The Impact of Organizational Inertia on Organizational Performance in Travel Agencies and Hotels: The Moderating Effect of Organizational Agility

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Abstract

This research aims to study the impact of organizational inertia dimensions (insight inertia, action inertia, and psychological inertia) on the organizational performance of travel agencies and hotels in Egypt. In addition, the research explores the moderating role of organizational agility in addressing organizational inertia to obtain the best performance. The research relies on the quantitative approach in collecting data through a questionnaire. Total valid forms 331 were obtained from employees working in travel agencies category (A) and five-star hotels in Greater Cairo. The WarpPLS 7.0 was used to analyze the received data to reach the research results. The research found that insight inertia and psychological inertia have a negative effect on organizational performance. In contrast, action inertia has a positive effect on organizational performance. The findings also indicated that organizational agility has no moderate role in the relationship between organizational inertia dimensions and organizational performance. The research results have important implications for the tourism and hospitality industry theoretically and practically. The present research contributes to reducing organizational inertia to improve organizational performance for travel agencies and hotels by introducing some recommendations and suggestions for hotels and travel agencies.

Keywords: Organizational inertia, organizational performance, organizational agility, five-star hotels, travel agencies, Greater Cairo

Introduction

The volatile and competitive environment of the hospitality and tourism industry throws economic, financial, and cultural hurdles at organizations striving to delight customers (Alaa-Eldeen et al., 2023). Hospitality and tourism organizations experience higher and more fierce competition than any other service industry due to the congested and homogeneous market, high exit while low entry barriers, and cost-driven customers (Lee et al., 2016). In response, hospitality and tourism organizations need a set of competitive capabilities. These capabilities empower them to withstand turbulent conditions, outmaneuver competitors, thrive in the marketplace, and have better performance (Sadq et al., 2019). Organizational performance reflects how effectively an organization utilizes resources (both tangible and intangible) to achieve its goals and gain intangible benefits (Emmanuel & Nwuzor, 2021). Organizational performance can be judged through two lenses: the subjective realm of perceived value, shaped by factors like satisfaction, and the objective realm of quantifiable achievement, measured by data like sales and growth rates (Akpa et al., 2021).
Olan et al. (2019) define organizational performance as the ability to successfully reach predetermined goals, including profit preservation, competitive differentiation, market share expansion, and long-term survival. This success, they argue, hinges on the effective implementation of appropriate organizational strategies and practical plans. Organizations prioritize performance improvement, constantly seeking ways to enhance their output (Iqbal et al., 2018). This requires identifying key factors influencing performance, and then either strengthening or mitigating their impact (Urban & Joubert, 2017).

Organizations can get stuck in the past, clinging to familiar practices to stay afloat in a changing world. This tendency, called organizational inertia, manifests in multiple ways, from rigid structures and outdated strategies to ingrained procedures, leadership styles, management models that resist change, and even team spirit and ingrained work habits that prioritize maintaining the status quo (Amiripour et al., 2017). Furthermore, each one of these aspects has divergent concepts and values, which can clash and interact with each other. Through this ongoing process, the organization gradually refines and combines these concepts to form its overall set of guiding principles. This value system is crucial for the organization to adapt to changing circumstances. If an organization gets stuck in its ways and fails to adjust, this means it suffers from inertia and is unable to keep up with the times (Shi & Zhang, 2018). Organizational inertia refers to an organization's tendency to become rigid in its ways as procedures, routines, resources, and culture solidify (Gilbert, 2005; Huang et al., 2013). Organizational inertia theory proposes that organizations tend to stay on their established course - a phenomenon known as organizational inertia (Le Mens et al., 2015). However, some argue that inertia isn't just about maintaining the status quo; it's about the difficulty of changing course significantly (Sillic, 2019). While consistency can be beneficial in keeping core functions running smoothly (Stieglitz et al., 2016), it can also hinder growth and adaptation to a changing environment. This is where inertia becomes a double-edged sword: it can provide stability but also stifles innovation and performance (Gilbert, 2005; Zhen et al., 2021). For instance, rigid internal processes and procedures can be roadblocks to implementing new ideas and staying competitive (Wang et al., 2015). In today's fast-paced and fragmented markets, overcoming inertia becomes crucial for survival and enhancing organizational performance (Huang et al., 2013; Nedzinskas et al., 2013).

