The Mediating role of Effective Communication between Organization Strategy, Structure, Culture and Organization Performance

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ARTICLE DETAILS

ABSTRACT

Effective communication plays very important role to accomplish organizational goals and objectives. The purpose of this study was to investigate the impact of organizational culture, structure, and innovation strategy on the performance of hotels through taking effective organizational communication as a mediator. Quantitative research design was used to accomplish this purpose. Data were collected using survey method through previously developed/tested questionnaires. The data were collected at organizational level and one response from each hotel was collected from top level managers. More than 340 questionnaires were delivered to respondents and 255 questionnaires were returned. Data analyses were conducted using SEM-AMOS. The findings indicate that organizational culture, structure, and strategy all had significant and positive impact on organization performance as measured through balance scorecard. Additionally effective communication served as a partial mediator between all organizational factors and performance. The findings suggest hotels’ management to focus on innovation strategy and rely on organic structure to improve communication and boost up performance. Additionally, they must have a customer focused culture and an employee focused culture that supports job variety and job satisfaction among staff members. Through those ways, effective communication would develop that would help improve hotel performance.

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1. Introduction

Outstanding performance is a fundamental objective of any business organization and it has been one of primary research areas for researchers connected to business discipline and specifically to
Increased market competition has been forcing organizations globally to continuously struggle for improving their performance for ensuring business success and sustainability. For this reason, studies on organizational performance obtained significant importance. Organizational performance is used as a signal to show that to what degree an organization has been successful in accomplishing its goals and objectives (Sepúlveda-Rivillas, Alegre, & Oltra, 2022). Traditionally, scholars have been measuring organization performance through financial ratios using financial parameters. But with the passage of time, scholars and practitioners realized that measuring only the financial performance of business was not sufficient and it could present a partial view of organization's overall effectiveness (Agha, Shirazi, Rezazadeh, & Kordestani 2019; Kapłan & Norton, 1992). In today’s complex and dynamic market conditions there arises a need to adopt a wide range of measures that evaluate performance both in financial as well as non-financial ways (Agha et al., 2019). Therefore, this study assessed organizational performance through balanced scorecard that provides financial as well as strategic assessment of firm performance (Fatima & Elbanna, 2020; Hasan & Chyi, 2017). Now many factors inside an organization play an important role in determining the success and business performance (Ahmed, Khuwaja, Brohi, Othman, & Bin, 2018; Karingithi, Aosa, Ogollah, & Njihia, 2020). There has been growing consideration being paid to identify those factors that contribute to success of an organization and its performance outcomes (Lim & Ok, 2021). Strategy has been one of those factors. Strategy helps to build direction of organization and guides employees to understand organization purpose and its objectives in a comprehensive manner (Karingithi et al., 2020). In order to excel competition and attain continuous business growth, it has become organizations’ necessity to strengthen their ability to innovate (Tajeddini, Martin, & Altnay, 2020). Since innovation in various industries including hospitality sector has become important for survival and success, therefore studying innovation strategy for hotels is crucial. Thus, this study investigates the impact of innovation strategy on hotels’ balance scorecard performance. Most of the previous studies have indicated that innovation strategy has positive influence on firm’s performance, while some of the studies have shown mixed results (Jenssen & Aasheim, 2010). Diffusion of innovation theory by Rogers (2003) is used to explain the effect of innovation strategy on organizational performance. This theory explains how, why, and at what rate new technology and new ideas spread. Similarly, structure of an organization serves as a system of controlling that contributes to improve performance of an organization and achieve competitive advantage by synchronizing abilities, skills and specialties of organizational members (Madi, El Talla, Abu-Naser, & Al Shobaki, 2018; Yusuf, Zubairu, & Yusuf, 2022). With reference to contingency theory (Donaldson, 2006), organizations must ensure that they are operating within the most efficient structure that best suits the nature of their business. The structure is contingent on different internal and external factors pertinent to an organization like degree of environmental uncertainty, organizational size, organizational strategy, and the like (El Talla, Al Shobaki, Abu-Naser, & Abu-Amuna, 2018).

