

# GLOSERV

ADVANCES IN GLOBAL SERVICES AND RETAIL MANAGEMENT

Editors

**Dr. Cihan Cobanoglu**

**Dr. Valentina Della Corte**



***Co-Editors***

***Dr. Cihan Cobanoglu***, University of South Florida, USA

***Dr. Valentina Della Corte***, University of Naples Federico II, Italy

ADVANCES IN GLOBAL SERVICES AND RETAIL MANAGEMENT: VOLUME 2

ISBN 978-1-955833-03-5

***\*Authors are fully responsible for corrections of any typographical, copyrighted materials, technical and content errors.***

***Co-Editors***

***Dr. Cihan Cobanoglu***, University of South Florida, USA

***Dr. Valentina Della Corte***, University of Naples Federico II, Italy

**ISBN 978-1-955833-03-5**

**© USF M3 Publishing 2021**

This work is subject to copyright. All rights are reserved by the Publisher, whether the whole or part of the material is concerned, specifically the rights of translation, reprinting, reuse of illustrations, recitation, broadcasting, reproduction on microfilms or in any other physical way, and transmission or information storage and retrieval, electronic adaptation, computer software, or by similar or dissimilar methodology now known or hereafter developed. The use of general descriptive names, registered names, trademarks, service marks, etc. in this publication does not imply, even in the absence of a specific statement, that such names are exempt from the relevant protective laws and regulations and therefore free for general use. The publisher, the authors and the editors are safe to assume that the advice and information in this book are believed to be true and accurate at the date of publication. Neither the publisher nor the authors or the editors give a warranty, express or implied, with respect to the material contained herein or for any errors or omissions that may have been made. The publisher remains neutral with regard to jurisdictional claims in published maps and institutional affiliations.

*This imprint is published by USF M3 Publishing, LLC*

The registered company address is University of South Florida, 8350 N Tamiami Tr, Sarasota, FL 34243 USA.

*Associate Editor*

*Dr. Seden Dogan*, Ondokuz Mayıs University, Turkey  
*Dr. Muhittin Cavusoglu*, Northern Arizona University, USA

*Assistant Editor*

*Dr. Faizan Ali*, University of South Florida, USA  
*Dr. Resat Arica*, Adiyaman University, Turkey  
*Dr. Alaattin Basoda*, Aksaray University, Turkey  
*Dr. Lisa Cain*, Florida International University, USA  
*Dr. Giovanna Del Gaudio*, University of Naples Federico II, Italy  
*Dr. Rab-Nawaz Lodhi*, University of Central Punjab, Pakistan  
*Dr. Bendegul Okumus*, University of Central Florida, USA  
*Dr. Antonella Miletti*, University of Naples Federico II, Italy  
*Dr. Gozde Turktarhan*, University of South Florida, USA

*Editor Assistants*

*Ipek Itr Can*, Anadolu University, Turkey  
*Filiz Dalkilic Yilmaz*, Nevsehir Hacı Bektaş University, Turkey  
*Eda Hazarhun*, Dokuz Eylül University, Turkey  
*Gamze Kaya*, Mersin University, Turkey  
*Oguz Kiper*, Sakarya Applied Sciences University, Turkey  
*Basak Ozyurt*, Trakya University, Turkey  
*Gokhan Sener*, Necmettin Erbakan University, Turkey

*\*Authors are fully responsible for corrections of any typographical, copyrighted materials, technical and content errors.*

# Efficiency of Internal Control Systems and the Effect of Organizational Structure and Culture on Internal Control Systems in Accommodation Industry

Kadriye Alev Akmese<sup>1</sup> and Ali Ilgaz<sup>2</sup>

<sup>1</sup>Department of Tourism Management  
Selcuk University, Turkey

<sup>2</sup>Department of Accounting and Financial Management  
Necmettin Erbakan University, Turkey

## Abstract

Accommodation businesses are based on a structure of producing services and customer satisfaction. Due to this relationship, non-financial information stands in the forefront among various evaluations for these businesses. Additionally other Dynamics need to be under control in order to attain the middle and long-term business profitability and sustainability. At this point internal control is considered as a vital system, which provides the chance of evaluating crucial characteristics of the business that seem to be functioning at the background such as financial position, structure and operating. In this study, the effectiveness of internal control systems in accommodation businesses is evaluated and the impact of organizational structure culture on the internal control system is tried to be measured. Literature review revealed that research studies are carried out based on regions or individual business entities. Deficiency regarding to the internal control efficiency research on hotel businesses formed the study base and five star hotels operating in Turkey are selected as the sample within the scope of study as to attain the most possible comprehension. Study findings revealed that five star hotels attributed a great importance to the utilization and efficiency of internal control systems.