In today's competitive world, agility is the key to unlocking peak performance (Cegarra-Navarro et al., 2016). Organizations that can adapt with speed and precision outperform those stuck in rigid structures (Sanatigar et al., 2017). Agility is multifaceted, with distinct strengths in different areas (Sull, 2010). Strategic agility allows organizations to sniff out and capture new possibilities, portfolio agility lets organizations nimbly shift resources between business ventures, and operational agility empowers organizations to squeeze the most out of their existing models (Joiner, 2019). Organizational agility is crucial for meeting the expectations of all stakeholders, including the organization itself, its shareholders, employees, and others (Kurniawan et al., 2020).
Organizational agility is related to sensing shifts, grabbing opportunities by the horns, and nimbly navigating through disruptions. Agility lets organizations evolve their strategies, operations, and mindset to not just survive, but flourish (Walter, 2021). In complex and highly competitive environments, like the hospitality industry, agility empowers organizations to make informed strategic decisions quickly. Where agility enables organizations to analyze data, gather insights, and adjust their course in real time, minimizing uncertainty and maximizing success (Liu et al., 2018). Agile structures enable organizations to respond decisively to internal and external shifts. They can redesign processes, implement new strategies, and even modify their organizational structure as needed. This fluidity allows them to capitalize on emerging opportunities and navigate uncertainty (Darvishmotevali et al., 2020). In addition, agile organizations prioritize understanding and satisfying customer needs (Melián-Alzola et al., 2020). They rapidly develop and deliver new products and services, constantly iterating based on feedback. This responsiveness strengthens customer loyalty and drives growth (Alsubaihi et al., 2020).

Previous research examined the direct relationship between organizational inertia and organizational performance in various contexts such as financial institutions (Huang et al., 2020), information technology industry (Moradi et al., 2021), small and medium enterprises (Prasheena & Thavakurnar, 2021; Yusof, 2021; Hongdiyanto et al., 2022), Iranian ministry of sports and youth (Hassannejad et al., 2022), and the manufacturing industry (Jiang, 2023). To the best knowledge, no previous research investigated the direct relationship between organizational inertia and organizational performance in the hospitality and tourism industry nor the indirect relationship through the moderating effect of organizational agility. This highlights a gap in the literature, to bridge the gap the study aimed to explore the relationship between organizational inertia and organizational performance in the hospitality and tourism contexts. In addition, investigated the moderating role of organizational agility in the relationship between organizational inertia and organizational performance.

**Literature Review and Hypotheses Development**

**Organizational Inertia and Organizational Performance**

Organizational performance plays a crucial role in management. Its significance stems from its dual impact; it drives both long-term stability and growth for the organization and highlights key strategic decisions and execution effectiveness. Consequently, assessing an organization's performance is vital for understanding its present health and predicting its future trajectory (Schneider et al., 2018). Ek & Mukuru (2013) noted that organizational performance mirrors the effectiveness of resource utilization in pursuing goals and enriching knowledge capital. Organizational performance is known as a holistic measure reflecting the effectiveness and efficiency of all operations of an organization. Any shortcomings in these operations manifest as deficiencies in the overall
organizational performance, revealing the organization's current state (Kuleelung & Ussahawanitchakit, 2015).

Organizational performance was defined as the effectiveness and efficiency of an organization in allocating and utilizing its resources to accomplish its pre-determined objectives (Muthuveloo et al., 2017). Additionally, Zhou et al. (2019) propose that organizational performance can be used as a comprehensive system for evaluating work outputs. This system allows stakeholders to identify areas where output falls short of expectations and take corrective action. Boosting organizational performance is a top priority for every organization, and various strategies are employed to achieve that goal (Iqbal et al., 2018). The key lies in identifying and reinforcing factors that drive organizational performance while minimizing those that hinder it (Urban & Joubert, 2017; Hashad et al., 2023). Organizational inertia is one of the controversial aspects regarding its impact on organizational performance, with arguments for both positive and negative effects (Moraes Carvalho et al., 2018; Prasheenaa & Thavakurnar, 2021; Hongdiyanto et al., 2022). Organizational inertia is defined as an organization's tendency to stick to its routine at work instead of responding to changes in the surrounding environment (Hannan & Freeman, 1984; Gilbert, 2005).

