IMPACT OF ORGANISATIONAL CULTURE ON ORGANISATIONAL PERFORMANCE: A STUDY OF HOTELS IN NATIONAL CAPITAL REGION

A SUMMARY OF Ph.D. THESIS

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Introduction

Hotel industry is a service industry as most of the facilities provided by the hotel are required to be supported by touch of personalized service which is done by the employees. Directly or indirectly the performance of a hotel organisation depends upon the human resources. Here comes the existence of organisational behaviour as an area of study under the subject of Human Resource Management. The study of organisational behaviour relates to the expected behaviour of individual, group or both within an organisation. The attitude and behaviour of hotel staff (individual, group or both) towards other in the organisation becomes a key factor for the performance of the hotel organisation. The behaviour of the hotel employees is further related to the existing work culture also known as organisational culture of the hotel organisation. The individuals (employees) expect all their wishes to be fulfilled by their employment. This situation has led to designing an appropriate organisational culture and environment of managing human behaviour in varying conditions. There is no specific study for this purpose in the hotel industry. There are however standard studies of organisational culture that can be utilized for the purpose depending upon the situation and applied in work settings. But it is important to see how organisational culture can help a hotel organisation to fulfil employee satisfaction and at the same time increase the organisational performance.

Selection of Problem

Globalization, technology advancement and desire of Hotel managers to perform as best in the field have increased competitiveness and resultant stress. It has become critical and difficult to control human behaviour and channelizing it into correct direction. It is a general ongoing application practiced by Managers in hotels to modify organisational structure, utilize motivational theories, use varied leadership styles to facilitate positive working environment which will lead to the formation of strong organisational culture, employee satisfaction and organisational performance and growth. Due to scientific advancement managing human resources is more challenging. It has been identified that every individual (employees) wants to live a well-balanced life, which consist moving towards next higher level life style. The social obligations have multiplied; individuals look for increased purchasing power. The problem in the research topic is analyzed as the impact of organisational culture
on organisational performance in hotel industry. This industry is one of the few industries in the world that has to depend upon human resources for its full functionality. The performance of the human resource leads to the organisational performance. The organisational culture of the hotel organisation has an effect on the working of human resource. Thus, as part of this process, hotels are now focusing on continuous cycles of learning to capitalize on their organisational capabilities in achieving a sustained superior performance—both guest satisfaction and profitability. Recognizing these very facts the present study has been undertaken on the topic entitled **Impact of Organisational Culture on Organisational Performance: A Study of Hotels in National Capital Region.**

**OBJECTIVES OF THE STUDY**

The present research is based on following objectives

- To examine the existing organisational culture practices in selected hotels;
- To identify the relationship between importance of organisational culture practices and the adoption of organisational culture practices.
- To examine the association between control variables (demographic) of hotel enterprise and the adoption of organisational culture practices.
- To investigate the relationships between organisational culture and organisational performance.
- To suggest measures to improve organisational culture vis-à-vis organisational performance.

**HYPOTHESES OF THE STUDY**

The study provides four hypotheses in order to analyze the above objectives.

**H1:** There is a set of organisational culture practices that is widely used in the hotel industry.

**H2:** There is a positive relationship between the importance of organisational culture practices and the adoption of organisational culture practices.

**H3:** There is a positive association between organisational culture and demographic profile of organisations.

**H4:** There is a positive relationship between organisational culture and organisational performance.
SAMPLE AND DATA COLLECTION

Universe

The present study is restricted to National capital region, India which includes Delhi, Noida (including Greater Noida), Gurgaon, Faridabad and Ghaziabad. NCR India is metropolitan area which comprises of Delhi along with urban areas circling neighbouring states of Haryana, Rajasthan and Uttar Pradesh.

Sample

A total of 700 registered and approved hotels by Ministry of Tourism were selected for the study, using convenient sampling method. The sample constituted of 350 individual and 350 chain hotels out of which 420 (60%) hotels ranged from 1star to 3 star category while 280 (40%) hotels were 4 star to 5 star range, table 3.1 shows the composition of sample elements. The large sample size justified the use of convenient sampling method. The respondents were restricted to General Mangers and HR managers of the hotel unit to ensure the quality and authenticity of data collected.

Primary Data

Data were collected using self administered questionnaires developed by researcher after a detailed review of literature and after consulting industry experts. The questionnaire was developed to evaluate the demographic profile (table 3.2), existing organisational culture practices (table 3.3) and organisational performance variables (table 3.4) of the selected hotel units.

