



Discussion paper

Influence of national culture and balanced organizational culture on the hotel industry's performance

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ABSTRACT

This study investigates the role of national culture and balanced organisational culture in organisational performance. Hotel management requires flexibility and customer responsiveness to deal with increasingly demanding customers and competitiveness of the market. Studies of the influence of culture on performance in hotel management have not yet revealed the specific impact of national culture and balanced organisational culture on organisational performance. We use the concept of balanced organisational culture which posits that polyrational organisations are more responsive to market changes and more innovative. Data were gathered from 96 hotels in London, UK, and were analysed using structural equation modelling. Our findings show that the national culture of hotel employees influences balanced organisational culture which, in turn, influences performance. This study contributes to existing understanding of factors affecting performance, points towards further research, helps practitioners by demonstrating the importance of taking national culture into account and indicates the importance of achieving balanced organisational culture.

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1. Introduction

We examine the roles of national culture and balanced organisational culture in the hotel industry, which are key factors influencing performance. This study addresses a problem which managers face in any industry whose customers have globalised standards of expectation, which is to identify what factors have an impact on organisational performance. For the last three decades organisational scholars have been concerned with culture because they believe organisational culture affects performance (Lee and Yu, 2004). However, it is generally acknowledged that culture works on a number of different levels and the organisational level is only one (Pizam, 1993). In the context of globalised industries it is relevant for managers, especially those of multi-national corporations operating in different regions, to be aware of the effect of national culture. This study extends previous studies which have shown that organisational culture affects performance (Prajogo and McDermott, 2011; Lee and Yu, 2004) and that national culture

affects organisational culture (House et al., 2004; Nazarian et al., 2014).

The hospitality industry has a number of large players that operate globally setting expectations in the market as a whole for their customers, many of whom travel globally (Teare 1993; Hsieh and Tsai, 2009). Also, the industry has a large number of internationally mobile personnel who have to adjust to different cultures (Li and Tse, 1998; Devine et al., 2007). Additionally, managers in the industry experience different operating conditions in different countries giving rise to the paradox of how much of a local approach should be taken versus how much from the industry's global experience (Jones 1999; Brotherton and Adler, 1999; Jones and McCleary, 2004). For these reasons, we investigate the effect of national culture on organisational culture and subsequently on organisational performance in the hotel industry. We argue that the national culture of hotel employees influences the organisational culture which, in turn, influences performance and, thus, there is an indirect influence of national culture on performance.

2. Research approach

No studies to date have investigated the relationship between national culture, organisational culture and performance in the hotel industry (Tajeddini and Trueman, 2008). Previous studies,

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that were not industry specific, have investigated the impact of organisational culture on performance (Kotter and Heskett, 1992) and the impact of national culture on effectiveness (Nazarian et al., 2014). Chen et al. (2012) argue that most studies of hotel management that investigate national culture in cross-cultural studies have compared national cultures in relation to various organisational level issues such as franchising operations or pricing strategy. However, there is a lack of research on the impact of national culture on other cultural levels, including organisational culture (Groseschl and Doherty, 2000; Chen et al., 2012).

The location where the data were gathered for this study is one where there is a large hotel sector and a large number of both internal and international customers. The possible complication of the respondents not necessarily originating in the location where the data were gathered is overcome by gathering data on national culture at the individual level (Dorfman and Howell, 1988) so that it is the effect of the individuals' own national culture, whatever that may be, that is being measured. The data for the study were collected from managers and employees of 98 hotels in London, UK. Respondents were asked to complete a questionnaire with items on national culture, the current state of their organisations' cultures and aspects of their organisations' performance related to organisational effectiveness, learning and growth and customer orientation.

3. Theoretical background

Having identified the problem, the next task was to identify suitable approaches for national culture, organisational culture and performance that would aid its investigation. The criterion for making the choice was the utility of the approach for answering the research question.

In the context of this study, it is important not to be seduced by the dictionary definition of the words that are used to describe the constructs. For example, when Hofstede (1980) and Schein (2010) use the word "culture" they do not mean the same thing, though there may be some overlap in their meanings. It is unnecessary to attempt formal definitions of these terms; instead, it is safe to say that they are defined by their actual use. Thus for example, what Hofstede means by culture is ultimately defined by the meaning attached by respondents to the questions in his survey instruments and the same goes for the other constructs that we use; for a discussion of this problem in the case of performance see Lebas and Euske (2007). Therefore, we shall not attempt definitions but use well-known constructs that are familiar to academics and practitioners alike.