Godkin and Allcorn (2008) differentiated between three key aspects of organizational inertia: insight inertia, action inertia, and psychological inertia. Firstly, insight inertia signifies a critical impediment to an organization's ability to adapt to its environment. It manifests as a deficiency in recognizing and interpreting both internal and external cues, that signal the necessity for strategic or operational adjustments (Huang et al., 2013). Insight inertia was conceptualized as an organizational knowledge gap regarding its environment and the drivers of change (Moradi et al., 2021). Secondly, psychological inertia refers to the resistance experienced by organizational members due to psychological factors like stress, anxiety, and defensive mechanisms triggered by change (Godkin & Allcorn, 2008). This resistance stems from a natural aversion to novelty and the potential disruption of established routines. Employees may fear losing control, acquiring new skills, or experiencing negative consequences (Moradi et al., 2021). Finally, action inertia arises when management experiences delays in translating environmental analysis into concrete actions. Unlike insight inertia, this occurs after recognizing the need for change (Godkin & Allcorn, 2008). Huang et al. (2013) identified several factors contributing to action inertia like limited role learning. In this case, people gain the knowledge to do their jobs differently, but their jobs don't allow them to use this knowledge. Another reason is audience learning. Here, people learn something new and adjust their behavior, but they can't convince others to do the same. Finally, fictitious learning happens when people misunderstand the impact of their organization's actions on the environment.

Traditionally, research about the connection between organizational inertia including insight inertia, action inertia, and psychological inertia and performance has been drawn from two main perspectives: the resource-based view and the organizational inertia
The organizational inertia perspective views inertia as a hindrance, leading to resistance to change, and ultimately reduced performance (Leonard-Barton, 1992).

Contrary to the common view of inertia as a hindrance, the resource-based view suggests it can be a valuable asset, enabling organizations to fuel innovation, encourage strategic decision-making, and ultimately boost performance (Cheng & Kesner, 1997). Therefore, Nedzinskas et al. (2013) noted that the key lies in understanding the interplay between internal dynamics, external environment, and effective resource management to harness the positive potential of inertia and avoid its negatives. Mishina et al. (2004) highlighted the detrimental impact of inertia on organizational performance. They observe that when organizations prioritize stability over change in response to performance struggles, they become entrenched in rigid routines and structures, ultimately hindering their ability to regain traction. Greve (2011) argues that when organizations face declining performance, their efforts to minimize risk can backfire, creating inflexible structures and practices (i.e., organizational inertia) that hinder them from adapting and improving. Further, Nedzinskas et al. (2013) also support this notion. Therefore, the following hypothesis was formulated:

**H1**: Organizational inertia negatively impacts organizational performance.

**H1a**: Insight inertia negatively impacts organizational performance.

**H1b**: Action inertia negatively impacts organizational performance.

**H1c**: Psychological inertia negatively impacts organizational performance.

The Moderating Role of Organizational Agility

Surviving in the current highly competitive work environment requires organizations to ditch rigid plans and embrace dynamic action. Organizational agility has become a critical differentiator for organizations, empowering them to sense and capitalize on evolving markets (Felipe et al., 2016). Organizational agility was defined as the capability to confront unpredictable marketplace shifts with swift, innovative responses, and improve growth by capitalizing on two key aspects: operational adjustment agility and market capitalizing agility (Ravichandran, 2018; Zhen et al., 2021). Market capitalizing agility possesses a keen sense for evolving user desires and reacts by launching products and services that hit the mark, all within a tight timeframe. Operational adjustment agility thrives on external changes by unlocking the potential of its workforce and continuously optimizing its internal processes for maximum responsiveness (Lu & Ramamurthy, 2011). Prior research suggests that organizational agility hinges on internal factors. These include well-developed information technology competencies (Chakravarty et al., 2013; Felipe et al., 2016). In essence, high-quality information technology capabilities and practices are crucial for agility (Zhou et al., 2018). By leveraging effective information systems, organizations can proactively
respond to market shifts and deliver superior products and services, achieved through adaptable and efficient internal processes (Queiroz et al., 2018).

Despite the urgent need for businesses to adapt to a dynamic environment, our understanding of factors hindering organizational agility and strategies to overcome them remains woefully inadequate (Zhen et al., 2021). Organizational inertia is among the factors that impede organizational agility and organizations' adjustment to environmental turbulence (Tallon et al., 2019). Responding to a dynamic business environment efficiently and effectively requires proactive innovation in the form of novel services or products (Chakravarty et al., 2013). This necessitates constant resource and capability updates to generate agile options (Ravichandran, 2018). While organizational routines can offer stability and efficiency, they can also become shackles that hinder adaptation (Yi et al., 2016; Ashrafi et al., 2019). Studies show that path dependency, an inherent feature of routines, can trap firms in outdated practices, making it difficult to explore better alternatives (Yi et al., 2016; Aryasa et al., 2017). Over time, routines solidify into the organization's daily practices, leading to a phenomenon called organizational inertia, where the organization becomes resistant to change (Huang et al., 2013; Lin et al., 2021).