Secondary data

Methods of data collection

The data was collected by personal visits and through emails. Convenient sampling method was used to collect data from the sample. The questionnaires were addressed to HR Managers\General Managers of hotel organisations. Out of 700 respondents only 355 (50.71%) respondents provided their opinion. The data were analyzed using SPSS 20. The questionnaire was tested for reliability and internal consistency using Cronbach $\alpha$ during the pilot study. This test calculates the reliability coefficient ($\alpha$) if one variable is removed from the original set of variables in the questionnaire. This test helps determine the set of variables with high reliability based on the $\alpha$ coefficient above 0.80 which was .905 after making the necessary rectifications on the basis of feedback and results of pilot study.

Methods and Tools of Analysis

Data were analyzed by using SPSS (version 20). Factor analysis was used to condense 40 organisational culture variables into 6 composite factors. Descriptive statistics percentage analysis, mean, standard deviation were used further ANOVA and correlation were also performed to test the hypotheses.

ORGANISATION OF STUDY

The study was divided into following chapters.

Chapter 1 Introduction

1.1 Introduction to tourism and hospitality industry
1.2 Tourism and hospitality industry in India
1.3 Indian hotel industry performance
1.4 Hotel industry in NCR (National Capital Region)
1.5 Human Resource Management (HRM)
1.6 Organisational Behaviour
1.7 Organisational Culture
1.8 Organisational Performance
1.9 Relationship between Organisational Culture and Organisational Performance
1.10 Organisational culture and organisational performance in hotel industry
Chapter 2 Review of Literature

• Review of Literature

Chapter 3 Research Methodology

• Selection of problem
• Objectives and Hypotheses
• Sample and data collection
• Methods and tools of analysis
• Significance of study
• Limitations of the study
• Organisation of study
• Survey instrument used for this study

Chapter 4 Data Analysis and Interpretation:

This chapter will discuss the results and interpretation of data.

Chapter 5 Conclusions and Suggestions-

1. Finally findings and significant suggestions will be presented in this chapter.

Bibliography

FINDINGS OF THE STUDY

Objective 1 and Hypothesis 1

The first objective of the study was to examine the existing organisational culture practices in the selected hotels.

The analysis of data presented leads to the following inferences.

a. The selected hotel organisations have been observed to use 6 different sets of organisational culture practices which are:

i. Transparent organised system, including 'Management communicates its goals and strategies to the employees in my organisation', 'In my organisation clear path for career advancement is used to keep the employees motivated', 'In our organisation fair & equal treatment is given to all the employees', 'Delegation of authority is properly practiced in my
organisation', 'My organisation provides an environment where employees can reach out to management openly', 'Departmental hierarchy is well defined in my hotel', 'The leave system followed in my organisation for employees is transparent', 'Any information regarding management decision and policies is widely shared in my organisation' and 'The management in my organisation complies to its policies'.

ii. **Team Orientation**, comprising of 'There is a Friendly & Welcoming work culture in our team', 'Each individual has freedom to decide how to do work in my organisation', 'My organisation provides a high degree of cooperation amongst all the departments', 'The contribution of every individual employee is very well recognized in my organisation', 'All department heads have good relationship with subordinate members in the organisation', 'My organisation supports a culture where co-workers have a good communication amongst themselves', 'The organisation I work with welcomes and implements the suggestions and ideas of employees' and 'On important occasions my organisation provides opportunity for get together of family members of employees for celebrations'.

iii. **Security & care for personal needs**, includes, 'My organisation gives a feel of job security to the employees', 'Working environment provided in my organisation is safe and healthy for employees', 'Flexible working hour options are given to needy employees by the organisation' and 'The management in my organisation give priority to meet needs and demands of the employees, supervisors and other high level authorities'.

iv. **Training ,Recognition & Rewards**, includes, 'My hotel provides all tools like software and other techniques for training of employees', 'My organisation frequently organises employee development programmes', 'The process of organisational planning involves every employee to some degree in my organisation' and 'In my organisation the employees who are technically competent and effective are more successful'.

v. **Employee engagement & Empowerment**, includes, 'Management in my organisation have complete trust on employees in increasing the productivity', 'The employees working in my organisation are expected to
be self-motivated, and competent', 'Opportunities to act as leader are provided in my organisation time to time', 'The conflict solving attitude is appreciated in my organisation', 'Most employees in my organisation are highly involved in their work during working hours', 'Every employee in my organisation feels that he or she can bring a positive impact to the organisation' and 'The employees in my organisation prefer carrying out their responsibilities and duties, staying within the policies and procedures of the management'.

