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Abstract

The purpose of the study was to investigate the role of corporate governances on customer satisfaction in the golf clubs in Nairobi City and Kiambu Counties, Kenya. The study sample was a total of 799 respondents from 15 golf clubs within the study area, drawn from the clubs' captains, golf managers, professional golf trainers, golfers/customers, and caddies. The cross-sectional descriptive survey was adopted where questionnaires, interviews, observation checklists and secondary sources were used for data collection. The study established a statistically significant relationship between corporate governance and customer satisfaction with a p=0.045<0.05. The study further recommended that good corporate governance should be implemented as an integral part of customers' satisfaction goal within the golf clubs.

Keywords: *Corporate Governance, Strategies, Customer Satisfaction, Captains, Golfers*

1. Introduction

Weak governance and difficulties related to the rapid growth of the golf clubs are the primary causes of service failure, distress, and the collapse of the operations (Mikes & Kaplan, 2014). Although Golf clubs with the more stable and mature governance structures often outdo their peers in performance, new ventures are outdoing the larger competitors in revenue generation (Aruwa & Musa, 2014). However, running a successful golf club today is involving, not only providing a world-class course for members but also secure facilities are expected by the customers (Resolution Insurance, 2018). According to DeFranco and Schmidgall (2009b), the golf club's corporate governance should be monitored to achieve the firm's goals. Audit Committee charters and the Internal and auditors' code of ethics and conduct are clearly set out as operations guidelines for operation and reviewed annually for their appropriateness. Standard and Poors (2013) observed that improper management, poor governance, and growth difficulties of the golf industry have been identified as the main causes of failure and distress in golf clubs. Governance involves how a firm is managed and directed through rules and procedures to achieve set objectives. Golf Australia (2018) noted that effective governance demands leadership, integrity, and sound judgment which enhance efficient decision making, accountability, transparency, and responsibility in the undertaken activities and resources expended. DeFranco and Schmidgall *(*2009b) observed that corporate governance has a significant impact on performance. Poor corporate governance is associated with directors and committee conflicts of interest, inexperience, failure to manage risks, improper financial controls, and inadequate internal reporting systems.

According to Naureen and Sahiwal (2013), customers are persons interacting regularly with a firm through the consumption of goods and services. Customer satisfaction is a measure of the feeling of disappointment or pleasure towards their expectations from the provided goods or services and their performance (Akinyele et al., 2011). Lovelock and Wirtz (2005) cited that customer satisfaction is an attitude, a judgment, after purchase action, or a series of service interactions. Customers attached importance to satisfaction especially in the hospitality industry such as golfing sector, as it is an outcome and a process, the difference between the expectation and performance. (Amoah-Mensah, 2010). According to Amoah-Mensah (2010), satisfaction is a judgment based on the cumulative experience, made with a certain service or product rather than a single transaction. It is worth noting that attracting and retaining customers is vital to the survival of the clubs. In this regard, loyal customers formed the basis for the golf clubs' ability to stay in business through competitive engagement (Naureen & Sahiwal, 2013).

An increase in golf clubs' number and competition requires balancing the golf fees, compliance, and course appearance hence clubs must manage risks to remain competitive (Reigman, 2018). Risk areas in golf clubs such as poorly maintained foot-paths and negligence have resulted in revenue loss through litigation claims (Kraker 2017). Lee (2015) noted that the above risk accounted for nearly one-third of all claims made. The emerging litigation issues and increasing

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regulatory compliance are a threat to the financial performance of clubs world-wide (KPMG International Cooperative 2016).

The risk and audit committee checks whether the internal control systems are the compliance with regulations, rules, and performance. Ernst and Young's (2012) audit standards report showed that the committee was responsible for independent advising, consulting and building assurance fairly on the internal control system sufficiency. The report further stated that the internal control system ought to conform to the law, golf club performance, regulations, and information accuracy. External and internal auditors must submit reports and regularly monitor operations in an appropriate, sufficient and efficient way with risks at a level accepted (Mudaki *et al*. 2012).

Relationship between the corporate governance and customer satisfaction in the golf clubs

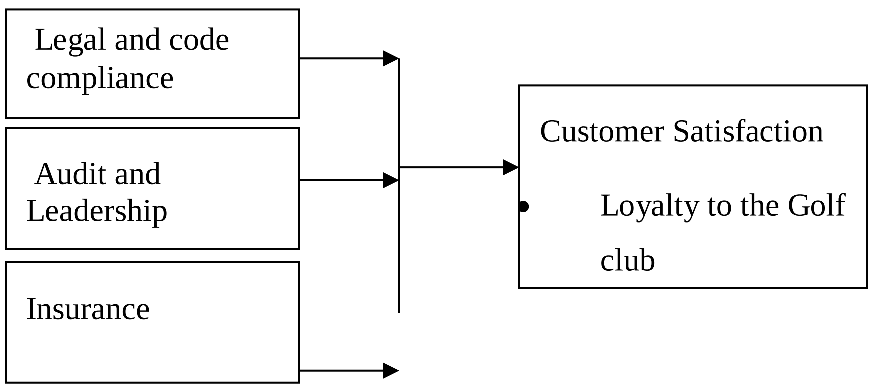

Figure 1: Conceptual Framework of the Corporate Governance and Customer Satisfaction

Source: Adapted and Modified from Lai & Azizan (2011).