Inertia lock-in prevents the firm from reacting swiftly to shifts in the external environment, potentially putting its success at risk (Dooley, 2017). Organizational inertia, fueled by resource and routine rigidity, can make it difficult, if not impossible, for organizations to respond effectively to external changes, potentially compromising their organizational agility (Zhen et al., 2021). Regarding the relationship between organizational agility and organizational inertia. Previous research indicated a negative relationship between organizational agility and organizational inertia, this means that organizational inertia including insight inertia, action inertia, and psychological inertia decreases with the improvement of organizational agility (Deyhimpour et al., 2020; Rostamzadeh et al., 2023).

Organizations measure their performance by comparing their planned goals with the actual outcomes of their efforts. This process, known as organizational performance, has emerged as a crucial managerial concept for managers to assess the effectiveness of their initiatives and the overall success of their organization (Rehman et al., 2019). Organizational performance stems from an organization's ability to convert resources into desired outcomes, be it production, financial or non-financial success, or strategic achievements (Abeysekara et al., 2019; Wang et al., 2021). Faced with constant upheaval, organizations operating in volatile environments need to maintain strong performance and secure a sustainable competitive advantage. This challenge has given rise to the concept of organizational agility, which empowers organizations to navigate changing conditions by strengthening their ability to scan the environment for emerging trends and threats and adapt their resource allocation swiftly (Pereira et al., 2019; Cunha et al., 2020; Clauss et al., 2021). The research highlighted the critical role of organizational agility in driving organizational performance. To thrive, organizations
require a foundation of adaptability and swift reaction (Gyemang & Emeagwali, 2020; Rafi et al., 2022; Devie et al., 2023).

Ravichandran (2018) highlighted the crucial role of organizational agility. He defines it as the ability to swiftly respond to customer needs, adjust internal operations, and adapt strategic plans. This nimbleness translates to a powerful competitive advantage, significantly boosting organizational performance. Research shows that agile organizations thrive in today's dynamic environments. Their adaptability allows them to exploit opportunities like boosting organizational performance where agility unlocks a performance advantage (Lee & Yang, 2014; Cho et al., 2023); gaining market share as agility fuels market dominance (El Nsour, 2021); and optimizing resource allocation as agility empowers organizations to restructure for efficiency and effectiveness as conditions change (Hiller & Ozgen, 2023). Research has shown that organizations that prioritize agility are better equipped to handle turbulence and seize opportunities in uncertain environments (Devie et al., 2023). Li et al. (2020) argue that organizational agility reigns supreme compared to other capabilities in driving performance gains. They propose that by cultivating agility, businesses can foster collaborations that bridge technological advancements, business goals, and market demands, ultimately propelling organizational performance improvements. Organizations that can adapt quickly and react to change (agile) excel in turbulent conditions, leading to significantly improved organizational performance (Yildiz & Aykanat, 2021). A study by Cho et al. (2023) revealed that there is a significant positive correlation between organizational agility and organizational performance.

In today's ever-changing world, organizational survival hinges on understanding change and fostering innovation fueled by it (Saha et al., 2017). Researchers in the past decade have explored organizational agility as a possible solution (Friedman et al., 2018). Agile organizations constantly scan for and leverage emerging opportunities, all while ensuring stable conditions for the development and implementation of new capabilities and breakthrough ideas (Haidari et al., 2014). As organizational agility provides them the ability to effectively sense, perceive, analyze, and anticipate shifts in the organizational environment (Saha et al., 2017). An agile organization possesses key characteristics like innovation, adaptability, and a proactive response to change. This nimbleness allows them to face challenges and setbacks with resilience, ultimately leading to better performance (Rzepka & Bojar, 2020).

