				
Constant				0.28		1.06	0.28
Corporate Governance				0.55	0.41	5.60	0.00
Organizational Culture				0.28	0.24	3.32	0.00
Z Governance x Culture				-0.09	-0.10	-1.96	0.05

4.7. Hypothesis Analysis

Table 9. Hypothesis analysis

Hypothesis	Variable	t	P	Conclusion
H1: There is a positive direct impact of corporate governance on corporate performance.		11.93	0.000	H1 is accepted
H2: The organizational culture strength positively moderates the relationship between corporate governance on corporate performance.	Corporate Governance	5.60	0.000	H2 is rejected
	Organizational Culture	3.32	0.001	
	Z-Governance x Culture	-1.95	0.052	
H2.a: The clan-type organizational culture positively moderates the relationship between corporate governance and corporate performance.	Corporate Governance	4.13	0.000	H2.a is rejected.
	Clan Culture	-5.96	0.000	
	Z-Governance x Culture	-2.15	0.035	
H2.b: The adhocracy-type organizational culture positively moderates the relationship between corporate governance and corporate performance.	Corporate Governance	-1.68	0.093	H2.b is rejected.
	Adhocracy Culture	3.64	0.000	
	Z-Governance x Culture	-2.17	0.031	
H2.c: The hierarchy-type organizational culture positively moderates the relationship between corporate governance and corporate performance.	Corporate Governance	-2.70	0.008	H2.c is rejected.
	Hierarchy Culture	4.46	0.000	
	Z-Governance x Culture	-1.69	0.093	
H2.d: The market-type organizational culture positively moderates the relationship between corporate governance and corporate performance.	Corporate Governance	4.12	0.000	H2.d is accepted.
	Market Culture	6.48	0.000	
	Z-Governance x Culture	3.40	0.001	

4.8. 2-Way ANOVA

The organizational culture was stratified into 4 types, 1) Clan, 2) Adhocracy, 3) Hierarchy, and 4) Market, and the corporate governance implementation maturity was stratified into 4 levels, 1) Poor, 2) Weak, 3) Moderate, and 4) Strong levels.

The two-way ANOVA analysis was done to assess whether there is a different treatment of the two variables on the corporate performance, the below table summarizes the relationship between the subjects' factors.

The below table contains the descriptive statistics for the relationship between the organizational culture type and corporate performance.

Table 10. Descriptive statistics for the relationship between the organizational culture type and corporate performance

Organization Culture Type	Corporate Performance	Mean	Std. Deviation
Clan	L1 – Poor	1.9063	0.66686
	L2 – Weak	3.5952	0.17857
	L3 – Moderate	3.0000	0.00000
	Total	2.5663	0.94259
Adhocracy	L2 – Weak	3.6429	0.93895
	L3 – Moderate	3.5714	0.47313
	L4 – Strong	3.7619	0.33090
	Total	3.6558	0.47972
Hierarchy	L1 – Poor	2.4686	0.41705
	L2 – Weak	2.2321	1.24768
	Total	2.3919	0.77730
Market	L1 – Poor	2.7692	1.19029
	L2 – Weak	3.1883	0.58788
	L3 – Moderate	3.7000	0.52670
	L4 – Strong	3.6214	0.63088
	Total	3.4043	0.74622
Total	L1 – Poor	2.3743	0.79623
	L2 – Weak	3.1036	0.88410
	L3 – Moderate	3.6039	0.50557
	L4 – Strong	3.6880	0.51182
	Total	3.2173	0.85529

The below table presents Levene's Test of Equality of Error Variances a, b.

Table 11. Levene's Test of Equality of Error Variances a, b

		Levene Statistic	df1	df2	Sig.
Corporate Performance	Based on Mean	15.243	11	225	0.000
	Based on Median	10.177	11	225	0.000
	Based on the Median and with adjusted df	10.177	11	168.844	0.000
	Based on trimmed mean	15.165	11	225	0.000

The below table presents the F Test for Heteroskedasticity a, b, c.

Table 12. Test for Heteroskedasticity a, b, c

F	df1	df2	Sig.
22.253	1	235	0.000
a. Dependent variable: Corporate Performance			
b. Tests the null hypothesis that the variance of the errors does not depend on the values of the independent variables.			
c. Predicted values from design: Intercept + OC_Type + CG_Level + OC_Type * CG_Level			

The below table presents the Tests of Between-Variables Effects.