**Keywords:** tourism, internal control systems, internal control efficiency, operations and internal control

**Recommended Citation:** Akmese, K. A., & Ilgaz, A. (2021). Efficiency of internal control systems and the effect of organizational structure and culture on internal control systems in accommodation industry. In C. Cobanoglu, & V. Della Corte (Eds.), *Advances in global services and retail management* (pp. 1–12). USF M3 Publishing.  
<https://www.doi.org/10.5038/9781955833035>

## Introduction

Maintaining continuity in business operations and financial sustainability are the leading strategic business objectives in short, medium and long term for all types of enterprises producing goods and services and operating for the purpose of making profit. The main target of enterprises operating with profit motive is to maintain operating financial sustainability as well as profitability. One of the most significant factors of achieving this objective in today's market conditions, where a great deal of variables play an active role in the success of an enterprise in this regard, is to monitor the operations and operating processes continuously by setting up an effective internal control system within the organizational context.

It might be stated that internal control corresponds to a process. Alternately it is possible to state internal control as the process of monitoring organizations periodically within their operating cycles in terms of key issues such as their planned and actual performance data, costs, customer satisfaction, etc. Regardless of producing goods or services, enterprises operate within the framework of basic input and output process. Each material and labor force included in production or operating process have different output within the scope of tangible or intangible applications. Keeping the production or service efficiency of an enterprise within the framework of certain standards by evaluating these applications and final outputs is possible with internal control systems and processes.

Hotels are labor-intensive and complex structured enterprises in which production of services are sustained and inter-linked actively in each stage. An intensive production of service that emerges as a result of integrated departments, each unit of which requires different specialization and interrelated to each other. Due to the nature of the service industry, production and consumption take place at the same time. In this regard continuous and direct communication with hotel guests is considered as a need rather than a simple process. This condition appears as a process, which does not tolerate any errors, for operating efficiency and customer satisfaction.

Due to their complex structures, different cost items and labor intensive structures, hotel businesses are service organizations, which need to be kept under control in terms of processes and financial positions and their process monitoring needs to be conducted through reports. Hotel establishments have a structure in which internal control must be conducted elaborately with labor intensive production process and significant cost items. Especially five-star hotel establishments satisfying high standards in terms of size and qualification are accommodation establishments in which continuous monitoring and control regarding to both services and costs are necessary. Five-star hotels providing luxurious service in comparison with mid-range hotels which are small-sized and have standard service quality have to arrange their internal audit and control mechanisms and ensure their continuity in order to provide cost advantage and keep service quality at the high level. Thus, an enterprise may manage its sustainability.

Within the scope of the study, a research was conducted on five-star hotels giving particular importance to internal control processes in structural and operational terms and operating in Turkey. Since no researches have been found comprehending the whole jurisdiction of Turkey with respect to the conducted literature review, all of the five-star hotels operating in Turkey were included, and conducting a national situation assessment was purposed. Moreover, findings which might be significant on the issue of costs which remains in the background because of customer satisfaction centrality of accommodation establishments which are among the primary organizations of tourism, which is one of the most important sectors of economy, were tried to be presented. It is believed that accommodation establishments, which are trying to maintain their sustainability against economic difficulties in pandemic period, which has affected service sector extremely, might be supported to gain a financial advantage through the findings and the study.

## **Internal Control**

Internal control, which is essential for business financial and operational sustainability, mainly corresponds and comprehends the processes that are carried out in a synchronized manner with operating activities. In literature, researchers and professionals might encounter different

expressions regarding to internal control, which is not stated by a single definition. Internal control, derived from Anglo-Saxon term of “internal audit”, corresponds to the processes of evaluating systematic inefficiency of internal operations and planning related activities with improvements when errors, deficiencies, weaknesses or deceptions are detected in the processes. In other words, internal control is the whole of applications and approaches, which are organized to detect independently whether enterprises operate satisfactorily or not, through technical, scientific and analytical evaluations (Yemer & Chekol, 2017:21).

Being independent, objective and impartial are significant for the efficiency of the internal control. The ultimate objectives aimed by means of internal control are to detect whether the business is operating at the optimum level or not, to determine factors that might result in inefficiency as soon as possible and to behave proactively in order to prevent the organization from any of the defects or bottlenecks involved. Consequently, each comment made by moving away from objectivity might cause costs that are hard to return and affect customer satisfaction negatively in the process which is made on behalf of enterprises. The purpose of the internal control is to measure consistency between processes and output of planned activities of an enterprise and the realized situation, to detect deviations if there are, and to provide improvements within the process through system rearrangements or adjustments.

