Organizational Climate and Organizational Culture in Hospitality Industry: A Review

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Abstract

This paper attempts to understand the concepts of Organizational Climate and Organizational Culture in hospitality industry. Literature review has been conducted with help of literature available on organizational Climate and Organizational Culture and various approaches and implications to hospitality managers and organizations. The paper tries to explain the importance of strong organizational culture and good organizational climate which can be of great value to create sense of belongingness to the organization, commitment, service delivery, good financial performance, retention of employees and finally attaining competitive edge in hospitality. A strong model of organizational culture leads to achieving organizational goals, integrating the operations to achieve guest satisfaction. The paper also analyses what factors or variables contribute to establish a good organizational climate and organizational culture in hotels.

KEYWORDS: Organizational climate, Organizational Culture, hotel, hospitality.

INTRODUCTION

Globalization has affected service industry especially hotel industry in a big way. People from each corner of the world are travelling to distant places for business, pleasure, study, tourism, healthcare, functions, research etc. The demands and expectations of customers are competitive. Thereby hotels have to be competitive, develop brand image, brand culture, embrace changed practices and mould employees. International hotel chains and domestic hotel chains all are in competition with each other in offering quality services. Considering all above facts, organizations need to focus upon their organizational climate and organizational culture and align them accordingly. Sound organizational climate factors will include cooperation, friendliness, team work, employee participation in decision making, rewards etc. Climate is the perceptions of employees how they feel and view their organizations, whereas sound organizational climate factors contribute to strong organizational culture. Cultures is identified at deeper levels and are established right from the brand, symbol, logo, uniform, standard operating practices, set practices in delivering services etc. The research paper tries to analyze the different approaches put forward by various researchers with respect to climate and culture in hospitality. Good work climate and strong culture in hospitality can define good organizational performance. The review draws major conclusions which can have implications to managers of hospitality.

OBJECTIVES:

1) To understand the concepts of organizational Climate and Organizational Culture in
   hospitality through literature review.
2) To understand various approaches of Organizational Climate and Organizational Culture and its implications for hospitality organizations.

RESEARCH METHODOLOGY: The research is conducted by analyzing secondary sources of data like research papers, books, websites etc. Literature review is done with help of all secondary data related to hospitality.

CONCEPTS:

HOTEL: Micheal L. Kasavana, Richard Brooks(2005) have defined Hotel or Inn may be defined as an establishment whose primary business is providing lodging facilities for the general public, and that furnishes one or more of the following services: food and beverage service, room attendant (housekeeping service), concierge, bell and door attendant service, laundry, dry cleaning, use of furniture & fixtures. Hotels range from 50 to 2000 rooms and large hotels may have 5000 rooms, Inns may have 5 to 50 rooms and provide a higher level of personalized service**.**

HOTEL: V.Prakash Kainthola(2006) defined hotel as " a place which supplies board & Lodging, "a place for entertainment of the travelers"

ORGANIZATIONAL CULTURE: Paul Hersey, Kenneth.H. Blanchard, Dewey.E. Johnson(2005),defined

Culture as a set of important understandings that members in a society or organization have in common. Culture guides individual and collective behavior Culture consists of basic beliefs, values, and norms, basic beliefs and values what is right and what is wrong, important and unimportant. Culture influences how decisions are made, style of management and behavior patterns in the organization. Culture is created through different happenings, rituals, ceremonies, powerful persons, myths and stories. Every new strategic decision is an attempt to influence the culture or the organizations way of performing to achieve desired results. If the culture does not support new strategies, strategies will never be implemented.

CULTURE: Vijaya Kumari(2003) stated **"Levels of meaning ''** approach to understanding culture: There are three important levels in an organization culture

i) **The manifest level:** symbolic artifacts, language stories, ritualistic activities, patterned conduct norms, conventions, customs.
ii) **Strategic level:** strategic beliefs about strategic vision, capital market expectation, product market expectation, and internal approach to management.
iii)   **Deep meaning level:** values, assumptions

ORGANIZATIONAL CLIMATE Adenike Anthonia (2011), stated that Organizational

climate serves as a measure of individual perceptions or feelings about an organization. Organizational climate includes management or leadership styles, participation in decision making, provision of challenging jobs to employees, reduction of boredom and frustration, provision of benefits, personnel policies, provision of good working conditions, and creation of suitable career ladder. Organizational climate comprises of cognate sets of attitudes, values and practices that characterize the members of a particular organization.

