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THE EFFECTS OF CORPORATE GOVERNANCE PRINCIPLES ON ORGANIZATIONAL PERFORMANCE[1]

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Abstract

Corporate governance's objectives are to establish stable management, increase competitiveness, apply modern management techniques, and reduce capital and credit costs. In light of this information, it can be expected that corporate governance practices will positively affect the enterprise's performance. The primary purpose of this study is to investigate the role played by corporate governance principles in achieving outstanding organizational performance in Iraqi telecommunication companies; Zain Iraq, Asia Cell, and Korek Telecom. The questionnaire forms were the primary data-gathering instrument for analysis. The samples include 363 managers from Iraqi telecommunication companies. The data were analyzed using partial least squares structural modeling (PLS-SEM). The results showed that responsibility and accountability, transparency, fairness and equity, social awareness, and independence positively and significantly affect organizational performance.

Keywords: Corporate Governance, Organizational Performance, Telecommunication Companies, Iraq

JEL Classification: M20, M15, M41

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KURUMSAL YÖNETİM İLKELERİNİN ÖRGÜTSEL PERFORMANS ÜZERİNDEKİ ETKİSİ

Özet

Kurumsal yönetimin amaçları arasında istikrarlı bir yönetim kurmak, rekabet gücünü artırmak, modern yönetim tekniklerini uygulamak, sermaye ve kredi maliyetlerini azaltmak yer almaktadır. Bu bilgi ışığında kurumsal yönetim uygulamalarının işletme organizasyonel performansına olumlu etkileri olması beklenilmektedir. Bu çalışmanın temel amacı, Irak telekomünikasyon şirketlerinde üstün örgütsel performans elde etmede kurumsal yönetim ilkelerinin oynadığı rolü araştırmaktır. Çalışma kapsamına dahil edilen şirketler Zain Irak, Asia Cell ve Korek Telecom'dur. Çalışmada veri toplama aracı olarak anket formları kullanılmıştır. Çalışmanın örneklemini Irak telekominikasyon şirketlerinde çalışan 363 yönetici oluşturmaktadır. Elde edilen veriler, kısmi en küçük kareler yapısal eşitlik modellemesi (PLS-SEM) yöntemi ile analiz edilmiştir. Sonuçlar, sorumluluk ve hesap verebilirlik, şeffaflık, adalet ve eşitlik, sosyal farkındalık ve bağımsızlığın olumlu ve önemli ölçüde üstün organizasyonel performansı etkilediğini göstermiştir.

Anahtar Kelimeler: Kurumsal Yönetim, Örgütsel Performans, Telekomünikasyon Şirketleri, Irak

JEL Sınıflandırması: M20, M15, M41

I. INTRODUCTION

Following the financial crises that had a global impact, the issue of market trust became visible. The trust crisis between the senior management of companies and their owners resulting from the financial scandals of global companies raised the importance of creating optimal standards of best practices and procedures in the management, organization, control, and effective supervision of companies. Corporate governance is one of the tools that have emerged to provide the need for trust. Corporate governance is defined as the sum of mechanisms, procedures, laws, regulations, and decisions that include discipline, transparency, and justice. Therefore, corporate governance aims to achieve quality and excellence in performance by activating the company’s management procedures and the economic institution concerning the exploitation of the economic resources available to it to achieve the best possible benefits for all stakeholders and for society (Buallay, Hamdan, & Zureigat, 2017; Chan, Watson, & Woodliff, 2013). Corporate governance is the framework in which companies operate, focusing on relationships between employees, board members, shareholders, stakeholders, and regulators, and how all these parties interact in overseeing the company's operations (Abdul Hakim, 2009).

As mentioned in Adams, Hermalin, & Weisbach's (2010) study, the foundation of corporate governance is based on agency and stakeholder theories. The agency's theory also describes the company as a series of contracts between the owners and the agent who take care of their interests without regard to the interests of others. The stakeholder theory argues that a firm should create value for all stakeholders, not just shareholders. As can be understood from their definitions, both theories reveal the need for a set of rules that respect the rights of all stakeholders. The literature mentions the importance of corporate governance from different perspectives, which are economic, managerial/organizational, and social (Walker, 2018; Tricker, 2015; Carter, Simkins, & Simpson, 2003; Ehikioya, 2009; Buallay, Hamdan, & Zureigat, 2017).

In this study, we focused on the impact of corporate governance on organizational performance. We noticed two crucial gaps in related literature during the literature review phase. Firstly, most of the studies focused on just the financial performance of the companies. These studies ignore other performance indicators. To fill this gap, we developed a more holistic performance perspective in our study, which is detailed in the theoretical background. Secondly, we observed that the studies focused on the economies of developed and developing countries. To expand the literature, the economy, which has just started its development process, was preferred in this study.

The ultimate aim of this study is to explore the role of corporate governance principles in achieving the organizational performance of telecommunication companies in Iraq. Telecommunication companies in Iraq have had outstanding financial performance in recent years. After a literature review about the role of corporate principles, on organizational performance, the researchers found no study focusing on Telecommunication companies in Iraq. It is planned that this study will fill the gap in the literature and contribute to both practitioners and researchers.