Organizational agility presents several benefits to organizations. On one hand, organizational agility has a positive effect on organizational performance. Where organizational agility acts as a key driver of long-term performance by enabling organizations to deliver high-quality products and services (Harraf et al., 2015; Nafei, 2016). In addition, organizations that consistently weather turbulent times, react swiftly to new challenges, build a unified and meaningful direction, continuously refine their strengths, and value their employees are considered high performers (Habibzade et al., 2021). On the other hand, organizational agility can mitigate the negative effects of some constructs like organizational inertia (Deyhimpour et al., 2020).
As previous research declares a negative correlation between organizational agility and organizational inertia, this means that the increase in organizational agility components (competence, speed, responsiveness, and flexibility) has a significant contribution to overcoming organizational inertia, as organizational inertia decreases with the advancement of organizational agility (Rostamzadeh et al., 2023). Based on this argument, it can be suggested that organizational agility may play a significant role in mitigating the negative impact of organizational inertia on organizational performance. Hence, the following hypothesis was formulated:

**H2**: Organizational agility moderates the relationship between organizational inertia and organizational performance.

*H2a*: Organizational agility moderates the relationship between insight inertia and organizational performance.

*H2b*: Organizational agility moderates the relationship between action inertia and organizational performance.

*H2c*: Organizational agility moderates the relationship between psychological inertia and organizational performance.

Based on the above, the conceptual framework of the study is illustrated in Figure 1 below.

![Conceptual framework of the study](image)

Figure (1): Conceptual framework of the study
Methodology

Sampling and Data Collection
The study focused on employees working at travel agencies category (A) and five-star hotels in Greater Cairo. Greater Cairo was chosen because it is the biggest and most accessible area in Egypt, including a large number of travel agencies category (A) and five-star hotels which make data collection easier and cheaper. The study relied on a convenience sample. The proposed research model was tested utilizing a questionnaire as a quantitative tool. An electronic questionnaire has been used to collect the data which was sent by LinkedIn to employees through March and April of 2024. A total of 331 gathered replies were appropriate for statistical examination.

Measures
To help analyze the data, the questionnaire was structured in four parts. The first section focused on gathering demographic information (age, gender, etc.) and some work details from the respondents, with five questions. To ensure the validity and reliability of the measures in this study, the scales were taken from the previous literature. The second part, the assessment of organizational inertia was conducted using 13 items (4 items for insight inertia, 5 items for action inertia, and 4 items for psychological inertia) taken from Godkin and Allcorn (2008) and Huang et al. (2013). The third part evaluates organizational agility by 4 items used by Zhen et al. (2021). Finally, 5-items were used to assess organizational performance extracted from Kim et al. (2013).

Data Analysis and Results
The WarpPLS 7.0 software was used to assess the structural model and test the hypotheses through the PLS-SEM technique (Kock, 2020). PLS-SEM is an analytical method that is frequently utilized in a variety of studies, including tourist research. It is an appropriate method to evaluate intricate structural models that have several variables with direct and indirect paths (Mekawy et al., 2022).

Sample characteristics
According to the sample's profile (Table 1), 18.4% of respondents are female and 81.6% are male. Additionally, 34.1% of respondents were under the age of 30, and 39.3% were between the ages of 30 and 45. Regarding education, the majority of participants (64.7%) held bachelor's degrees. In terms of employees' workplaces, 59.5% of them work in hotels and 40.5% in travel agencies. Finally, 46.8% of respondents had work experience for less than six years, while 39.1% had experience of between five and ten years.
Table (1): Characteristics of the sample (N=331)

<table>
<thead>
<tr>
<th>Item</th>
<th>Frequency</th>
<th>Percent (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>270</td>
<td>81.6</td>
</tr>
<tr>
<td>Female</td>
<td>61</td>
<td>18.4</td>
</tr>
<tr>
<td>Age</td>
<td></td>
<td></td>
</tr>
<tr>
<td>less than 30 years</td>
<td>113</td>
<td>34.1</td>
</tr>
<tr>
<td>30-45 years</td>
<td>130</td>
<td>39.3</td>
</tr>
<tr>
<td>46-60 years</td>
<td>88</td>
<td>26.6</td>
</tr>
<tr>
<td>More than 60 years</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Education level</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Secondary education</td>
<td>80</td>
<td>24.2</td>
</tr>
<tr>
<td>Bachelor</td>
<td>214</td>
<td>64.7</td>
</tr>
<tr>
<td>Master/Ph.D.</td>
<td>37</td>
<td>11.1</td>
</tr>
<tr>
<td>Workplace</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hotels</td>
<td>197</td>
<td>59.5</td>
</tr>
<tr>
<td>Travel agencies</td>
<td>134</td>
<td>40.5</td>
</tr>
<tr>
<td>Work experience</td>
<td></td>
<td></td>
</tr>
<tr>
<td>less than 6 years</td>
<td>155</td>
<td>46.8</td>
</tr>
<tr>
<td>6-10 years</td>
<td>105</td>
<td>31.7</td>
</tr>
<tr>
<td>More than 10 years</td>
<td>71</td>
<td>21.5</td>
</tr>
</tbody>
</table>