It is necessary for business managers to monitor their processes of activities through an internal control mechanism in order to sustain operating activities efficiently, to obtain high-level efficiency by using limited sources effectively and to adapt increasing conditions of competition in global markets. It might be stated as a control mechanism that is generally set within enterprises to detect and to prevent faulty, deficient, weak or fraudulent actions, which might emerge in the process of goods or services production processes of enterprises (Çiçek, 2004: 11)

In other words, internal control is the total of policies and procedures being accepted by business managements and guiding them in terms of conducting operating activities regularly, effectively and efficiently at the optimum level. That is to say, it expresses policies, plans and procedures applied by business managers in order to ensure existence and sustainability of an enterprise. It happens in consequence of carefully examining issues such as regular continuation of operating activities and processes, maintaining and increasing operating assets, detection and prevention of fraudulent and faulty activities and processes, keeping accounting records on time, accurately and completely for financial sustainability. Those who are generally engaged in this effort within an enterprise are board of directors and higher level managerial employees being charged in important strategic positions. Those employees, assigned within the context of organization itself, who would carry out internal control have the right to ask information and documents by paying maximum attention to sustainability of activities within the framework of aims and objectives of the enterprise (Research Committee, 2002:24, Chapter 11, <https://www.coursehero.com/>, 348-349).

Factors commonly appearing in definitions compared are; forming internal control by business management and intending to accomplish some main objectives through controls. These objectives are (Amoah, 2016: 16);

- To enable a business management to conduct business processes regularly and productively.

- To provide a situation in which adhering to basic policies and applications in an establishment as a whole is accomplished
- Taking assets and sustainability of an establishment under protection.

Two different methods might be followed in establishments related to actualizing internal control process. The first one of these methods is actualizing internal controls by units formed by establishments themselves. Other method is receiving support from outside via independent organizations outside of an establishment. Both methods can frequently be encountered in especially accommodation establishments. In also internal audit activities provided from outside of an establishment, operation processes related to a hotel are investigated by senior auditors and presented to the top management. When a unit related to the internal control is constructed within the hotel, the purpose is to enable concerned employees to gain competence in terms of internal control by subjecting them to training related to this issue. Ultimately, hotel business processes are controlled and related reports are presented to top managements in internal control units formed within establishments as it happens in external audit (Kaya, 2010, <https://bertankaya.net/>). Effective use of accounting systems in establishments also enables internal control process to progress effectively (Aktürk, 2015: 110). However, accounting unit of accommodation businesses stay in the background because of their service producing and labor intensive structures. Therefore, conducting internal control processes by independent audit firms when a professional support is required might be the right choice at the point of achieving the objective of internal control. The concept of internal audit is a process, which is relevant to internal control but independent at the same time, of providing reports for business management to detect the effectiveness of internal control processes and system. The effectiveness of internal control system is directly examined in internal audit (Sabuncu, 2017: 170). Since both concepts are directly related to each other, they might frequently be confused or substituted for each other. However, there are differences between them in terms of content and matter.

## Literature Review

Akmeşe and Gündoğan (2020) conducted a study in order to determine perceptions of hotel managers in five-star hotel establishments operating in Alanya region related to the internal control system. In the research, it was detected that there were not considerable differences between the variables of “separation of duties”, “asset protection” and “verification of operations” and perceptions of administrators related to internal control. They also detected that perceptions of the administrators related to the internal control system considerably differentiated by their educational background. When the study is considered in terms of connection between educational level and internal control perception, it is likely to say that this is a significant finding.

Obinwanne (2019) investigated the internal control system designed for financial management of hotel establishments. It was determined that alternatives such as triple-control system and security staff were used in the internal control process. Insufficient qualifications of auditors, existence of neglects and not reviewing controls constantly in financial management units were reported as the deficiencies of the internal control processes.

Yemer and Chekol (2017) carried out a research in order to evaluate the effect of internal control systems on the hotels operating in the cities of Bahir Dar and Gondar in Ethiopia. In the research

conducted on 30 hotels, risk assessment, activities, information and communication systems of the accommodation businesses were subjected to the internal control, and the effect of this control on operating incomes was investigated. Upon the findings of the research, it was revealed that not all components included in the research had a positive and considerable effect on increasing hotel incomes. However, it was concluded that internal control of information and communication systems had a considerable effect on monitoring operating incomes to provide preliminary information.