II. THEORETICAL BACKGROUND

II.I. Organizational Performance

Performance represents the relationship between the result and the effort exerted in a different nature, such as wealth, time, and efforts or an expression of a certain level of objectives achieved, whether strategic or operational, with a certain level of resources or cost (Bouali, 2015). Outstanding performance is one of the significant topics addressed by literature and management studies broadly at the individual and organizational levels. Since outstanding performance is closely linked to the goal and success of the organization in the changing competitive environment. Therefore, the management of the organization has become required to work creatively and no longer excellence in the desire to achieve proficiency and creativity but also to achieve the best results through the participation of all employees in the application of continuous improvement (Brudan, 2010).

Most companies and their managers agreed that the management of overall quality is concerned with the development and continuous improvement of performance and its goal is to satisfy customers. So, to achieve this, they need a comprehensive approach to change based on providing an environment that prepares individuals or human resources to work with enthusiasm, energy and motivates them to bring out their underlying innovations. And thus, pursues to achieve the excellence of the organization and that motivation is the product of a large number of factors in the work environment (Choong, 2014; Bouali, 2015). Performance can be defined in general as a set of managerial behaviors that express employee effort, which includes quality, good execution and, therefore, the technical expertise required on the job as well as communication, interaction with, and compliance with, and response to, the rest of the organization. organizational regulations.

According to the literature, we can classify performance indicators under four topics as leadership practices, human resources, strategy, and organizational structure (Weiskittle, 2006; Chien, 2004; Wheelen & Hunger, 2010). Outstanding leadership practices are a significant factor, as the ability of the leader to achieve the strategic goals desired by determining the future course of the company by formulating the vision and message and the company ability to motivate others and sharpen their concern towards achieving vision and mission (Asif, Raouf, & Searcy, 2013). Outstanding performance in leadership practices points to the ability and efforts to translate the strategic vision into a practical reality that reflects the aspirations of strategic leaders that affect outstanding organizational performance (Weiskittle, 2006). Outstanding performance in practices of organization leadership is the process of motivating individuals or employees to reach a mutual perception and deal on what work will be implemented and how to achieve it effectively. The main driver of its work and practice is within a clear and meaningful business strategy (Robbins & Judge, 2009).

Outstanding in the company's human resources practices are important because of the scientific and technological development and its various applications to improve the handling of the human element in production processes and services. Human resources are considered an important factor in achieving outstanding performance, which had a major role in achieving astronomical leaps in marketing major companies' products and services due to their interest in the human element (Abdoun, 2004); (Pakwihok, 2010). Human resource planning is the process that contributes to ensuring that the right number of employees are available in the right place and at the time when they are needed. Ensure appropriate investment of human resources while ensuring a balance between the required needs and the supply of human resources. In this sense, the performance of human resources has the largest share in the development and improvement for the better, and the associated excellence and creativity in the outputs (Chien, 2004).

The strategy is an integrated system that is deliberately implemented, in joint steps, a system to determine the organization's future course, including (determining the organization's mission - objectives - actions to achieve this - resource allocation efforts) as well as reactions to weaknesses and strengths in the organization's performance, threats and opportunities in the environment, development and development of future areas of excellence and competition for the organization (Wheelen & Hunger, 2010). Outstanding strategy is one initial to reflect on the organization's business prospects to be achievable and measurable considering environmental variables and based on a system of scenarios directly related to business environment analysis. Thus, it is leaning toward implementing strategic improvement plans in the organization and achieving strategic harmonization and incorporation in all organization parts (Khafaji, 2010).

Outstanding in organizational structure is a significant factor, since it is necessary for a good performance as a good constitution. Outstanding in the organizational structure represents the degree of ability of the operational framework that links the organizational structure and determines the nature of the relationships between the business, the center, and the departments. In addition to the practical teamwork between the parts of the organizational structure and clarifies the lines of powers and officials in a way that helps to perform various activities to achieve the desired goals.

In the continuation of the study, the relationship between organizational performance and corporate governance principles was tried to be made through the classification mentioned above.

II.II. Corporate Governance Concept

Corporate governance is one of the most prominent concepts in institutions and organizations. Interest in corporate governance has increased in many developed and emerging economies over the past years. Especially after the series of various financial crises that occurred in many companies in East Asia, Latin America, and Russia in the 1990s, as well as the bankruptcy of Enron in 2001 and world com in 2002 that was caused by corruption of finance mismanagement, lack of control, and a lack of transparency. That led to the collapses resulted in heavy material losses for many shareholders, prompting many investors to look for companies that applied the concept of corporate governance (Burak, Erdil & Altindağ, 2017). The World Bank defines good governance as synonymous with effective and optimal economic progress that pursues to answer the various criticisms directed at countries and companies that question the structural reforms that go from top to bottom and that led to an institutional vacuum instead of mobilizing the capabilities and energies that abound in society (Vo and Nguyen, 2014). Corporate governance is defined as the sum of mechanisms, procedures, laws, regulations, and decisions that include discipline, transparency, and justice. Therefore, corporate governance aims to achieve quality and excellence in performance by activating the company's management procedures and the economic institution concerning the exploitation of the economic resources available to it to achieve the best possible benefits for all stakeholders and for society (Buallay, Hamdan, & Zureigat, 2017; Chan et al., 2013).