The measurement model

How variables and their items relate to one another is explained by a measurement model. To confirm that the measurement model is effective, the validity and reliability of each latent variable were assessed. Table 2 shows that all item loadings (0.690 to 0.946) were approved (Hair et al., 2010). The measurement model's Cronbach's alpha ($\alpha$), composite reliability (CR), and average variance extracted (AVE) are displayed in Table 2. The composite reliability (CR) values varied from 0.857 to 0.970, beyond the 0.70 limitations (Manley et al., 2021), indicating internal consistency reliability. Cronbach's alpha values, which range from 0.747 to 0.963, are over the minimum recommended of 0.70 (Kock, 2020). The validity assessment of the measures is also shown in Table 2. According to Hair et al. (2020), the suggested value of 0.50 results (range from 0.669 to 0.887) is not met by the average variance extracted (AVE), indicating convergent validity.

Table (2): The measurement of the research model

<table>
<thead>
<tr>
<th>Variable</th>
<th>Item</th>
<th>Loading</th>
<th>Sig.</th>
<th>$\alpha$</th>
<th>CR</th>
<th>AVE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Insight inertia</td>
<td>INI1</td>
<td>0.889</td>
<td>0.000</td>
<td>0.747</td>
<td>0.857</td>
<td>0.669</td>
</tr>
<tr>
<td></td>
<td>INI2</td>
<td>0.861</td>
<td>0.000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>INI3</td>
<td>N/A</td>
<td>N/A</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>INI4</td>
<td>0.690</td>
<td>0.000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Action inertia</td>
<td>ACI1</td>
<td>0.890</td>
<td>0.000</td>
<td>0.879</td>
<td>0.918</td>
<td>0.737</td>
</tr>
<tr>
<td></td>
<td>ACI2</td>
<td>0.763</td>
<td>0.000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>ACI3</td>
<td>0.914</td>
<td>0.000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>ACI4</td>
<td>0.858</td>
<td>0.000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>ACI5</td>
<td>N/A</td>
<td>N/A</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Discriminant validity

The square roots of the AVE are detailed in Table 3. The discriminant validation procedure was carried out by comparing the square root of each latent variable's AVE to its corresponding correlation with other components, as suggested by Fornell and Larcker (1981), as Table 3 illustrates. The discriminant validity of the instruments is also evaluated using the suggested (HTMT) ratio. As per Table 4, excellent discriminant validity is defined as the HTMT value being less than 0.90. According to Heseler et al. (2016), this shows robust and sufficient discriminant validity for all latent constructs. These findings are consistent.

Table (3): Discriminant validity evaluation

<table>
<thead>
<tr>
<th>Variable</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. INI</td>
<td>0.818</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. ACI</td>
<td>-0.672</td>
<td>0.858</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. PI</td>
<td>0.520</td>
<td>-0.359</td>
<td>0.934</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. OA</td>
<td>-0.682</td>
<td>0.739</td>
<td>-0.533</td>
<td>0.942</td>
<td></td>
</tr>
<tr>
<td>5. OP</td>
<td>-0.683</td>
<td>0.738</td>
<td>-0.528</td>
<td>0.907</td>
<td>0.918</td>
</tr>
</tbody>
</table>

Table (4): HTMT ratios

<table>
<thead>
<tr>
<th>Variable</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. INI</td>
<td>0.808</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. ACI</td>
<td>0.649</td>
<td>0.405</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. PI</td>
<td>0.795</td>
<td>0.797</td>
<td>0.590</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. OA</td>
<td>0.791</td>
<td>0.793</td>
<td>0.584</td>
<td>0.945</td>
<td></td>
</tr>
</tbody>
</table>

Note: Good if <0.90, best if <0.85.
The research structural model

Path coefficient analysis, P-value, and R-square were used to analyze the structural model. Based on the results from the hypothesis testing Figure (2), insight inertia has a negative effect on organizational performance (β = -0.21, P = 0.009). Therefore, H1a was supported. In contrast, action inertia has a positive effect on organizational performance (β = 0.47, P < 0.01), refusing H2a. The findings also revealed that psychological inertia has a negative effect on organizational performance (β = -0.19, P = 0.015), accepting H3a.