A study is managed by Yetiş (2017) in order to determine the effect of internal control over business performance in 4 and 5 star hotels operating in Middle Anatolia Region of Turkey. Study findings revealed that control activities and monitoring factors of internal control system are effective on business performance.

In the study conducted by Ama (2016), the effectiveness of internal control system in five-star hotel establishments was investigated. The study reported that the employees did not know whether the establishment had up to date accounting policies and procedures. Besides, the employees stated that they were not sure about whether their authority and responsibilities were apparently specified. The facts that internal control activities of the organization were actualized at all levels and in all units are included among the findings of the research.

In the study conducted by Bahiru (2016), the effect of internal control systems on business financial performance was investigated. In the conclusions of the study, it was indicated that internal control system had a positive and meaningful effect on financial performance.

Öğüş and Yılmaz (2016) conducted a research on assessing the internal control process in a five-star hotel establishment operating in Marmara region. The study demonstrated that there was an internal control system actively operating in the five-star hotel establishment and contributing to business processes of the establishment.

Aktürk (2015) conducted a research on the internal control activity of an accommodation establishment. The findings revealed in the research included that applications related to the internal control were not regarded significant, internal control service which might be obtained outside the establishment was not demanded; however, a unit directly related to this issue was not formed, and no training was provided for the employees.

Okutmuş and Uyar (2014) conducted a research on the deception which was acted on food and beverage costs in an accommodation establishment and was detected through internal control. The significance of internal control was emphasized with a sample case by revealing financial loss caused by the deception which was detected by means of internal control.

Gülal (2013) carried out a research on the internal control activity and process of a five-star hotel operating in Nevşehir. The findings of the research showed that internal control process of the establishment is efficiently actualized through information and automation systems used within the organization. In the study, it is emphasized that information systems used in accommodation establishments are crucial for internal control processes of establishments and keeping systems updated is important in terms of internal control.

Ömürbek and Altay (2011) conducted a research to investigate the efficiency of internal control systems in five-star hotels in the district of Manavgat, in Antalya Province. The results of the conducted investigation and analyses showed that there were deficiencies and financial difficulties in the hotels, especially in the departments of food and beverages. It was stated that cost increase might be prevented by providing an effective internal control system in five-star hotels, especially in the departments of food and beverages, accordingly.

Gönen and Ergun (2008) conducted a study in İzmir Princess Hotels to reveal how internal control systems were performed in a five-star hotel. Through this study, the issues of conducting internal control system efficiently and increasing its efficiency were searched by means of observations, interviews and investigation. One of results obtained in this study is that accounting information provides significant input data for the internal control of an establishment. In addition, it has determined that the internal control system used in the hotel is not only based on the accounting unit, it actively continues in other departments and it is tried to be continued against changing situations.

## **Methods**

The purpose of the study is to evaluate the effectiveness of internal control systems in five-star accommodation establishments operating in Turkey and to measure the effect of organizational structure and culture gained by establishment on internal control systems. In the research, the questionnaire form was employed as the data collection tool. The questionnaire form consisted of two main sections in general. In the first section of the questionnaire form, in addition to the questions determining positions, periods of employment, educational levels of the participants, the questions which were used to determine operating period, number of rooms, number of permanent and seasonal employees of an establishment were included. The second section of the questionnaire involved the scales of “structure and culture of an organization” and “internal control systems”. The study conducted by Ama (2012) in Ghana- Koforidua was benefitted for the use of the scales included in this study, and this scale was applied to all five-star hotels operating in Turkey by modifications and rearrangements on territorial base.

In the study, a structured questionnaire was conducted on five-star accommodation establishments operating in service industry and having more knowledge about working with internal control systems and units as a result of their upper level segment structures. The questionnaire was sent to all of the five-star hotels operating in Turkey in order to carry out a comprehensive research. The efficiency of the control systems, the control activities carried out for internal control and the mechanisms enabling enterprises to achieve their objectives were investigated. The questionnaires were responded by general managers of five-star hotel businesses and managers of accounting departments, which are more relevant to the internal controlling, and authorized employees. 200 questionnaires have been responded and provided necessary responses for the data analysis. The arithmetic means, standard deviations belonging to the demographic features obtained in the research and reliability and validity results belonging to the scales used in the research were included. On the other hand, within the purpose of the research, the regression analysis was conducted in order to measure the effect of organizational structure and culture on internal control systems.