Another important internal factor is organization culture. Culture indicates set of common and shared expectations, believes, and patterns (Limaj & Bernroider, 2019). It is helpful in shaping and designing behavior of organizational members that guide them to improve organizational performance and achieve desired goals and objectives. Positive organizational culture helps employees to raise their efficiency and productivity (Paais & Pattiruhu, 2020). Organizational culture forms the basis for effective organizational communication that guides members of the organization about how to interact and share organizational information and important messages (Thelen & Formanchuk, 2022). Culture could as well be thought as an organizational resource if it is rare and robust (Barney, 1986). Hence,
drawing from RBV, culture could be considered a significant contributor to organization performance. There have been considerable past studies that investigated impact of structure, culture, and strategy on performance using different models in different research settings and contexts (Daft, 2015; Robbins, 1990). However, there has been less studies which examined the intervening paths through which these three organizational factors: culture, structure, and strategy influenced organizational balance scorecard performance (Kafashpoor, Shakoori, & Sadeghian, 2013; Zheng, Yang, & McLean, 2010). Study of Zheng et al. (2010) examined the effect of these three factors on organizational effectiveness through knowledge management effectiveness as an intervening path. However, there could be other intervening mechanisms. For instance, communication could be another one. Effective organizational communication can possibly play an important role in linking organization structure, culture, and strategy to organizational performance. Communication is process of transferring information and messages in different ways for getting the desired actions and results (Prasetyo et al., 2021). Different studies have highlighted the importance of communication as a necessary mechanism for improving performance (Dartey-Baah & Amoako, 2021; Marlow, Lacerenza, Paoletti, Burke, & Salas, 2018; Richards, 2022). Hence, this study investigates the mediating role of effective communication between organization structure, innovative strategy, and culture on balance scorecard performance. This is accomplished for the hotel industry in Pakistan. This industry was selected for this research because it is valuable and highly competitive industry. It is characterized by continuous improvement, remodeling, and transformation (Úbeda-García, Claver-Cortés, Marco-Lajara, García-Lillo, & Zaragoza-Sáez, 2018). Literature suggests that there has been shortfall of innovation related research in tourism and hospitality industry (Pikkemaat, Peters, & Bichler, 2019). Scholars have argued that innovation is critical success factor for hotel industry and hotels normally depend upon innovation for providing customers with high quality hospitality services at competitive rates (Kallmuenzer, 2018; Pikkemaat et al., 2019). Therefore, systematic and continuous innovation can be incorporated in hotels by inducing innovation strategy. This study fills contextual gap as well by investigating these relationships in Pakistan’s context.

2. Literature Review

2.1 Innovation Strategy and Organizational Performance

With increased competition, it has become necessity of business organizations to strengthen their ability to innovate (Tajeddini et al., 2020). According to previous studies, innovation normally has a positive impact on firm’s performance. Importantly, an innovation strategy is required to address innovation in the marketplace. Kallmuenzer (2018) found in his study that most crucial and powerful determinant for innovation in hospitality industry is a clear strategy that directs towards innovation. Innovation strategy is about intentional incorporation of innovative and creative ideas in organization’s strategy so as to deliver value to customers (Fincheira, Tortella, Duran, Seabra, & Rubilar, 2020). Based on innovation related literature, it is argued that if an organization is clearly focused and strongly committed to innovation, it would lead towards innovation success (Bigliardi, Ferraro, Filippelli, & Galati, 2020a) and ultimately improve business performance (Bigliardi, Ferraro, Filippelli, & Galati, 2020b; Tajeddini et al., 2020). An organization’s innovative capabilities can be improved if innovation is rooted in its strategy process (Chege & Wang, 2021). Hence, scholars have argued that innovation is not only necessary to achieve competitive advantage (Chege & Wang, 2021; Tajeddini et al., 2020) but also to sustain it (Bigliardi et al., 2020b).