3.1. National culture

Though culture scholars share no precise agreement on what is meant by the term "culture" there is a general agreement that culture works at different levels (Pizam, 1993). The generally acknowledged levels are national, organisational, industry, professional (occupational) and individual (Chen et al., 2012). Hofstede believes that the national level is the most fundamental and is at the heart of the primary socialisation process in early childhood (Hofstede et al., 2010) giving people their values and beliefs. This view of the relationship between the national and the other levels of culture is a tacit assumption for most culture scholars. This study, therefore, takes national culture to be the context for the other constructs.

Thus, it is to be expected that national culture has a noticeable effect on the behaviour of employees and a number of studies confirm this. Pizam (1993) shows that national culture has a greater effect than industrial culture on the behaviour of hotel managers. A similar conclusion was drawn by Merritt (2000) in a study of

airline pilots. Testa (2007) showed that national cultural diversity has an impact on the relationship between managers and subordinates in the hospitality industry. However, Gerhart and Fang (2005) concluded that there is a case for a more nuanced view. In their meta-analytical study of the relationship between national culture and management practices they concluded that the strength of the effect of national culture varied with other factors, notably organisational culture.

There are a number of versions of the national culture construct that could be used for research (Chen et al., 2012). The best known are Hofstede's with up to six dimensions and the GLOBE survey with nine dimensions. Because a large number of dimensions would make the study too complex and because it is an approach that is thoroughly tested and widely understood, it was decided to use Hofstede's original four dimensions of national culture: power distance, individualism, uncertainty avoidance and masculinity/femininity. Hofstede's approach has been criticised (Jones, 2007; McCoy et al., 2005; McSweeney, 2002), however, it is still recognised as useful and has been recently applied in studies of the hospitality industry (Reisinger and Crofts, 2010). Most of the criticisms of Hofstede's study have been aimed at its methodology which is not employed in this research (McSweeney, 2002; McCoy et al., 2005). The remainder of the criticisms have been directed at the interdependent nature of the dimensions which is not significant for this study (Dorfman and Howell, 1988; Ali et al., 2008).

3.2. Organisational culture

Since the evolution of the concept of organisational culture in the mid-twentieth century, this concept has been defined in many ways; however, what all these definitions have in common is that organisational culture consists of values, beliefs and assumptions which are shared or communicated among members (Schein, 2010), guide behaviour and facilitate shared meaning (Alvesson, 2013; Denison, 1996).

Scholars have investigated the impact of organisational culture on performance. Wilson and Bates (2003) argue that a strong organisational culture plays the roles of reliable compass and powerful lever that can guide organisational members' behaviour. According to Barney (1991) organisational culture is the main resource that organisations have to maintain their competitive advantage and many studies have investigated the impact of organisational culture on organisational performance (Sinclair and Sinclair, 2009). The existing literature implies that there is a relationship between organisational culture and organisational performance (Kemp and Dwyer, 2001). Although there are different conceptualisations of organisational culture, this study adopts the competing values framework (CVF) because it may be used to reveal the relationship between organisational culture and organisational performance or effectiveness (Gregory et al., 2009; Cameron and Quinn, 2011).

CVF was developed to measure organisational effectiveness (Quinn and Rohrbaugh, 1983); however, later CVF became a multi-purpose instrument (Quinn and Spreitzer, 1991; Cameron and Freeman, 1991) which enables researchers to measure both organisational culture and organisational effectiveness (Gregory et al., 2009). Two axes are employed to distinguish between four main organisational cultures; these axes, or dimensions, are internal/external and stability/flexibility. The internal/external axis indicates how much organisations concentrate on internal factors such as employee satisfaction or external factors such as the ability to function well in a competitive environment (Quinn and Rohrbaugh, 1983). On the other hand, the stability/flexibility axis indicates how much organisations are concerned with consistent patterns of behaviour or allowing employees to use their initiative (Quinn and Rohrbaugh, 1983). These two axes create a quadrant representing four distinct organisational culture types: clan, adhoc-

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