The research model constructed with the hypothesis that organizational structure and culture would affect internal control systems is depicted in Figure 1:

**Figure 1:** The Model of the Research



The hypotheses, which were formed to test by using the model of the research as a basis, are as follows:

- **H<sub>0</sub>:** Organizational structure and culture do not have a meaningful effect on internal control systems.
- **H<sub>1</sub>:** Organizational structure and culture have a considerable effect on internal control systems.

### Research Findings and Analysis

In the research, at first, the obtained data were inputted to SPSS 23 package software. Next, appropriate analyses were employed. Arithmetic means and standard deviations of the questions included in the first section of the questionnaire form were calculated and the results given in the table below were obtained:

**Table 1:** Results Concerning the Positions of the Participants in the Establishment

Position	Number	Percentage
Accounting Staff	109	54,5
Assistant Accounting Manager	52	26
Accounting Manager	24	12
Assistant General Manager	10	5
General Manager	5	2,5
<b>Total</b>	<b>200</b>	<b>100</b>

In the study, five-star accommodation establishments operating in Turkey were investigated and the questionnaire was sent to the business managements and accounting units that might have knowledge about internal control. When the received responses given in Table 1 are examined, it might be stated that the staff of accounting units mostly provided the answers given to the questionnaire. Accounting activities, especially in five-star hotel accommodation establishments, have gone beyond being one of those minor tasks followed by the front office and a separate accounting unit in coordination with the front office or management has conducted them. Internal control is a process conducted by the management to prevent extra costs within an organization and customer losses led by unnecessary costs. Because of its contribution in preventing unnecessary costs, it is associated with accounting department. In this case, it is possible to say that relevant staff provided the responses given to questions included in the questionnaire and res

**Table 2:** Results Related to the Participants' Periods of Employment

Duration of Employment	Number	Percentage
Less than 1 year	9	4,5
Between 1-5 years	77	38,5
Between 6-10 years	76	38
More than 11 years	38	19
<b>Total</b>	<b>200</b>	<b>100</b>

When durations of employment within the accommodation establishments of the participants who responded to the questionnaire are considered, it is clear that the number of those who worked in the accommodation establishment for 5 years and over is slightly more. Periods of employment are important for the participants replying to the questionnaire in terms of becoming dominant to organizations in which they work and to management processes of organizations. Considering the table, it is likely to say that the answers given by the participants for internal control processes are reliable.

**Table 3: Results Related to the Educational Backgrounds of the Participants**

Education Level	Number	Percent
High School	13	6,5
Associate Degree	78	39
Bachelor's Degree	59	29,5
Masters' Degree	44	22
Doctorate	6	3
<b>Total</b>	<b>200</b>	<b>100</b>

In Table 3, educational backgrounds of the participants responding the questionnaire were examined and it is apparent that five-star accommodation establishments generally look for high educational levels in their employees. When the answers are examined, it is seen that most of the participants have associate degree and above. This situation is of importance in terms of data reliability and informs about labor force and expectations of accommodation establishments.

**Table 4: Results Related to the Operating Periods of the Hotel Establishments in Which Questionnaire Form Was Applied**

Operating Period of The Establishment	Number	Percentage
1-5 years	32	16
6-10 years	75	37,5
11-15 years	26	13
16 years and over	67	33,5
<b>Total</b>	<b>200</b>	<b>100</b>

When operating periods, given in Table 4, of the establishments where the questionnaire forms were conducted are examined, it is observed that most of them are 5 years and over. Based on these data, it is likely to say that the accommodation establishments answering to the questionnaire form have considerable experience to operate within the framework of certain strategic planning and application tools. This could be evaluated as a great deal in terms of reliability of the questionnaire data. Internal control is a management process and it is closely associated with organizational culture and identity of an establishment. Corporate identity is an abstract factor, which is formed in a given time.

**Table 5: Results Related to the Number of Rooms of the Hotel Establishments Where the Questionnaire Form Was Applied**

Number of Rooms	Number	Percentage
Between 0-200	61	30,5
Between 201-299	51	25,5
300 and more	88	44
<b>Total</b>	<b>200</b>	<b>100</b>

When Table 5 in which the numbers of rooms of the participating establishments are given is considered, it is clear that most of them are in large-scale status. The size of an accommodation establishment is significant in terms of room cost and other costs. Large-scale accommodation establishments attach greater importance to quality control processes and may apply more

different management tools. When viewed from this aspect, it is possible to say that the staff of the establishments having comprehensive processes answered the questionnaires, and they have qualification that is more reliable.