Regarding organizational agility moderating function, the findings indicated that organizational agility has no moderate role in the relationship between insight inertia and organizational performance (β = 0.07, P = 0.22). In the same vein, the results revealed that organizational agility has no moderate role in the relationship between action inertia and organizational performance (β = -0.09, P = 0.15). The results also found that organizational agility has no moderate role in the relationship between psychological inertia and organizational performance (β = -0.04, P = 0.32). In this instance, H2a, H2b, and H2c were rejected.

<table>
<thead>
<tr>
<th>Organizational inertia</th>
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<tbody>
<tr>
<td>Insight inertia</td>
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<tr>
<td>β = -0.21, P = 0.009</td>
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<tr>
<td>Action inertia</td>
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<tr>
<td>β = 0.47, P &lt; 0.01</td>
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<tr>
<td>Psychological inertia</td>
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<tr>
<td>β = -0.19, P = 0.015</td>
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<th>Organizational agility</th>
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<tr>
<td>β = 0.07, P = 0.22</td>
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<td>β = -0.09, P = 0.15</td>
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Organizational Performance

Figure (2): The structural model of the research

Discussion and conclusion

This research seeks to test a model that explores the relationship between organizational inertia and organizational performance, in addition to the moderating role of organizational agility in the relationship between them. This model is the first to address these relationships in Egyptian travel agencies and hotels. To reach the results of this
model, the study proposed two main objectives: 1) Testing the relationship between the dimensions of organizational inertia and organizational performance. 2) Exploring the moderating role of organizational agility in the relationship between organizational inertia and organizational performance.

The research found that insight inertia and psychological inertia have a negative effect on organizational performance. These results are consistent with Leonard-Barton (1992), who emphasized that organizational inertia leads to resistance to change and thus negatively affects and reduces performance. In the same vein, Greve (2011) and Nedzinskas et al. (2013) stated that organizational inertia can hinder the organization from adapting to surrounding changes and developments, which may reduce performance. Moreover, Krijnen (2017) identified psychological factors that contribute to inertia, such as avoidance of regret, overconfidence, present bias, and unrealistic optimism. Furthermore, employees may fear losing control, acquiring new skills, or experiencing negative consequences (Moradi et al., 2021). These factors can lead to employee inactivity, hinder employee initiative, and, consequently, hinder organizational performance. Furthermore, Errida & Lotfi (2021) stated that successful changes in organizations require leaders to develop appropriate and accepted insights, with measurable objectives and a strategy that guides the organization to the realization of expected benefits, in the absence of which failure is the greatest possibility and thus poor performance of the organization.

In contrast, action inertia has a positive impact on organizational performance. This finding is supported by Cheng & Kesner (1997), who confirmed, contrary to many studies, that organizational inertia can be valuable if innovation is promoted, and strategic decision-making is encouraged to improve performance. This finding aligns with the idea that inertia isn't inherently negative. Action inertia, specifically, can have some positive effects on performance under certain circumstances. Firstly, maintaining focus means avoiding distractions and new initiatives. Organizations can stay focused on core tasks and existing goals, leading to efficiency and productivity which may promote organizational performance (Wati et al., 2014). Secondly, as previously mentioned organizational routines may provide stability and efficiency, but they can also become too rigid and prevent the organization from adapting to new situations (Yi et al., 2016; Ashrafi et al., 2019), this may also reduce errors i.e., sticking with established processes minimizes the risk of errors that can occur during implementation of new procedures which may retain the organizational performance. Finally, preserving the knowledge; action inertia allows for the retention of institutional knowledge and expertise honed over time within the organization which can maintain the consistency of product quality or services by reducing variety in the organization, which has a clear positive impact on the organization’s performance (Yusof & Romle, 2020; Aksom, 2022).

On the other hand, the findings indicated that organizational agility has no moderate role in the relationship between organizational inertia dimensions and organizational performance. In line with the earlier findings, this study confirms that inertia within hotel
and tourism organizations outweighed their ability to adapt. As a result, inertia's hold on performance remained unchanged.