Table 13. Tests of Between-Variables Effects

Dependent Variable:	**Corporate Performance**					
Source	Type III Sum of Squares	df	Mean Square	F	Sig.	Partial Eta Squared
Corrected Model	82.3	11	7.48	18.65	0.00	0.477
Intercept	1272.2	1	1272.20	3170.34	0.00	0.934
OC_Type	9.6	3	3.20	7.99	0.00	0.096
CG_Level	13.2	3	4.43	11.04	0.00	0.128
OC_Type * CG_Level	14.0	5	2.81	7.00	0.00	0.135
Error	90.2	225	0.40			
Total	**2625.8**	**237**				
Corrected Total	**172.6**	**236**				
a. R Squared = .477 (Adjusted R Squared = .451)						

The 2-Way ANOVA was performed to analyze the effect of Organizational Culture Type and Corporate Governance Maturity Level on Corporate Performance. The two-way ANOVA revealed that there was a statistically significant interaction between the effects of Organizational Culture Type and Corporate Governance Maturity Level on Corporate Performance, where ($F(5, 225) = 7.00$, p-value = 0.000, which is < 0.05).

The below table presents the Organizational Culture Type Estimates.

Table 14. Organizational Culture Type Estimates

Organization Culture Type	Mean	Std. Error	95% Confidence Interval	
			Lower Bound	Upper Bound
Clan	2.834 a	0.150	2.538	3.130
Adhocracy	3.659 a	0.102	3.457	3.860
Hierarchy	2.350 a	0.111	2.131	2.570
Market	3.320	0.066	3.190	3.450
a. Based on modified population marginal mean.				

Simple main effects analysis showed that Organizational Culture Types have a statistically significant effect on Corporate Performance (p-value = 0.000, which is < 0.05).

Simple main effects analysis showed that Corporate Governance Maturity Levels have a statistically significant effect on plant growth (p-value = 0.000, which is < 0.05).

The below table presents the Corporate Governance Maturity Level Estimates.

Table 15. Corporate Governance Maturity Level Estimates

Corporate Governance Maturity Level	Mean	Std. Error	95% Confidence Interval	
			Lower Bound	Upper Bound
L1 – Poor	2.381 a	0.089	2.205	2.558
L2 – Weak	3.165	0.099	2.969	3.360
L3 – Moderate	3.424 a	0.133	3.162	3.686
L4 – Strong	3.692 a	0.084	3.526	3.857
a. Based on modified population marginal mean.				

5. Results and Discussion

5.1. Discussion

Although, the statistical analysis of the empirical data shows strong evidence for the significant positive direct impact of the corporate governance practices on the corporate performance in SMEs in Egypt, and the significant positive direct impact of organizational culture on corporate performance each independent variable separately is in alignment with the literature reviews, this research results show insignificant moderation role of the Organizational Culture strength on the relationship between the Corporate Governance and Corporate performance.

Table 10 shows that the hierarchy culture type firms have low maturity corporate governance practices (L1 and L2) only, the clan culture type firms have low and average maturity corporate governance practices (L1, L2, and L3), the adhocracy culture type firms have average and above average corporate governance maturity levels (L2, L3, and L4) and the market culture type firms have all maturity levels of corporate governance practices (L1, L2, L3, and L4).

To assess which Organizational Culture type moderates and which culture type does not moderate the relationship between corporate governance and Corporate Performance, the Organizational Culture had been stratified based on the four Organizational Culture types, Corporate Governance had been stratified based on four maturity levels and a 2-way ANOVA analysis had been conducted to assess the impact of different treatments.

In addition to that, a correlation and regression analysis had been done for each Organizational Culture type separately to assess which culture type moderates the relationship between Corporate Governance practices and Corporate Performance based on the differences among the corporates.

The two-way ANOVA had been performed to analyze the effect of Organizational Culture Type and Corporate Governance Maturity Level on Corporate Performance.

The two-way ANOVA revealed that there was a statistically significant interaction between the effects of Organizational Culture Type and Corporate Governance Maturity Level on Corporate Performance, where ($F(5, 225) = 7.00$, p-value = 0.000, which is < .05).