**Table 6:** Results Related to the Number of Permanent Employees Working in Hotel Establishments in Which the Questionnaire Form Was Conducted

<u>Number of Permanent Employees</u>	<u>Number</u>	<u>Percentage</u>
1-25 employees	38	19
26-50 employees	8	4
51-75 employees	39	19,5
76-100 employees	22	11
101 and more employees	93	46,5
<b>Total</b>	<b>200</b>	<b>100</b>

Permanent employee means the staff who permanently works on season and off-season in accommodation establishments. The numbers of permanent and seasonal employees of accommodation establishments vary with respect to their scales, strategic structures and destinations where they operate. The number of permanent employees working in accommodation establishments operating seasonally may differ from the number of staff in accommodation establishments located in metropolitan cities operating actively in every season. Considering the Table 6, it is clear that most of the establishments employ 75 and more permanent employees. When it is taken into consideration in terms of the role of the employed staff in the internal control process and employee expenses, it is possible to state that large number of employees also provided information in terms of active internal control processes. Since employing a large number of staff leads to different responsibilities and costs, it necessitates conducting elaborate control processes.

**Table 7:** Results Related to the Seasonal Employees in Hotel Establishments in Which the Questionnaire Form Was Employed

<u>Number of Seasonal Employees</u>	<u>Number</u>	<u>Percentage</u>
0-5 employees	70	35
6-10 employees	23	11,5
11-15 employees	27	13,5
16-20 employees	11	5,5
21 and more	69	34,5
<b>Total</b>	<b>200</b>	<b>100</b>

When Table 7 is considered in terms of numbers of seasonal employees, it is apparent that most of the accommodation establishments participating in the questionnaire employ 10 and more seasonal staff for active seasons apart from the permanent staff. It might be stated that all of the participants need extra staff for active seasons. This situation affects many processes within the establishment. Quick adaptation of employees to an establishment and its operating processes are generally tried to be achieved through on the job training. Each of these phases led to different responsibilities and extra costs. Naturally, each activity related to employees is an issue directly associated with internal control processes, which also examine cost items. It is likely to say that this situation happens in all of the participant establishments and they dominate internal control processes related to staff.

In addition, along with all these analyses, arithmetic means and standard deviations of the statements included in the scales of “structure and culture of an organization” and “internal control systems” were calculated, and the results given in the table below were obtained:

**Table 8: Descriptive Statistics Related to the Statements Included in the Scale of “Structure and Culture of an Organization”**

Statement	N	Mean	Standard Deviation
Seminars and meetings are arranged in order to let employees to share their opinions with administrators	200	4,5900	,65117
Your hotel has literal and understandable structure with standard rules.	200	4,4800	,78912
Regardless of profit, new product and service production is essential.	200	4,4450	,62363
Your hotel rapidly customizes its products and services to satisfy the need of customers	200	4,4100	,78420
Employees from various departments communicate with each other.	200	4,3650	,56868
Departmental objectives are determined through the contribution of employees	200	4,3650	,56868
Your hotel is sensitive to external environment factors such as service potential, customer expectations, competitor's activities and economic conditions.	200	4,3500	,75522
You are the leader in terms of costs.	200	4,2550	,84471
Employees exchange ideas with administrators or coworkers.	200	4,1450	1,03408
All decisions taken for the hotel gets approval of top management.	200	4,0700	1,03463
Customer needs and expectations are at the forefront.	200	4,0700	,97460
There are more than 6 hierarchical levels between the lowest unit employees and general manager.	200	4,0650	,91924
The adaptation to changes happening in the direction of customer expectations and current requirements is limited in your hotel.	200	4,0500	,83726
The variety of presented products and service is more in comparison with competitors.	200	3,9650	,83502
Department managers and chiefs constantly support employees.	200	3,9450	,83994
Routine operational plans and decisions are determined with the participation of employees in your hotel.	200	3,9100	,95733
While taking strategic level decisions in your hotel, participation of employees is regarded by asking their opinions.	200	3,7550	1,11408
With respect to internal communication, formal communication type is preferred rather than telephone or face to face communication	200	3,6800	1,15511
Most of the employees in the organization prefer working routines rather than enforced tasks.	200	3,4100	1,09906
Information and resource sharing among departments are prevalent.	200	3,3550	1,22740
Your hotel expands the market comprehension of its products and services.	200	3,3000	1,14742
In your hotel, there is a consistent working environment with less service in comparison with competing establishments.	200	3,2950	1,21877
In your hotel, high quality service is offered at a low price.	200	3,1600	1,18381
All managers has the approval authority solely related to their departments.	200	3,1200	1,23825

As it is apparent in Table 8, the statement which has the highest arithmetic mean in the scale of “structure and culture of an organization” is “Seminars and meetings are arranged in order to let employee to share their opinions with administrators ( $X=4,59$ ). The statement having the lowest arithmetic mean is “All managers has the approval authority solely related to their departments” ( $X=3,12$ ). In this case, it is possible to state that there is a constant interaction between management and employees in internal processes within an organization.