Theoretical implications and Practical implications
This study addresses a critical gap in the literature by examining the relationships between organizational inertia, organizational performance, and agility within the travel and hospitality sectors. Unlike prior research, we differentiate between types of inertia (insight, psychological, action) and explore their distinct effects on organizational performance. Our findings reveal a nuanced picture: insight and psychological inertia hinder performance, while action inertia surprisingly strengthens it. Furthermore, organizational agility does not moderate these relationships. These results suggest that inertia is a double-edged sword, and managing its different forms is crucial for optimal performance in tourism and hospitality organizations.

This study offers valuable insights for hotels and tourism agencies to enhance organizational performance. It reveals that insight inertia and psychological inertia hinder performance. These findings emphasize the importance of addressing these issues. To counter insight inertia, top management should be aware of how long tenures can limit their ability to recognize industry shifts. They should actively seek fresh perspectives and conduct thorough analyses before implementing changes.

Concerning psychological inertia, top management should address employee anxieties about change and emphasize the benefits of adaptation for both the organization and the employees. Additionally, encouraging employees to make decisions, embrace flexibility, and continuously learn fosters a culture that thrives on change, ultimately improving performance.

Finally, our study revealed that action inertia has a positive impact on organizational performance. Travel agencies and hotels should check work procedures and ensure that the rigidity of these procedures works for the benefit of the business e.g., maintaining focus, reducing errors, preserving knowledge, and maintaining their consistency of product quality or services which contribute to improving organizational performance.

Limitations and further research
This research had a set of limitations like many research in the tourism and hospitality industry. Collecting data from a large geographical scope such as Greater Cairo is one of the most notable limitations. To overcome this, the questionnaire was designed electronically and distributed via LinkedIn. In addition, the search was limited to travel agencies Class (A) and five-star hotels in Greater Cairo. Therefore, this research opens future horizons for testing the study model in other institutions related to the tourism and hospitality industry, such as airlines and restaurants. On the other hand, research has not proven the moderating role of organizational agility in the relationship between organizational inertia dimensions and organizational performance. Hence, we recommend that researchers need to consider other variables that play a moderating role in this relationship to break the organizational inertia.
References


أثر الجمود التنظيمي على الأداء التنظيمي في الفنادق ووكالات السفر: الدور المعدل للرشاقة التنظيمية
جمال إبراهيم يحيى1 يحيى شحاته الزق هيثم عبدالرازق الصوالحي1
1 قسم إدارة الفنادق، كلية السياحة والفنادق، جامعة مدينة السادات
2 قسم الدراسات السياحية، كلية السياحة والفنادق، جامعة مدينة السادات

الملخص العربي
يهدف هذا البحث إلى دراسة أثر أبعاد الجمود التنظيمي (جمود الرؤية، الجمود الإجرائي، الجمود النفسي) على الأداء التنظيمي لوكالات السفر والفندق في مصر. بالإضافة إلى ذلك، يستكشف البحث الدور المعدل للرشاقة التنظيمية في معالجة الجمود التنظيمي للحصول على أفضل أداء. يعتمد البحث على المنهج الكمي في جمع البيانات من خلال أساليب الاستبيان. تم الحصول على إجمالي 331 استجابة صالحة للتحليل الاحصائي من الموظفين العاملين بوكالات السفر فئة (A) وفنادق الخمس نجوم بالقاهرة الكبرى. تم استخدام برنامج WarpPLS 7.0 لتحليل البيانات للوصول إلى نتائج البحث. توصل البحث إلى أن هناك تأثيراً سلبياً لجمود الرؤية والجمود النفسي على الأداء التنظيمي. في المقابل، فإن الجمود الإجرائي له تأثير إيجابي على الأداء التنظيمي. أشارت النتائج إلى أن الرشاقة التنظيمية ليس لها دور محدد في العلاقة بين أبعاد الجمود التنظيمي والأداء التنظيمي. تؤكد النتائج أن هذا البحث أثر مهم على صناعة السياحة والضيافة من الناحية النظرية والعملية. يساهم البحث الحالي في معالجة الجمود التنظيمي لتحسين الأداء التنظيمي لوكالات السفر والفندق من خلال تقديم بعض التوصيات والمقترحات للفنادق ووكالات السفر.

الكلمات المفتاحية: الجمود التنظيمي، الأداء التنظيمي، الرشاقة التنظيمية، فنادق الخمس نجوم، وكالات السفر، القاهرة الكبرى.