In addition, corporate governance aims to establish and organize appropriate applications and practices for company officials to preserve the rights of shareholders and bonds of the company and stakeholders, implement contractual relationship formulas between them, and use sound financial resources. And accounting tools under the standards of disclosure and due transparency, and this means a qualitative shift in the concept of control and control of companies away from individualism, randomness, and indifference, and for the company to achieve the best protection and balance between the interests of the company's managers, shareholders and other stakeholders associated with it (Adams, Hermalin, & Weisbach, 2010). OECD defined corporate governance as a set of rules and relationships between the company's management, the board of directors, owners, and all parties that have a relationship with the company, which is the regulatory framework through which the objectives are set and achieved, performance monitoring, careful supervision and the successful method of exercising authority to achieve the established objectives to serve the interests of the company and its shareholders and facilitate monitoring. Good and effective for the optimal use of the resources and assets of companies and institutions.

The importance of corporate governance for accounting and control aspect through follow-up, control to discover deviations, abuses and achieve neutrality, integrity, and the social aspect in terms of achieving a balance between economic and social objectives and work to alleviate poverty and enhance human rights. The legal aspect because legislation and regulations are the basis for mechanisms and rules for corporate governance. Corporate governance has therefore received a certain amount of attention, owing to the numerous financial collapses and scandals in the world by large corporations in the United States and East Asian countries, and the ongoing economic turmoil in many countries, all of which have helped to bring about the concept of corporate governance and make it a leader. In addition to measures of globalization such as economic liberalization, telecommunications development, integration of capital markets, as well as transfers in forms of corporate ownership with an increase in institutional investors, privatization (Tricker, 2015; Walker, 2018). Corporate governance is increasingly important to ensure that managers follow the wealth creation goals set by shareholders, and that managers receive wages as much as they provide, meaning the actual value of the services provided. Hence, governance is highly concerned with the relationship of managers and shareholders. Since only those who do not have contracts that allow them to guarantee their interests. The conflict of interests between the two parties can be reduced by linking the managers' wages to their performance. So that the problem of conflict of interests between shareholders and managers becomes partially resolved, and for some authors, owning part of the capital in the facility is an indicator of confidence and a good sign on the future performance of the rest of the other parties (Vo and Nguyen, 2014).

While a multiplicity of factors affect the governance and decision-making processes of firms and are important to their long-term success, the Principles focus on governance problems that result from the separation of ownership and control. There is no single model of good corporate governance. At the same time, work carried out in Member countries and within the OECD has identified some common elements that underlie good corporate governance. The Principles build on these common elements and are formulated to embrace the existing models. The Principles are non-binding and do not aim at detailed prescriptions for national legislation. Their purpose is to serve as a reference point. It is possible to collect corporate governance principles under five main headings: (I) Responsibility and Accountability, (II) Transparency, (III) Fairness, (IV) Social Responsibility, and (V) Independence.

II.III. Hypothesis Development

Unlike most previous studies, we used a more holistic organizational performance perspective mentioned in the theoretical background. So, the definition of organizational performance we use while developing a hypothesis is based on the theoretical explanations above. In addition to this, as mentioned above, we have classified corporate governance principles under five main headings. Our hypothesis development process is based on the relationship between each corporate governance principle and organizational performance definition.

Mudashiru, Bakare, Babatunde, & Ishmael (2014) explored the link between corporate governance and organizational performance. The results show that the board's large size, board skill, management skill, length of service, audit committee size, audit committee independence, foreign ownership, institutional ownership, dividend policy, and annual general meeting are positively linked to the organizational performance. Based on that encourages organizations to adopt good corporate governance practices to improve their performance and protect shareholder interests. Therefore, the study hypothesized that:

Hypothesis 1: Corporate Governance has positively and significantly impact in achieving the outstanding organizational performance of the telecommunications companies in Iraq.

Responsibility and accountability principle is developed to ensure that the board of directors takes care of its functions and responsibilities. The sanctions to which it is subjected when they violate these responsibilities before the company and shareholders (Aggarwal, 2013). Respect for applicable laws including tax, competition, labor, environment, equal opportunities, and health, and in some countries, companies have found it useful to clarify and accurately define the responsibilities of the board of directors and those of the company's management (Arora & Sharma, 2016). Responsibility and accountability principle ensure that not only managers but also all employees comply with ethical rules. Working according to ethical rules is the basis for increasing organizational performance (Alshaboul & Abu Zraiq, 2020). Based on these explanations, another hypothesis of the study was developed as follows.

Hypothesis 2: Responsibility and accountability has positively and significantly impact in achieving the outstanding organizational performance of the telecommunications companies in Iraq.