The descriptive statistics related to the statements included in the scale of “internal control systems”, which is another scale used in the scope of the research, are given in Table 9:

**Table 9: The Descriptive Statistics Related to the Statements Included in the Scale of “Internal Control Systems”**

Statement	N	Mean	SD
Controls over purchasing and payments	200	4,6500	,70711
Controls over salary and wage payments	200	4,6250	,77289
Obedience with current laws and regulations at the maximum level	200	4,5850	,56956
Controls over bank deposits and cash balance	200	4,4800	,89645
In your hotel policies, guidelines and instructions related to accounting are up to date	200	4,4100	,78420
Security of assets (limiting the access to cash, cash equivalents and other valuable assets)	200	4,3750	,73967
Displaying sensitivity in terms of effectiveness and efficiency of operating activities	200	4,3500	,55592
When general activities in the organization within internal control processes are considered, it is observed that these activities are effective enough	200	4,2200	,77758
In your hotel, personnel policies are determined and staff are informed about them	200	4,2100	,89437
Performance assessments (comparison of budgeted and realized figures by the management)	200	4,1950	,74143
Controls related to withdrawal and transfer of cash or funds	200	4,1900	,99441
Optimization of procedures regarding to monitoring activities	200	4,1800	,67816
Use of approval, authorization and confirmation activities	200	4,1600	,69774
There is an organization scheme apparently describing areas of authority and responsibility	200	4,1250	1,03670
There are business connections with other organizations pursuant to the commercial practice	200	4,0350	,82898

As it is observable in Table 9, the statement having the highest arithmetic mean in the scale of “internal control systems” is “Controls over purchasing and payments” ( $X=4,65$ ). The statement having the lowest arithmetic mean in the scale is “There are business connections with other organizations pursuant to the commercial practice” ( $X=4,035$ ). Depending on this result, it is possible to say that there are intense controls over purchasing and payment within the internal control processes of accommodation establishment. On the other hand, internal consistency coefficients and Kaiser-Meyer-Olkin (KMO) values of the scales used in the research were calculated and the results included in Table 10 were obtained:

**Table 10:** Coefficients Related to the Reliability and Validity Results of the Scales Used in the Research

Scale	Cronbach's Alpha	Kaiser-Meyer-Olkin and Bartlett's Test			
		KMO	Chi-Square	df	Sig.
Structure and Culture of the organization	,923	,623	5119,683	276	,000
Internal Control Systems	,939	,753	3464,817	105	,000

By considering the results given in table 10, it might be stated that internal consistency coefficients of the scales, which were used in the research, are considerably high, and the values of KMO are at acceptable levels. Finally, the regression analysis was employed in order to measure the effect of structure and culture of an organization on internal control systems within the basic objective of the research.

**Table 11:** Results Related to the Regression Analysis Used I in the Research

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Standard error	Beta		
(Independent Variable)	2,203	,241		9,129	,000
Structure and Culture of an Organization	,537	,061	,533	8,860	,000

Dependent Variable: Internal control system  $r^2=,284$ , Corrected  $r^2=,280$ ,  $F=78,496$

Table 11 depicts that the research model is meaningful regarding to the regression analysis ( $F=78,496$  ;  $p=,000<,05$ ). With respect to the model, structure and culture of an organization explains 28 % of the variance over internal control systems. This means that structure and culture of an organization increases the level of internal control systems ( $\beta=,533$ ). Based on these results,  $H_1$  has been accepted.

## Conclusions

In the research, five-star hotel establishments sustaining customer driven operations and; therefore, delivering quality-driven processes rather than cost-driven processes, were taken into consideration in terms of operating sustainability. Accounting units and internal control processes of hotel businesses, which remain in the background due to their service-driven structure, were examined. It might be stated that minimizing errors, which may cause extra costs for hotel establishments because of their high fix cost, is of great importance to operating profitability and financial sustainability. Findings revealed that effectively carried out internal control activities come into prominence. When the results are considered in general, it is possible to say that internal control systems are effectively applied, controls over financial items and units are constantly performed in general in five-star hotels operating in Turkey.