Based on the above arguments following hypotheses is proposed:

**H1:** Innovation strategy has a significant impact on firm’s performance.

2.2 Organizational Structure and Organizational Performance

Organizational structure is normally defined as organizational arrangements through which
duties and authorities are assigned and different tasks and activities take place within an organization (Agha et al., 2019). Structure plays an important role to improve performance of an organization and achieve competitive advantage since it synchronizes abilities, skills, and specialties of organizational members (Funminiyi, 2018). Previous scholars argued that organizational design considerations are important factors relating to firm performance (Mumi, Joseph, & Quayes, 2018; Yusuf et al., 2022) and they enable the firm to cope with the dynamic environment more effectively (Fu, Abdul Rahman, Jiang, Abbas, & Comite, 2022). Logical and consistent organizational structure is helpful to improve performance of employees (Claver-Cortés, Pertusa-Ortega, & Molina-Azorín, 2012). Certain previous studies found that organic structure is positively related to firm performance as it is more team based, empowers employees to identify problems, and encourages them to participate in decision making process (Maffei & Meredith, 1995; Walsh, Enz, & Canina, 2008). While other studies suggest a positive relationship between mechanistic (centralized) structure and organizational performance (Jogaratnam & Tse, 2006; Mehmood, Sonia, & Umar, 2016; Ruekert, Walker, & Roering, 1985). This study wanted to explore whether organic or mechanistic structure worked well in hospitality firms in Pakistan. Therefore, following hypotheses is proposed.

**H2:** Organizational structure has a significant impact on firm performance.

### 2.3 Organizational Culture and Organizational Performance

Schein (2010) defined organizational culture as a set of beliefs, values, norms, and assumptions shared by members of an organization that enables them to make decisions and find solutions to organizational problems. Culture specifies how various relationships and interactions occur among members of an organization and how they communicate with different stakeholders (Simoneaux & Stroud, 2014). Culture also acts as a glue that helps to unite non-human resources with human resources to achieve excellent performance (Yirdaw, 2016). Findings from a UK based study by Nazarian, Atkinson, and Foroudi (2017) showed that organizational culture directly affected organizational performance in hospitality industry. While other studies (Jogaratnam, 2017; Kotter, 2008) indicated that culture affected performance both directly and indirectly through various mechanisms. In Korean context, Kim and Chang (2018) found that adhocracy, clan, and market culture had a positive relationship with companies’ balance scorecard performance. Further, Reidhead (2020) reported for Hilton, UK that culture influenced organizational performance through organizational processes and employee performance. Tan (2019) argued that culture was helpful in shaping attitudes of employees and a culture that was more homogeneous, mission oriented, and team based improved performance well. While there is vast literature available on organizational culture from Western countries and other contexts, but there is lack of studies on how culture affects balance scorecard performance through intervening mechanisms in developing countries i.e., Pakistan (Soomro & Shah, 2019). Interestingly, Yesil and Kaya (2013) reported that studies on culture and performance had been inconclusive. In their study on culture-performance link in Turkey, they reported insignificant relationships. Therefore, this study aimed to investigate the impact of culture on organization’s balance scorecard performance directly; and indirectly by adding effective organizational communication as mediator in the relationship. So, following hypothesis is proposed.

**H3:** Organizational culture has significant effect on organizational performance.

### 2.4 Mediating role of Effective Organizational Communication

As noted in previous sections, past studies have reported significant relationship between organization strategy, structure, culture and organizational performance. Though certain studies reported insignificant results as well and produced varied findings based on different types of strategy, structure, and culture. Importantly, some scholars have suggested that some intervening mechanisms should be studied through which organization’s strategy, structure, and culture affect organizational
Certain studies have accomplished it as well. For instance, study of Zheng et al. (2010) tested knowledge management as an intervening mechanism and reported that it fully mediates the effect of culture on organizational effectiveness, and partially mediates the effect of strategy and structure on organizational effectiveness. Further, in their study for Iranian organizations, Kafashpoor et al. (2013) reported significant mediating role of knowledge management between strategy, leadership, structure, culture and organizational effectiveness. Similarly, Gochhayat, Giri, and Suar (2017) reported that in the Indian context, organizational culture affected organizational effectiveness through organizational communication. Effective organizational communication could play a very important role in linking organization strategy, structure, and culture to organizational performance. If an organization is working with an innovation strategy it would require better communication systems for employees to interact and share knowledge and information. Gutiérrez-García, Recalde, and Alfaro (2020) suggested that organizational communication is a fundamental part of innovation strategy. Wijethilake, Munir, and Appuhami (2018) argued that effective execution of innovation strategy needs unrestricted flow of information and flexible communication channels. Similarly, if organizational structure is more of an organic nature; it would be flexible, team based, and would encourage employee initiatives, develop consensus, promote harmony, and would be decentralized. A flexible organizational structure promotes internal organizational communication as it provides a favorable environment for the exchange of information and ideas whereas, formalized and centralized organizational structure inhibits organizational communication (Boussenna, 2021). In a hierarchical organizational structure, it becomes difficult to timely and effectively communicate the message and information from the upper level to the lower level and vice versa (Dong, 2020).