Transparency is an important principle and governance pillar to ensure fairness, integrity, and confidence in the procedures of corporate management. Shareholders, potential investors, lenders, customers, employees, and government stakeholders use the company's published financial information to make decisions. In light of this information, we can say that transparency is one of the most important principles of corporate governance to protect all parties. The link between transparency and organizational performance is established by whether the business has good relations with other stakeholders (Mallin, 2007; Denis, 2001). In light of this information, the study hypothesis regarding the principle of transparency is as follows.

Hypothesis 3: Transparency has positively and significantly impact in achieving the outstanding organizational performance of the telecommunications companies in Iraq.

Fairness. The governance framework must ensure that all shareholders, including small shareholders, foreigners, and others, receive equality and compensation in the event of a violation of their rights, vote in the General Assembly on key decisions, protect them from any acquisition, avoid prejudice against or with a group of shareholders to obtain their legal rights, and equality of all groups for all information (Vo & Nguyen, 2014). This principle also emphasizes the need to recognize the rights of stakeholders as stipulated by law, to promote cooperation between companies and stakeholders. The principle of fairness constitutes the mechanism to increase organizational performance through participation (Walker, 2018). The hypothesis related to the principle of fairness created in line with the theoretical expectations is as follows.

Hypothesis 4: Fairness and equity has positively and significantly impact in achieving the outstanding organizational performance of the telecommunications companies in Iraq.

Social responsibility of corporate is referring to looking at the company as a good citizen by raising social awareness and a high level of exemplary behavior and values for its employees (Chan, Watson, & Woodliff, 2013). Social awareness is a form of self-regulation of companies that is integrated with the business model. It is a voluntary activity of the company to operate in an economic, social, and environmentally sustainable manner. Therefore, the role of companies towards social responsibility ensures to some extent that all members of society support their goals, development mission, recognition of their existence, and contribute to the success of their goals as previously planned (Arora & Sharma, 2016). The hypothesis regarding the social responsibility principle is as follows.

Hypothesis 5: Social awareness has positively and significantly impact in achieving the outstanding organizational performance of the telecommunications companies in Iraq.

Independence as the significant principle is also the mechanism that reduces or eliminates conflicts of interest, such as the domination of a president with influence over the company or a large shareholder on the board of directors (Hermuningsih, Kusuma, & Cahyarifida, 2020). Independence constitutes the most prominent determinant of the characteristics of the board of directors. This means the independence of the board from the executive management of the company. In other words, that the bulk of the members of the board of directors are not executive managers (Saleh, Zaid, Maigoshi, Mansour, & Zaid, 2021). Finally, the hypothesis regarding the principle of independence is given below.

Hypothesis 6: Independence of the board of directors has positively and significantly impact in achieving the outstanding organizational performance of the telecommunications companies in Iraq.

III. AN EMPIRICAL ANALYSIS IN TELECOMMUNICATIONS COMPANIES IN IRAQ

III.I. Research Model

Exploring the study problem and testing hypotheses requires the building of an integrated model that reflects the theoretical relationship between the study variables, which gives preliminary perceptions and answers to the hypotheses assumed by the researcher to answer the questions raised in the study problem. As showed in Figure 1, the model included two main variables, the independent variable, which is corporate governance principles (CGP), namely responsibility and accountability (RA), transparency (TR), fairness and equity (FE), social awareness (AS), and independence (IND). The dependent variable is outstanding organizational performance (OOP), which is measures outstanding leadership practices, outstanding in human resources practices, outstanding in strategy, and outstanding organizational structure. In addition, the model refers to the relational impact of corporate governance principles on outstanding organizational performance.

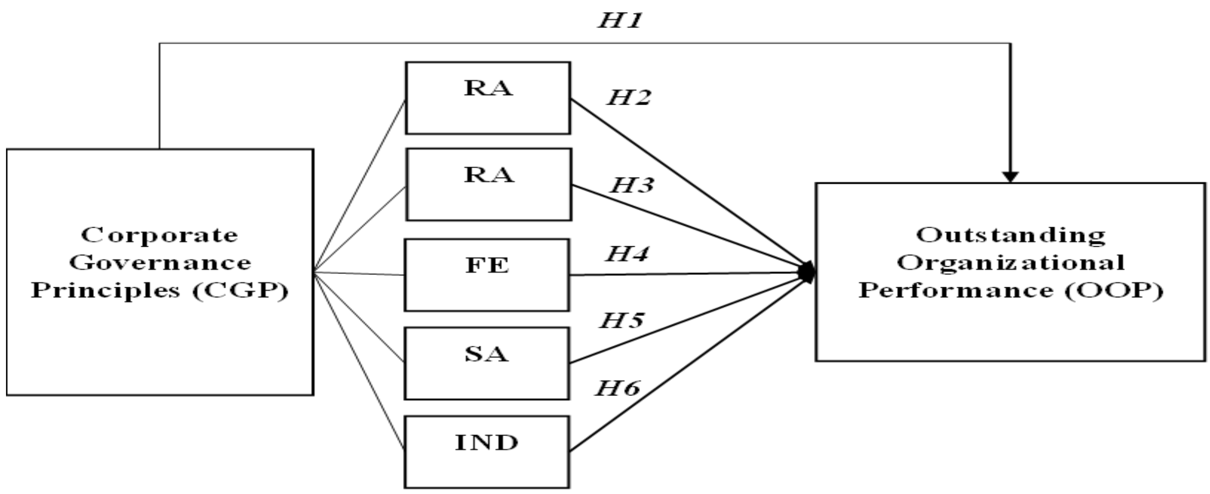

Figure I. The Conceptual Study Model

The role of corporate governance principles in achieving outstanding performance is the path sought by some companies and organizations particularly those implementing corporate governance principles, as they all pursue to grow, and continue to achieve success and outstanding performance of their activities. To demonstrate the nature of the relationship between the principles of corporate governance and outstanding performance requires recognizing the implications of the organization's possession of indicators (Neely, 2005).