It might be clearly derived from findings that organizational structure and culture that an establishment possesses affect internal control system. In other words, the status of the

relationship among employees, the role of employees in taking qualified decisions, the communication among departments, workplace environments in which resource sharing and exchange of ideas are provided affect internal control systems and the efficiency of internal control systems. On the other hand, it is observed that there are both dependence and causality relationships between organizational structure and culture and internal control systems.

The results of the study revealed that internal control systems are considered quite important in five-star hotel businesses and providing this condition in hotel establishments with variations sizes would reveal positive results for both tourism sector and national economy cumulatively.

## References

- Akmeşe, H., & Gündoğan, H. (2020). The role of internal control in hotel business: a research on five-star hotels. *Ömer Halisdemir Üniversitesi İktisadi ve İdari Bilimler Fakültesi Dergisi* , 227-241.
- Aktürk, A. (2015). Konaklama İşletmelerinde Etkin Bir İç Kontrol Sisteminin Tesisi Bağlamında Muhasebe Sistem Organizasyonu: Bir Vaka Analizi. *Journal of Accounting, Finance and Auditing Studies* , 108-127 .
- Ama, A. J. (2012). An assessment of internal control system on the image of the hospitality industries in royal mac-dic hotel and capital view hotels. Kwame Nkrumah University of Science and Technology.
- Amoah, C. (2016). Assessment Of The Internal Controls At Anyinam Lodge, Obuasi. Master Thesis: Kwame Nkrumah University of Science and Technology.
- Bahiru, A. (2016). The Role Of Internal Control In Enhancing The Financial Performance Hotelsthe Case Of Capital Hotel And Spa. Ethiopia: St. Mary's University.
- Cahpter 11. (tarih yok). Introduction to Internal Control Systems. 08 10, 2019 tarihinde Course Hero: <https://www.coursehero.com/> adresinden alındı
- Çiçek, B. (2004). İşletmelerde İç Kontrol ve İç Deenetim: Türkiye'de ki Beş Yıldızlı Otellere Yönelik Bir Araştırma. Kayseri: Erciyes Üniversitesi.
- Gönen, S., & Ergun, Ü. (2008). Otel İşletmelerinin Yiyecek İçecek Bölümünde İç Kontrol Sisteminin Etkinliğinin Değerlendirilmesine Yönelik Bir Uygulama. *Ege Akademik Bakış* , 183-204.
- Gülal, Ö. S. (2013). İç Kontrol Sistemi ve Bir Otel İşletmesinde Uygulanması, Dedeman Kapadokya Oteli'nde Uygulama. Aydın: Adnan Menderes Üniversitesi.
- Kaya, B. (2010). Konaklama İşletmeleri ve İç Denetim İhtiyacı. 03 01, 2021 tarihinde <https://bertankaya.net/> adresinden alındı
- Obinwanne, C. O. (2019). The Role of Effective Internal Control System to the Financial Management of Hotel Operations. *International Journal of Research in Tourism and Hospitality (IJRTH)* , 17-24.
- Okutmuş, E., & Uyar, S. (2014). onaklama işletmelerinde yiyecek-içecek departmanında yapılan bir hilenin tespiti: Vaka analizi. *Mali Çözüm* , 35-54.
- Öğüş, C. İ., & Yılmaz, B. (2016). Otel İşletmelerinde İç Kontrol Sisteminin Kurulması: Marmara Bölgesi'ndeki Beş Yıldızlı Bir Otelin İç Kontrol Sisteminin İncelenmesi. *Girişimcilik ve Kalkınma Dergisi* , 78-107.
- Ömürbek, V., & Altay, S. (2011). Turizm İşletmelerinde İç Kontrol Sisteminin Etkinliğinin İncelenmesi Ve Manavgat Bölgesindeki Beş Yıldızlı Otellerde Bir Araştırma. *Süleyman Demirel Üniversitesi İktisadi ve İdari Bilimler Fakültesi Dergisi* , 379-402.
- Research Committee, T. I. (2002). *Technical Guide on Accounting And Auditing In Hotel Industry*. New Delhi: The Institute Of Chartered Accountants Of India.
- Sabuncu, B. (2017). İşletmelerde İç Denetim ve İç Kontrol İlişkisi. *C.Ü. İktisadi ve İdari Bilimler Dergisi* , 161-174.
- Yemer, M., & Chekol, F. (2017). The effect of internal controls systems on hotels revenue. A case of hotels in bahir dar and gondar cities. *Arabian Journal of Business and Management Review* , 19-37.
- Yetiş, Z. (2017). İç kontrol sisteminin işletme performansı üzerindeki etkisi: Otel işletmeleri örneği. Konya: Necmettin Erbakan Üniversitesi- Yüksek Lisans Tezi.