The research analysis reports that the Corporate Culture types have a statistically significant effect on Corporate Performance (p-value = 0.000, which is < .05). Where, whereas simple main effects analysis showed that Corporate Governance Maturity Levels have a statistically significant effect on Corporate Performance (p-value = 0.000, which is < .05).

The hypothesis analysis results show that; 1) there is a significant strong positive moderation role of the market type Organizational Cultures in supporting the effective implementation of Corporate Governance practices that enhance Corporate Performance. 2) the other extreme, is the hierarchy-type Organizational Culture has an insignificant moderation role in the relationship between Corporate Governance and Corporate Performance, in addition, the hierarchy-type Organizational Culture dominates the impact on Corporate Performance, but Corporate Governance practices have a significant negative impact on Corporate Performance. 3) the adhocracy type Organizational Culture has a significant inverse moderation role on the relationship between Corporate Governance and Corporate Performance, and there is a significant direct impact of the adhocracy type Organizational Culture on Corporate Performance but there is an insignificant inverse impact of Corporate Governance on Corporate Performance. 4) the clan type of Organizational Culture has a significant inverse moderation role on the relationship between Corporate Governance and Corporate Performance and, there is a significant direct impact of Corporate Governance on Corporate Performance, but there is a significant inverse impact of the clan type Organizational Culture on Corporate Performance.

5.2. Conclusion

The study results may provide relevant information for company managers in understanding the role of Organizational Culture in implementing an effective

Corporate Governance practice to achieve better Corporate Performance.

The statistical analysis of the empirical data shows strong evidence for the significant positive direct impact of Corporate Governance practices on Corporate Performance in SMEs in Egypt, and the significant positive direct impact of Organizational Culture on Corporate Performance in each independent variable separately which is in alignment with the literature reviews, but this research results show **insignificant** moderation role of the Organizational Culture strength on the relationship between the Corporate Governance and Corporate performance.

The market type Organizational Culture has a significant strong positive moderation role in supporting the effective implementation of Corporate Governance practices that enhance Corporate Performance.

The hierarchy-type Organizational Culture has an insignificant moderation role in the relationship between Corporate Governance and Corporate Performance, in addition to that the hierarchy-type Organizational Culture dominates the impact on Corporate Performance, but Corporate Governance practices have a significant negative impact on Corporate Performance.

The adhocracy-type Organizational Culture has a significant inverse moderation role on the relationship between Corporate Governance and Corporate Performance, and there is a significant direct impact of the adhocracy-type Organizational Culture on Corporate Performance but there is an insignificant inverse impact of Corporate Governance on Corporate Performance.

The clan type of Organizational Culture has a significant inverse moderation role on the relationship between Corporate Governance and Corporate Performance and, there is a significant direct impact of Corporate Governance on Corporate Performance, but there is a significant inverse impact of the clan type of Organizational Culture on Corporate Performance.

5.3. Recommendations

The study assumes that the organizational culture is the incubator for corporate governance, so the readiness of the organizational culture is a key moderator that might support firms to realize the intended benefits of corporate governance practices.

For effective implementation of Corporate Governance practices, it is required to assess Organizational Culture first and initiate dual transformation programs one for implementing Corporate Governance practices to enhance maturity level and the other for culture change to provide a healthy environment for Corporate Governance practices to grow and enhance Corporate Performance.

5.4. Research Limitations

This research did not have the chance to conduct qualitative analysis to interview the corporate governance and board members to assess their understanding and perception regarding Corporate Governance practices. Also, the original hypotheses did not consider the assessment of which corporate culture dimension has the highest moderation role in the relationship between Corporate Governance and Corporate Performance.

It is recommended for future research, to 1) conduct qualitative analysis along with the quantitative analysis by interviewing the corporate governance and board members to assess their understanding and perception regarding Corporate Governance practices. 2) Assess which organizational culture dimensions support or oppose the effectiveness of the corporate governance practices and recommend culture change programs to make the organization ready for effective corporate governance practices. 3) Conduct a maturity assessment for corporate governance and assess which maturity level has the highest impact on Corporate Performance. 4) Study the mediation role of the organizational culture in the relationship between corporate governance and corporate performance.

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