III.II. Population and Sample

The study population is all members in management levels, namely general managers, CEO, branch managers, administrative staff who are working for telecommunications companies which are Zain Iraq, Asia Cell, and Korek Telecom in Iraq. As a result of the communication with the human resources departments of the companies, it was determined that the population size of the survey was to 1085 managers. The questionnaire form was sent to all 1085 managers in Iraqi telecommunications companies. As a final step (363), managers willingly accepted our invitation and contributed to the survey. The survey participation rate is around 37 %. We calculate the minimum sample size using the g-power test with medium effect size (0.15), α error prob. (0.05), and power 0.80. The g-power test calculates the minimum sample size as 55. The participation of 363 in this research is higher than the minimum sample size calculated by the g-power test.

III.III. Data Collection and Analysis Method

To measure model constructs, we used a questionnaire as the primary method for data acquisition. The scale was designed based on previous research and studies related to the topic of study, which was slightly modified according to the study requirements. The questionnaire also included three main sections. The first section is demographic variables, which included general information about managers of telecommunication companies in Iraq, namely gender, level of education, age group, management position, and overall job experience.

Table I. The Data Collection Instrument

Major Variables	***Sub- Variables Components***	***No of Statements***	***Scale Symbol***	***Sources***
First: Demographic Variables	Gender, level of education, age group, management position, and overall job experience.	5	NA	By Researcher
Second: Outstanding Organizational Performance	leadership practices human resources strategy organizational structure	11	*OOP1- OOP11*	(Hamadamin, 2020)
Third: Corporate Governance Principles (CGP)	Resp. and Acco. Transparency Fairness and Equity Social Awareness Independence	5 4 4 5 4	*RA1-RA5* *TR1-TR4* *FE1-FE4* *SA1-SA5* *IND1-IND4*	(Burak, Erdil, & Altindağ, 2017) (Mustafa, 2017)

The second part is included the outcome variable, which is outstanding organizational performance (OOP) such as outstanding leadership practices (OLP), outstanding human resources (OHR), outstanding in strategy (OS), outstanding organizational structure (OOS). While the third part comprised the statements of Corporate Governance Principles (CGP) included Responsibility and Accountability (RA), Transparency (TR), Fairness (FA), Social Awareness (AS), and Independence (IN). However, the survey instrument used the following measuring scale: 7= Completely Agree, 6= Mostly Agree, 5= Somewhat Agree, 4= Neither Agree nor Disagree, 3= Somewhat Disagree, 2= Mostly Disagree, 1= Completely Disagree.

For data analysis were obtained from managers within Iraqi telecommunication companies, the statistical analysis tools such as SPSS and partial least squares structural equation modeling (PLS-SEM) have been used mainly to test the study hypotheses and reach results.

III.IV. Findings

The following table shows the findings of demographic variables that related to the study subjects, which are managers working for Iraqi telecommunication companies.

Table II. Findings of Demographic Variables

Profile	Description	Frequency	Percentage	Total
Gender	Male	215	59.2	
	Female	148	40.8	**363**
Age Groups	Less than 30 years	122	34.5	
	30-39 years	39	10.7	
	40-49 years	114	31.4	**363**
	50-59 years	129	35.5	
	60 and above	76	20.9	
Level of Education	High School	28	7.7	
	Bachelor's degree	181	49.9	
	Master's degree	141	38.8	**363**
	Ph. D	13	3.6	
Management Position	General Manager	27	7.4	
	CEO	24	6.6	
	Branch Manager	227	62.5	**363**
	Administrative Staff	85	23.4	
Overall Career Experience	Less than 5 years	43	11.8	
	6-10 years	76	20.9	
	11-15 years	107	29.5	**363**
	16-20 years	89	24.5	
	21 years and more	48	13.2	

Results have shown that the managers working within Iraqi telecommunication companies and who freely contributed to the survey were mostly male managers by 59.2% (n=215) and female 40.8 % (n= 119).

Table III. Descriptive Statistics Results

Constructs	N	Minimum	Maximum	Mean	Std. Deviation	Weight of Agreement
RA	363	1.00	7.00	5.8099	0.7807	82.10%
TR	363	1.00	7.00	5.7913	0.8167	82.7%
FE	363	1.00	7.00	5.6205	0.9325	80.3%
AS	363	1.00	7.00	5.4468	0.8075	77.8%
IND	363	1.00	7.00	4.9699	0.9376	70.10%
OOP	363	1.00	6.36	5.0108	0.8155	71.6%

Note: RA = Responsibility and Accountability, TR = Transparency, FE = Fairness and Equity, AS = Social Awareness, IND = Independence, and OOP= Outstanding Organizational Performance.