Finally, if an organization has a suitable culture which focuses on customer relationships, and encourages employees to take initiatives, promotes creativity, and offers training, it would as well develop effective communication mechanisms. Scholars suggest that business firms with strong organizational cultures facilitate transparent and effective communication in those firms to motivate employees and enhance organizational performance (Kohtamäki, Thorgren, & Wincent, 2016; Senaji et al., 2014). A strong and effective organizational culture consists of highly motivated and satisfied workers, clearly defined management principles, and well-established standards and relationships, thus supporting effective organizational communication (Pathiranage, Jayatilake, & Abeysekera, 2020). Thus, all these aspects might facilitate effective communication within an organization. Since scholars have reported significant impact of effective communication on organizational performance (Gondal & Shahbaz, 2012; Haroon & Malik, 2018), therefore, this calls for drawing a research framework involving effective communication as a mediator. There have been limited studies so far on this subject. Hence, in order to fill this gap, this study examines mediating role of effective organizational communication between organizational strategy, structure, culture and organization balance scorecard performance.

Based on the above discussion following hypotheses are proposed:

**H4:** Effective communication mediates the relationship between innovation strategy and organizational performance.

**H5:** Effective communication mediates the relationship between organizational structure and firm performance.

**H6:** Effective communication mediates the relationship between organizational culture and firm performance

3. Research Methodology

This study used survey method to collect the data from the hospitality industry of Pakistan. The unit of analysis was hotel and the respondents were managers operating at higher levels. One response
from each hotel was obtained. The literature suggests that managerial level employees have best knowledge about the organizational characteristics and organizational members (Gilley & Maycunich, 2000). Initially a primary list of population including various categories of hotels was developed since formal/secondary sources do not offer a readymade and exhaustive list of hotels. Website sources like Pakistan Hotels Association, and Travel and Culture Services were used for this purpose. There were total of around 350 hotels operating all over Pakistan having three star category and above. For data collection, instead of drawing a sample, the questionnaires were sent to all those hotels. A total of 342 questionnaires were sent and 255 were received back. Response rate was 74.56%. These responses were received from Lahore, Islamabad, Multan, Bahawalpur, Murree, Naran, Hunza, Karachi, Sukkhar, Rawalpindi, Peshawar, Abbottabad, Quetta, and Faisalabad which belong to different provinces.

Measures for innovation strategy (4 items) were adapted from the work of Crespell and Hansen (2008), items for organizational structure (9 items) were adopted from the work of Nandakumar, Ghobadian, and O'Regan (2010) The higher score on the scale represented organic structure whereas the lower score represented mechanistic structure. Items for organizational culture (4 dimensions, 22 items) were adopted from Dawson, Abbott, and Shoemaker (2011). Items for organizational performance (4 dimensions/perspectives, 22 items) were based on balance scorecard concept by Kaplan and Norton (1992) and were adapted from study of Khalique, Bontis, Shaari, Yaacob, and Ngah (2018) and were based on some previous studies’ instruments. Items for effective organizational communication were adapted from Steinhoff (2001). All constructs were measured using 5-point Likert scales except organization structure which was measured using semantic differential scale.