LITERATURE REVIEW:

- **Larry Dawyer, Sharon Kemp (**2001) have studied the culture of Regent Hotel Sydney in light of various factors like routines, stories, symbols, Power structures, Organization structures, control system. It was observed that staffs with more than twelve years of service breathed regent culture and were proud to be Regent employee. **Success Stories**,-like how staff delighted the guests, **Symbols** used by the hotel in its uniform , linen all emphasize on the culture of regent Hotel. Similarly, the concepts of **Power structure**, where employees are empowered in decision making, **organization structure-** where the structures are more flat where members work with synergy; **control systems like** financial control, behavioral control, proper recruitment, employee engagement, all contribute to service oriented organization. Cultures shape employees attitudes towards the organization as well as towards guests. It helps the employees to face with internal and external challenges. Employees have a clear vision of their own goals and organizational goals and contribute to achieving both through motivation, self control and a right sense of direction thereby ensuring effective performance. The authors conclude that 'culture' of the hotel is the key element in integrating all the operational aspects of hotels. Operations smoothen due to strong identified culture .Cooperation, problem solving, socialization within organization increases the effectiveness of the organization

- **Emmanuel Ogbonna, Llyod C. Harris** (2002) have stated that culture change in hospitality is a problem because staff keeps changing and deep underlying values cannot be instilled into employees soon. Since pay packages are low people move on for better prospects. In spite of all difficulties hospitality managers do emphasize on culture aspects and try to inculcate some specific hospitality traits in their employees consistently, Authors in their study make a range of contributions to managing cultural change. They have discussed that culture change framework should be consistently checked and reviewed. The core staff of hospitality is open to cultural change but peripheral workers are not rooted to deep values of organization. It is clear that continuous cultural change is more practical and successful.

- **Thanos Kriemadis, Micheal Koniordos, Stella Leivadi, Christiana Mavromatis, Nickos kartakoullis, George karlis, Jacqueline Oncescu,**(2008) The study is basically conducted to help organizations know what kind of organization culture supports organization growth and what are the weaknesses. The authors have stated that good organizational culture not only identifies

success or failure of hotels but also provides them with edge over the others to be competitive. The Organizational Assessment Questionnaire has identified four important factors to assess organizations: Managing change, Achieving goals, coordinated teamwork, customer orientation and customer satisfaction. The research study has investigated the differences in respect to five factors proposed by Sashkin in different organizations. Generally no significant differences were found among managers of hotel units in Greece in terms of organizational culture awareness. They researchers found that results are similar among all units where managers of different star category hotels have placed equal importance on organization culture.

- **JeAnna Abott, Mary E Dawson,**(2009) have discussed that the hospitality as service sector is very challenging because the way service is provided by the employee as opposed to service itself greatly affects the level of customer satisfaction and loyalty to the organization. As such hiring quality staff providing exceptional service and retaining them is very crucial to hotel organizations. This paper tries to address the gap in the literature with respect to HR practices and performance in hospitality industry by examining hospitality culture and climate as sources of competitive edge. The researchers have tried to link human resource practices, organization culture and climate to organizational performance. The model proposed by researchers puts forward the fact that firms that foster hospitality culture and climate will employ people who are more service oriented. This in turn will ensure organizational commitment.

- **Lori J Sipe, Mark R Testa(**2011)The authors in this paper have defined Organizational culture in various aspects. The authors describe that a culture audit is a method of analyzing the correlation of the cultural levels and reexamine all the three levels. Authors have provided a theoretical foundation for conducting culture audit in the hospitality environment. It is clearly indicated that a strong culture which lays importance on customer satisfaction would have a competitive edge. With the help of this model executives can conduct an audit of their culture, identify gaps and strengthen the culture.