2. Methodology

The study employed a cross-sectional survey design with both quantitative and qualitative approaches (Kubde, Pattankar & Kokiwar 2016). A total of 799 respondents drawn from the captains, the golf managers, professional golf trainers, active golf players and the caddies were considered for the study. Data for this study was collected using self administered semi-structured questionnaires, an interview schedule and an observation checklist for the purpose of triangulation.

3. Results and Discussion

The purpose of study was to investigate the role of corporate governances on customer satisfaction in golf clubs in Nairobi City and Kiambu Counties. This research objective was achieved through regression analysis of the hypothesis. The resulting R^2 (Square) value obtained was 0.687, which indicated that corporate governance explained 68.7% of Customer Satisfaction among Customers (golfers) in Nairobi City and Kiambu Counties. Results are presented in Table 1.

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Table 1: Model Fitness

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	Df1	Df2	Sig. F Change
1	.829[a]	.687	.682	.55334	.521	11.715	5	14	.000

a. Predictors(Independent Variables): (Constant), Corporate Governance
b. Dependent Variable: Customer Satisfaction

The analysis of variance results showed the F statistics = 11.715 and the p-value= 0.000 where the p value was less than a conventional level of significance ($p=0.045<0.05$). The findings denoted that the regression model obtained was statistically significant. The analysis findings further showed that the overall regression model obtained was sufficient to predict the impact of corporate governance on customer satisfaction among customers (golfers) in golf clubs within Nairobi City and Kiambu Counties. Results are presented in Table 2.

Table 2: Analysis of Variance Statistics (ANOVA)

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	25.181	5	5.036	11.715	.045[b]
	Residual	6.019	14	.430		
	Total	31.200	19			

The null hypothesis (**H_o**) and the alternative hypothesis (**H_a**) were presented and stated as follows:

H_0:-$\beta 1 = 0$ (There is no significant relationship between the role of corporate governance and customer satisfaction in the golf clubs in Nairobi City and Kiambu Counties).

H_a:-$\beta 1 \neq 0$ (There is significant relationship between the role of corporate governance and customer satisfaction in the golf clubs in Nairobi City and Kiambu Counties.).

The above hypotheses were tested using regression analysis as shown in Table 3.

Table 3: Regression Results

Model		**Unstandardized Coefficients**		**Standardized Coefficients**		
		B	Std. Error	Beta	**T**	**Sig.**
1	(Constant)	1.835	.685		2.679	.015
	Corporate governance	.593	.275	.453	2.157	.045

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Based on the findings, the t-statistic and the calculated p-value obtained was; t=2.157, p-value=0.045. The p=value was less than a significance level of 0.05 (0.045<0.05). Therefore, the null hypothesis was rejected and a conclusion was made that there was a statistically significant relationship between the role of corporate governance and customer satisfaction in the golf clubs in Nairobi City and Kiambu Counties. The findings implied that corporate governance was a key determinant of customer satisfaction in the golf industry as reported by the selected golf.

In the current corporate environment, organizations are increasingly pursuing good corporate governance practices and mechanisms to improve their performance (Golf Australia, 2018). In this study, the study concluded that corporate governance has a statistically significant relationship with customer satisfaction. It emerged that the application of good corporate governance helps to improve the efficiency in the operations of the clubs. This in turn improves service delivery, and increase customer satisfaction as posited by Standard and Poors (2013). Through good corporate governance practices, the golf club management run the clubs in a manner that maximizes the shareholder value and in the best interest of society (DeFranco & Schmidgall, 2009b). This further enable the golf clubs to meet the interest of all stakeholders including the customers, in this case the golfers (Čáslavová et al., 2018)

The research findings in this study are in agreement with the results of DeFranco and Schmidgall (2009) who identified the significance of good corporate governance and the contribution to customer satisfaction and the general organizational performance. It is through the implementation of good corporate governance that the organizations can achieve the firm's goals. This is because the organizations have adhered to the set operations guidelines. The findings are also in agreement with the Standard and Poors (2013) who stressed the need for good corporate governance in the golf industry. They highlighted that poor management and improper corporate governance practices are the key factors that cause failure and distress among golf clubs. The findings are further in agreement with Golf Australia (2018) which highlighted the need for effective corporate governance in the golf industry. Good corporate governance fosters leadership integrity, transparency, accountability, sound judgment, and responsibility which in turn promote quality service delivery.

4. Conclusion and Recommendation

Regarding corporate governance, the study concludes that good corporate governance contributes to customer satisfaction. In this regard, the study concludes that the golf clubs covered by the study have put in place effective governance structures with well and documented roles and responsibilities. The study concluded that corporate governance is a key determinant of customer satisfaction among golfers in Nairobi City and Kiambu Counties. This implies that good corporate governance practices are integral to a firm's success as they allow the leaders and the managers to be accountable to the stakeholders in this regards, the study recommends the golf clubs uphold good corporate governance structures to ensure their customers are satisfied.

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