4. Analyses & Findings

This study required testing of complex model/relationships and hypotheses built on various constructs. Data for this study were analyzed through SEM (structural equation modeling) in AMOS software. Main reason for using AMOS was that it is a covariance-based SEM approach to analyze the data. SEM allows the researcher to test and estimate multiple relationships in a single and systematic analysis (Hair, Gabriel, & Patel, 2014) and also enables assessing model fit.

4.1 Measurement Model

The measurement model in AMOS informs about the fitness of the data to the proposed model and guides about the existence of correlation between the variables. The model fit values are assessed to conclude about model fitness. The model fit indices of the proposed model (Table 1) show that the model was a good fit.

Table 1: The model fitness indices for measurement model

<table>
<thead>
<tr>
<th>Measure</th>
<th>Estimate</th>
<th>Threshold</th>
<th>Interpretation</th>
</tr>
</thead>
<tbody>
<tr>
<td>CMIN</td>
<td>931.058</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>DF</td>
<td>648</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>CMIN/DF</td>
<td>1.437</td>
<td>Between 1 and 3</td>
<td>Excellent</td>
</tr>
<tr>
<td>CFI</td>
<td>0.890</td>
<td>&gt;0.95</td>
<td>Need More DF</td>
</tr>
<tr>
<td>SRMR</td>
<td>0.058</td>
<td>&lt;0.08</td>
<td>Excellent</td>
</tr>
<tr>
<td>RMSEA</td>
<td>0.041</td>
<td>&lt;0.06</td>
<td>Excellent</td>
</tr>
<tr>
<td>PCLOSE</td>
<td>0.993</td>
<td>&gt;0.05</td>
<td>Excellent</td>
</tr>
</tbody>
</table>
Initially items with weak loadings (< 0.5) were removed from CFA. Finally, the items which were retained had strong loadings onto their respective constructs and their loadings on other constructs were lower. EFA performed on SPSS before CFA also provided with similar set of items and constructs and it was observed that there were no cross loadings for the items of a respective construct. This confirmed discriminant validity of the model. For CFA, one item each for effective communication and innovation strategy was deleted. Four items were deleted for organization structure. Nine items for organization culture and 10 items for organization performance were deleted respectively. Hence, minimum threshold for retaining items was 0.5 (Ferguson & Cox, 1993; Pontes, & Griffiths, 2015). Consider table 2 for validity and reliability. Reliability was maintained as Cronbach’s alpha for all constructs was greater than 0.7 (Vaske, Beaman, & Sponarski, 2017). Composite reliability was greater than 0.7 (Hair et al., 2014). AVE for all constructs was greater than 0.5 except for one construct i.e. effective communication (0.4). It can be considered satisfactory because composite reliability for effective communication was 0.73 (Fornell & Larcker, 1981). Hence, convergent validity was established.

Table 2: The model fitness indices for measurement model

<table>
<thead>
<tr>
<th>Constructs</th>
<th>Cronbach’s alpha</th>
<th>CR</th>
<th>AVE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Innovation Strategy</td>
<td>0.712</td>
<td>0.72</td>
<td>0.64</td>
</tr>
<tr>
<td>Organization Culture</td>
<td>0.728</td>
<td>0.91</td>
<td>0.55</td>
</tr>
<tr>
<td>Organization Structure</td>
<td>0.854</td>
<td>0.78</td>
<td>0.62</td>
</tr>
<tr>
<td>Effective Communication</td>
<td>0.742</td>
<td>0.73</td>
<td>0.40</td>
</tr>
<tr>
<td>Organization Performance</td>
<td>0.797</td>
<td>0.91</td>
<td>0.60</td>
</tr>
</tbody>
</table>

4.2 Correlation Analysis

The correlation analysis was performed on SPSS. The analysis in table 3 reveals positive correlations among variables. Specifically, effective communication is positively related to all other variables. Further, organization performance is also positively related to all other variables.