- **Dr.Gao- Liang Wang**(2012) have stated that Intellectual capital is the ability to use knowledge, industrial experiences, organizational structure, customer relationship, professional skills to give company competitive edge in the market. Organizational culture has a positively significant direct effect with organizational performance. Organizational culture has a significantly positive influence on Intellectual Capital, which in turn has significant positive influence on organizational performance. The results are helpful for Taiwan hotels as they provide ready reference to make management decisions.

- **Arthur Shacklock,Mark Manning, Neville Bell, Rana** (2012), As per author's views, to obtain a measure of shared perceptions, average of individual perceptions of climate need to be taken and aggregate of all individuals represents organization's climate. Various studies and measurement instruments developed to measure climate across various sector can help managers to diagnose problems, identify various organizational issues, practices which affect employee turnover, customer satisfaction and assess financial performance.

- **Indra Devi Subramanian and Yeat Nai Shin** (2013) have discussed that

turnover rate in hospitality industry is a cause of concern because it is highly service oriented. Also author has put forward the facts that dimensions of organizational climate affect turnover intentions and therefore work climate has a significant impact on work outcomes in hospitality. The variables of climate are rewards, responsibility, leadership, standards, team spirits, conformity, organizational clarity, turnover intention. Rewards system was found to be the most significant predictor of intention to leave. If proper reward system is in place and fair, employees have more sense of belongingness. The study suggests that organizations can reduce turnover by improving the organization climate.

- **Juan Liu, Seonghee Cho** have quoted that employee voice means participation of employees in key decision making, reducing problems through effective communication various studies have indicated that encouraging employee voice helps in enhanced commitment and good performance. Researchers have also stated that organization culture and leadership style will also determine whether employee will voice their concerns and opinion, ideas etc. Also leadership style also decides the success and failure of organizations. Findings show that it is essential to encourage employees to speak their ideas, issues, problems. It is possible to modify organizational culture and leadership style as per the suggestions of employees and build a positive atmosphere.

CONCLUSIONS: In summarizing the above approaches of importance of organizational climate and culture, we can conclude as follows:

1) Organizational culture is the key element in integrating all operational aspects & human resource of hotels. Operations of hotels smoothen due to strong organizational culture.
2) Changing culture frequently is difficult in hospitality. Staff keeps changing in hospitality since people move out for better prospects. Deep values cannot be instilled in employees who are new to the organization. Therefore hospitality managers should consistently induce culture change steadily. Culture change framework should be reviewed constantly.
3) Good organizational culture identifies success or failure of hotels, also provides a competitive edge to the organization.
4) Hospitality industry is highly service oriented, and quality service is highly dependent on the way service is provided by the employees. Human resource practices in hotel can highly influence the recruitment of skilled employees. Over and above good organizational climate and culture have positive effect on skilled manpower, which leads to organizational commitment.
5) A suitable culture audit model for hotels can help organizations to analyze and reinvent their culture practices.
6) Intellectual capital is the ability to use knowledge, experience, organization's structure, customer relations for the success of the organization. Good organizational culture has effect on the intellectual capital which in turn enhances organizational performance.
7) Organizational climate is an important aspect of hospitality. An aggregate of all individual employee's aggregate of perceptions of climate is required to measure organizational climate. Good organizational climate can enhance productivity and

reduce turnover.

8) Rewards system is found to be the most significant predictor of intention to leave. If proper reward system is in place and fair, employees have more sense of belongingness. The organizations can reduce turnover by improving the organization climate.

9) Lastly, encouraging employee voice is very important in hospitality. People feel important if their suggestions are taken and they are more service quality oriented. Leadership plays a key role in encouraging employee views & suggestions. This leads good organizational culture.

LIMITATIONS: The study is limited to hospitality industry in general. Similar reviews can be conducted on other service sectors like airlines, banking, hospitals etc. One can analyse whether above approaches of organizational climate and culture stand true to other sectors which can help make organizations effective.

FUTURE SCOPE OF RESEARCH: Future research can be conducted on different industries, and more variables can be studied like leadership, service quality, customer satisfaction etc.

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