All components of CGP namely, responsibility, and accountability, transparency, fairness and equity, social awareness, independence reached higher mean values (5.8099, 5.7913, 5.6205, 5.4468, and 4.9699). While the standard deviations scores for all components relatively came at lower rates (0.7807, 0.8167, 0.9325, 0.8075, and 0.9376) respectively, as well as the agreements reached (82.10%, 82.7%, 80.3%, 77.8%, 70.10%).

Reliability and Validity

For establishing reliability and validity, we used three important indexes, namely, Cronbach's alpha, composite reliability (CR), and average variance extracted (AVE), factor analysis was also used to check the measurement model, primarily to test factor loadings.

When establishing survey reliability, Cronbach's Alpha loaded values must be higher or equal to 0.6. In addition, loaded values on average variance extracted (AVE) must be equal or greater than >0.50. Furthermore, composite reliability (CR) index values for each model construct must be equal or greater than >0.80 (Henseler & Sarstedt, 2013; Hair, Hult, Ringle, & Sarstedt, 2014). As recommended by Ringle, Sarstedt, & Straub (2012) in the measurement model, the indicators loadings values should be equal or higher >0.6, in this regard for the check measurement model, we have used factor analysis.

Table IV. Reliability and Validity

Constructs		**AVE**	**CR**	**Cronbach's α**
Corporate Governance Principles (CGP)	***RA***	0.648	0.891	0.824
	TR	0.587	0.883	0.783
	FE	0.631	0.859	0.799
	AS	0.610	0.815	0.721
	IND	0.519	0.802	0.665
Organizational Performance	***OOP***	0.689	0.914	0.868

Results in the Table 4 showed that all the loaded values of Cronbach's alpha were higher than 0.6. The results of composite reliability (CR) demonstrated that all constructs loaded high values, which were all greater than 0.8. Furthermore, results clearly showed that all constructs meet the criteria of AVE, which are all higher than 0.5. These results indicate that the constructs used for measuring principles of corporate governance and outstanding organizational performance are reliable and valid.

Factor Analysis

For measurement model testing, we used factor analysis, as one of the important mathematical methods it also called reduction of components, which has developed the researcher's ability to organize and classify model constructs.

As the first step in factor analysis, we test Kaiser-Meyer-Olkin (KMO) principally to assess the factor analysis weight. According to Kaiser-Meyer-Olkin (KMO) assessment, the higher values loading is between (0.5 and 1.0), when the values closer to one show that the analysis is appropriate.

Table V. KMO and Bartlett's Test

KMO and Bartlett's Test[a] Corporate Governance Principles		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		**0.845**
Bartlett's Test of Sphericity	Approx. Chi-Square	**4668.623**
	df	**231**
	Sig.	**0.000**
Outstanding Organizational Performance		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		**0.835**
Bartlett's Test of Sphericity	Approx. Chi-Square	**1671.364**
	df	**55**
	Sig.	**0.000**

As a second step, we tested the rotation component matrix of corporate governance principles since the factor analysis extracted more than two factors. The main purpose of the component rotation is to know the most important factor associated with construct indicators.

Table VI. Loading Values of Outstanding Organizational Performance

Questions	Loadings	Questions	Loadings
OOP1	0.663	***OOP7***	0.820
OOP2	0.843	***OOP8***	0.692
OOP3	0.965	***OOP9***	0.946
OOP4	0.901	***OOP10***	0.830
OOP5	0.721	***OOP11***	0.844
OOP6	0.671		

The results of factor loading on outstanding organizational performance construct showed that all construct indicators loading values are between (0.663 and 0.965) which means that all values are greater than 0.6 as shown at Table 6.

Table VII. Rotated Component of Corporate Governance Principles

Indicators	Factors				
	1	**2**	**3**	**4**	**5**
RA2	**0.898**				
RA4	**0.771**				
RA3	**0.730**				
RA5	**0.723**				
RA1	**0.702**				
TR2		**0.879**			
TR3		**0.778**			
TR1		**0.709**			
TR4		**0.707**			
FE4			**0.992**		
FE2			**0.868**		
FE1			**0.864**		
FE3			**0.811**		
INDP4				**0.903**	
INDP1				**0.801**	
INDP2				**0.745**	
INDP3				**0.725**	
SA4					**0.839**
SA3					**0.831**
SA1					**0.828**
SA2					**0.738**
SA5					**0.728**

The percentage of eigenvalue and explanations of variance were also tested for the constructs of corporate governance principles namely responsibility and accountability, transparency, fairness and equity, social awareness, and independence. According to the Kaiser, the principle has accepted the factor in which the eigenvalue is greater than one (Benson & Levine, 1992).