Table 3: Inter Variable Correlations

<table>
<thead>
<tr>
<th></th>
<th>EC</th>
<th>OC</th>
<th>OS</th>
<th>OP</th>
<th>IS</th>
</tr>
</thead>
<tbody>
<tr>
<td>EC</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>OC</td>
<td>.311**</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>OS</td>
<td>.239**</td>
<td>.076</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>OP</td>
<td>.528**</td>
<td>.430**</td>
<td>.244**</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>IS</td>
<td>.488**</td>
<td>.372**</td>
<td>.138*</td>
<td>.501**</td>
<td>1</td>
</tr>
</tbody>
</table>

***(2-tailed) significance at 0.01 level, *(2-tailed) significance at 0.05 level


4.3 Hypotheses Testing and Results

For testing the hypotheses, a structural model was drawn based on the conceptual framework of the study. The variables were drawn after computing them in SPSS based on the mean scores of their respective items retained in the measurement model. Figure1 shows the structural model and table 4
shows the results of hypotheses testing.

Figure 1. Structural model.

Table 4: Test of direct and indirect effects

<table>
<thead>
<tr>
<th>S. No.</th>
<th>Relation</th>
<th>Estimate (Beta-value)</th>
<th>p-value</th>
<th>Confidence Interval (B.C.) Upper level</th>
<th>Confidence Interval (B.C.) Lower level</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Direct Effects</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>IS → OP</td>
<td>0.173</td>
<td>0.000</td>
<td>0.244</td>
<td>0.112</td>
</tr>
<tr>
<td>2</td>
<td>OS → OP</td>
<td>0.054</td>
<td>0.022</td>
<td>0.095</td>
<td>0.015</td>
</tr>
<tr>
<td>3</td>
<td>OC → OP</td>
<td>0.279</td>
<td>0.000</td>
<td>0.388</td>
<td>0.181</td>
</tr>
<tr>
<td>4</td>
<td>IS → EC</td>
<td>0.328</td>
<td>0.000</td>
<td>0.411</td>
<td>0.249</td>
</tr>
<tr>
<td>5</td>
<td>OS → EC</td>
<td>0.093</td>
<td>0.002</td>
<td>0.143</td>
<td>0.044</td>
</tr>
<tr>
<td>6</td>
<td>OC → EC</td>
<td>0.223</td>
<td>0.005</td>
<td>0.354</td>
<td>0.078</td>
</tr>
<tr>
<td>7</td>
<td>EC → OP</td>
<td>0.258</td>
<td>0.000</td>
<td>0.347</td>
<td>0.170</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Indirect Effects</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>IS → OP</td>
<td>0.085</td>
<td>0.001</td>
<td>0.124</td>
<td>0.053</td>
</tr>
<tr>
<td>2</td>
<td>OS → OP</td>
<td>0.024</td>
<td>0.001</td>
<td>0.043</td>
<td>0.012</td>
</tr>
<tr>
<td>3</td>
<td>OC → OP</td>
<td>0.057</td>
<td>0.005</td>
<td>0.107</td>
<td>0.023</td>
</tr>
</tbody>
</table>


For H1, the results indicated that the effect of IS on OP was significant (p-value = .000) and positive (beta = 0.173). Hence, H1 was accepted. It is thus concluded that IS helps in improving the OP in the hospitality industry. Next, H2 was about the effect of structure on performance. The findings indicated that the effect of OS on OP was significant (p-value = .022) and positive (beta = 0.054) thus leading to acceptance of H2. It is thus concluded that OS (organic structure) helps to improve OP of hotels. The third hypothesis was about the effect of culture on performance. The results showed that the effect of OC on OP was also significant (p-value = .000) and positive (beta = 0.279), thus H3 was accepted. It concludes that strong OC helps improve OP of hotels. Table 4 also indicates significant and
The mediation analysis was conducted and interpreted following Zhao, Lynch, and Chen (2010). SEM results for the mediation analysis are provided in table 4. Firstly, the findings indicate that for H4, the indirect effect of IS on OP was significant (p-value = 0.001) meaning that effective communication mediated the relationship between IS and OP. Hence, H4 was supported. H1 was also accepted as reported above. Since, the beta for direct effect (0.173) as well as indirect effect were positive (0.085), therefore, this could be referred to as complimentary mediation as suggested by Zhao et al. (2010). For H5, the indirect effect of OS on OP was also significant (p-value = 0.001). Hence, H5 was accepted. H2 concerning the direct impact of OS on OP was also accepted as noted above. Since, the beta for direct effect (0.054) as well as indirect effect were positive (0.024), therefore, this was also complimentary mediation. Lastly, the mediating effect of EC was analyzed between OC and OP (H6). H6 was accepted as the indirect effect of OC on OP was significant (p-value: 0.005). H3 concerning the direct impact of OC on OP was also accepted as noted above. Since, the beta for direct effect (0.279) as well as indirect effect of OC on OP were positive (0.057), therefore, this was also complimentary mediation. The bias corrected confidence intervals as shown in table 4 indicate towards the acceptance of the hypotheses as well.

5. Conclusion and Discussion

The main purpose of this research was to test the mediating role of effective organizational communication between contextual organizational factors and organization balance scorecard performance. Firstly, the study indicated a significant and positive impact of innovation strategy on organizational performance directly and indirectly through effective communication. Several previous studies also reported similar findings (Karabulut, 2015; Zhang, Yang, Qiu, Bao, & Li, 2018). Olivo, Guzmán, Colomo-Palacios, and Stantchev (2016) studied 24000 projects related to ICT services provided to financial institutions. It was reported that innovation strategy if effectively communicated helps to identify and solve the problems related to the monitoring of the implementation of innovation strategy. Our study’s results are supported by innovation diffusion theory as the theory centers on making it more understandable how, why and at what rate innovative technologies, ideas, and systems spread in the society (Rogers, 2003). The same is the case with the hospitality industry. It has become vital for the hospitality business to remain innovative and diffuse innovations in the products and services to attract more customers and remain competitive.

Another objective of this study was to test the mediating role of effective communication between organizational structure and balance scorecard performance. It was found that direct and indirect effect of structure on performance was positive and significant. This is also consistent with the previous research findings in the area. Abdullah and Siam (2014) conducted research on educational institutions in Palestine and the findings revealed that organizational structure was significantly related to organizational performance. Based on secondary data sources, study of Ajagbe, Cho, Udo, and Peter (2016) reported that organizational structure had a significant impact on the performance of business organizations in different contexts. A study conducted to examine the effectiveness of organizational communication in a mechanistic type of organizational structure noted that mechanistic structure did not support effective organizational communication (Widhiastuti, 2012). Our study reports that for hotels surveyed in our research, organic organizational structure is more appropriate for enhancing balance scorecard performance.

This study also investigated the relationship between organizational culture and organizational performance directly and indirect effect through effective communication. Findings of the study are in line with the previous studies. Literature suggests that organizational cultures has been found to predict
organizational effectiveness. Gochhayat et al. (2017) conducted a study in Indian technical education institutions and the results indicated that organizations with a strong and deep-rooted culture performed more effectively than organizations with a weak culture. Pathiranage (2019), after analyzing vast literature found that organizational culture had a deep impact on a variety of organizations’ processes, employees, and organizational performance. The RBV draws upon the resources and capabilities that reside within the organization in order to develop sustainable competitive advantages. The findings contribute to RBV theory by highlighting the significance of organizational culture as a source of competitive advantage for a firm. Results of the present study suggest that it is important for the hospitality industry of Pakistan to focus on employee oriented and customer-oriented culture to remain successful in the marketplace and improve their balance scorecard performance. The study offers additional empirical evidence in the support of RBV theory in the context of a developing country (Pakistan) given its unique cultural setting. Overall, the study concludes that hotels must address innovation in their business strategy, develop a customer oriented and employee-oriented culture which offers job variety, and rely on organic structure to improve balance scorecard performance.

6. Limitations and Future Research Directions
Certain limitations of this research must be acknowledged. Firstly, it is a cross-sectional study and it collected data from hospitality industry of Pakistan only. One should be very careful when generalizing the results of this study to other industries. The study analyzes the impact of organizational factors on balance scorecard performance. The impact of those factors might be different with different performance measures and given a different data set involving hotels located in other regions and data collected in different time periods. Future studies could enrich the research framework of this study and collect data from other industries and countries as well to expand generalization.

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