Table VIII. Total Variance Explained of Corporate Governance Principles

Factors	Eigenvalues	Variance Explanation%	Cumulative%
1	11.185	38.591	**38.591**
2	3.102	10.701	**49.292**
3	2.313	7.980	**57.272**
4	1.782	6.150	**63.422**
5	1.405	4.849	**68.270**
21	-	-	**-**
22	0.149	0.515	**100.000**

As displayed in Table 8 the factor that came the first was explained as a large amount of variance, which was reached (38.591%) of the overall explanation of variance, where the eigenvalues (11.185, 3.102, 2.313, 1.782, and 1.405) for all five factors greater than one.

Model Assessment and Hypothesis Tests

Correlation Analysis

Table 9 demonstrated the correlation analysis results, which were used to establish causal relationships between corporate governance principles and outstanding organizational performance. Results showed that corporate governance principles (CGP) at the total level positively and significantly correlated to outstanding organizational performance (OOP), the value of r (0.649**), and the p-value is (0.000).

Table IX. Result of Correlations and Bootstrap Specifications

			Predicted Variables					
	Outcome Variable		CGP	RA	TR	FE	SA	IND
OOP	Correlation Coefficient		**.649****	**.393****	**.354****	**.364****	**.596****	**.707****
	Sig. (2-tailed		.000	.000	.000	.000	.000	.000
	Bootstrap alp	Bias	.000	.001	.001	.002	.000	.001
		Std. Error	.028	.047	.048	.050	.030	.026

**. Correlation is significant at the 0.01 level (2-tailed).

This indicates that implementing the principles of corporate governance improves the company's performance to reach an outstanding level.

Direct Impact Analysis

The value of R Square is (0.558) showing the variation defined dependent variable outstanding organizational performance (OOP) due to predictors variables represented by corporate governance principles (CGP) and it is components responsibility and accountability (RA), transparency (TR), fairness, and equity (FE), social awareness (AS), and independence (IN).

Table X. Path Analysis Coefficient, t-value, and p-value for the SEM.

Hypotheses	Interaction	Standardized Path Coefficient	t-value	p-value	Decision
H1	CGP -> OOP	***β* = 0.747**	21.343	**0.000**	Supported
H2	RA -> OOP	***β* =0.547**	12.429	**0.000**	Supported
H3	TR -> OOP	***β* = 0.534**	12.010	**0.000**	Supported
H4	FE -> OOP	***β* =0.552**	12.581	**0.000**	Supported
H5	SA -> OOP	***β* =0.681**	17.674	**0.000**	Supported
H6	IND -> OOP	***β* =0.758**	22.113	**0.000**	Supported
R Square		***0.558***			
Adjusted R Square		***0.557***			
Std. Error of the Estimate		***0.54299***			
F Value		***455.540***		**0.000**	

The table 10 above shows the Path Analysis Coefficients, t-values, and p-values for the SEM that corporate governance principles (CGP) positively influenced OP, with a strong coefficient of influence up to (β=0.747), t-value (21.343), and (p=0.000<0.05) significant, therefore, (H1) is accepted. These results indicate that study model is significant in how implementing corporate governance principles positively influence outstanding organizational performance. Results indicated that responsibility and accountability (RA) is positively and significantly influenced OOP (β=0.547), t-value (12.429), and (p=0.000<0.05) thus, hypothesis (H2) is accepted.

Transparency (TR) as the second component of corporate governance principles significantly influenced OOP with coefficient of influence reached (β=0.534), and (p=0.000). Fairness and equity (FE) are significantly influenced outstanding organizational performance, with path analysis coefficient (β =0.552), and (p=0.000), which is less than (0.05) as a result, hypotheses (H3 and H4) are accepted. In addition, results showed that social awareness (AS) is positively and significantly influenced outstanding organizational performance (β=0.681), and (p=0.000<0.05). Based on these results, we accepted hypotheses (H5). Furthermore, independence (IN) is significantly influenced outstanding organizational performance, with path analysis coefficient (β =0.552), and (p=0.000), which is less than (0.05) as a result, hypothesis (H6) is accepted.

IV. CONCLUSION

Although analysis from the literature supports the contribution of corporate governance to financial performance, the empirical evidence confirming this link is unsatisfactory, as financial performance is based solely on ratios derived from the profit. Even though financial performance is a part of organizational performance, it does not represent a holistic structure. In seeking to close the gap in the empirical literature, the researcher assessed holistic organizational performance. In addition, more detailed results were presented by analyzing the relationship between corporate governance principles and organizational performance.

The primary purpose of the study was to investigate the role played by corporate governance principles in achieving outstanding organizational performance in Iraqi telecommunication companies. The sample included data obtained from 363 managers of 1085 managers. First, descriptive statistics give us an overview of participants' views on the role of corporate governance. Descriptive statistical results showed that corporate governance principles obtained higher mean scores and lower standard deviations. These results indicated that managers agreed that implementing corporate governance principles are essential for companies and shareholders. With a 5,79-mean score, the transparency principle was the essential principle of corporate governance. Transparency is the principle that creates an environment in which all information is published appropriately for decision users. This principle guarantees that the company publishes accurate information about its events and transactions. The most critical factor in business management and investment decisions is that the decisions are based on accurate and precise information. So, managers' evaluation of the transparency principle as the most important corporate governance principle can be met in line with the theoretical expectation. Responsibility and accountability, as well as the principle of transparency, play a fundamental role in ensuring that stakeholders reach accurate information. Therefore, the theoretical explanations for transparency also apply to this principle. The result (5,80 mean score of RA) was in parallel with this expectation.

The correlation analysis and path analysis results showed the causal relationship between corporate governance principles and organizational performance. The correlation analysis showed that all corporate governance principles were positively and significantly correlated with organizational performance. These findings aligned with the theoretical expectations described in the hypothesis development section. As mentioned above, previous studies have generally focused on the relationship between financial performance and corporate governance principles. However, we cannot make a one-to-one comparison with the results of previous studies (Aggarwal, 2013; Arora & Sharma, 2016; Alshaboul & Abu Zraiq, 2020; Mallin, 2007; Vo & Nguyen, 2014; Chan, Watson, & Woodliff, 2013; Saleh, Zaid, Maigoshi, Mansour, & Zaid, 2021), we expect that the direction of the relationship is similar to financial performance.

Path analysis results indicated that corporate governance principles significantly influenced organizational performance positively. It will be more explanatory to examine the findings one by one. Hypothesis 1 was to "Corporate Governance has positively and significantly impact in achieving the outstanding organizational performance of the telecommunications companies in Iraq." Path analysis results indicated that hypothesis one was supported. Corporate governance systems in Iraq are ultimately likely to develop to address their own national, legal, and business customs. However, the purported importance of corporate governance can be seen as requiring expedience in reform. For this reason, evaluating the obtained finding in an environment still in the development stage is necessary. Organizational performance is closely related to getting a share of future capital investments in developing economies. Corporate governance is an important tool for establishing solid relationships with potential stakeholders. Although Buallay, Hamdan & Zureigat (2017), Arora, & Sharma (2016), and Aggarwal (2013) used financial performance in their analysis, they had similar findings for developing economies. The point that is emphasized in common in these studies; emerging economies need corporate governance practices more than developed economies.

The literature frequently focuses on the responsibilities and accountability of the board of directors, as in the study of Aggarwal, 2013; Arora & Sharma, 2016; Alshaboul & Abu Zraiq, 2020. As previous studies, we found responsibility and accountability has positively and significantly impact in achieving the outstanding organizational performance. Deficiencies in the legal infrastructure in developing economies cause stakeholders to be concerned about corruption. A limited amount of capital cannot be invested in the capital market due to corruption concerns. Due to their difficulties in raising funds, businesses do not make new investments, do not expand, and use high-interest debt. The fact that the board of directors has defined roles and is accountable to stakeholders makes it relatively simple to obtain funds. The positive relationship between RA and organizational performance can be explained by the ease of access to funds and the more rational use of existing funds.

The link between transparency and organizational performance is established by whether the business has good relations with other stakeholders. The findings of Mallin (2007) and Denis (2001) indicated that the degree of transparency improves organizational performance. We also found a similar result for transparency. Hypothesis 3, which was "Transparency has positively and significantly impact in achieving the outstanding organizational performance of the telecommunications companies in Iraq" was supported. As mentioned above, transparency is the basis for relations with stakeholders. So, without transparency, other principles lose their importance. Therefore, the obtained finding supports the theoretical expectation.

Another issue that investors hesitate in developing economies; minority rights are not protected. The protection of employee rights is another critical issue. The principle of fairness is important in protecting both small investors and employees. The sustainability of organizational performance is closely related to fairness, as mentioned in Vo & Nguyen (2014) and Walker (2018). Our findings about the fairness principle also support previous studies' findings. We found that fairness and equity had positively and significantly impact in achieving the organizational performance.

Sustainability is an issue that has been frequently emphasized not only in developed economies but also in developing economies. Sustainability forces businesses to be sensitive not only to themselves but also to their environment. Stakeholders are evaluating businesses on more and more factors rather than just their products. In this respect, we expected a close relationship between social responsibility and organizational performance. The analysis results support our theoretical expectation. Accordingly, we concluded that there was a positive relationship between social responsibility and organizational performance as Chan, Watson & Woodliff (2013) and Arora & Sharma (2016).

The highest path coefficient (0,758) was calculated for the independence principle. This finding means that the improvement in the principle of independence will affect organizational performance much more than other corporate governance principles. The purpose of assigning independent members to the boards of directors within the corporate management system is to serve the monitoring function on the board of directors, to question the accuracy of the decisions of the board of directors and to oppose them when necessary, and to contribute to the company strategy at the same time. The principle of independence is the most critical element for professional business management. According to Saleh, et al.

(2021), the professional management of the business is the concept most closely related to organizational performance. The results of our study support this argument.

The study had limitations. The data were obtained during Covid-19, which affected all aspects of life. Thus, it also limited our abilities to obtain a larger dataset. Larger survey samples may have a better generalization of the results. The findings of this study also represent the views of managers working in telecommunication companies in Iraq. We believe there is a greater need for corporate governance practices in developing economies. Therefore, similar studies on developing economies will enrich the literature.

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