vi. **Adaptability**, includes, 'Our organisation motivates the culture of winding up difficult issues in a simple way', 'My organisation is flexible towards the new trends and patterns', 'The organisation I work with constantly adopts work related improvements', 'The culture of bringing changes in terms of operations is appreciated in my hotel', 'The guest’s recommendation and suggestions are accepted as positive feedbacks in the organisation' and 'If rules or procedures get in the way employees generally go through proper channels to get permission to deviate from them or have them changed'.

b. Two organisational culture practices (out of 40) ‘In my organisation the employees who please their supervisors (do buttering) are more successful’ and ‘The employees in my organisation tend to bypass or ignore rules in order to accomplish their tasks or perform their jobs better’ remain excluded from this study.

The above results showed that there is a set of 6 organisational culture practices that is widely used in the hotel industry.

**Hypothesis 1**- There is a set of organisational culture practices that is widely used in hotel industry is accepted.

**Objective 2 and Hypothesis 2**

The second objective was to identify the relationship between importance of organisational culture practices and the adoption of organisational culture practices.

The analysis related to this objective leads to following results.

a. Six factors of organisational culture practices are indisputably widely used and important in the Indian hotel organisations such as *Transparent Organised*

b. The OCP “In our organisation fair & equal treatment is given to all the employees.” ranked first out of 38 organisational culture practices (OCP) for importance. While, this variable ranked fourth in case of adoption, indicating that hotels are using organisational culture practices to give fair and equal treatment to the employees.

c. It is found that Indian hotels have adopted (according to first five ranks) Departmental hierarchy is well defined in my hotel; Management communicates its goals and strategies to the employees in my organisation; My organisation gives a feel of job security to the employees; In our organisation fair & equal treatment is given to all the employees; Working environment provided in my organisation is safe and healthy for employees.

d. On the other side these hotel enterprises gave importance to (according to first five ranks), In our organisation fair & equal treatment is given to all the employees; The contribution of every individual employee is very well recognized in my organisation; My organisation provides a high degree of cooperation amongst all the departments; There is a Friendly & Welcoming work culture in our team; Management in my organisation has complete trust on employees in increasing the productivity.

e. Results reveal that except, ‘my organisation provides an environment where employees can reach out to management openly’, ‘management in my organisation has complete trust on employees in increasing the productivity’ and ‘the management in my organisation complies with its policies'. There is no uniformity between usage and importance of organisational culture practices in hotels of NCR.

f. The variation in ranking and lack of uniformity in usage and importance of organisational culture practices indicates that hotel organisations are fragmented and they gave low priority to organisational culture practices (OCP).

The analysis provided a strong indication that there was a significant difference on usage and importance of training & development practices in hotels.
Hypothesis 2- There is a positive relationship between the importance organisational culture practices and the adoption of organisational culture practices is rejected.

Objective 3 and hypothesis 3

The third objective of the study was to examine the association between control variables (demographic) of hotel enterprise and the adoption of organisational culture practices.

The analysis of data related to this objective lead to following inferences:

1. The dimensions of ‘type of hotel’ and ‘category of hotel’ found to be statistically significant on all performance variables, except of ‘security & care for personal needs’ for the ‘type of hotel’ dimension.
2. There was no significance of ‘age of organisation’ and ‘number of employees, with organisational culture practice levels.
3. The examination also revealed that the higher the star category of the hotel, the higher the organisational culture practice levels.

In the light of these results it was found that there is a positive relation between organisational culture and type of hotel and category of hotel, and there is no relationship between organisational culture and age of the hotel and number of employee’s.

Hypothesis 3- There is a positive association between organisational culture and demographic profile of organisations is partially accepted and partially rejected.

Objective 4 and Hypothesis 4

The fourth objective was to investigate the relationships between organisational culture and organisational performance.

The analysis related to this objective resulted in following inferences:

a. Organisational Performance Variable (OPV) Sales Growth (SG) has a positive correlation with Organisational Culture Practices (OCP) factors, with highest values for Team Orientation (TO) (0.461) and Training, Recognition & Rewards (TRR) (0.461).
b. OPV Productivity within Organisation (PWO) has a positive correlation with (OCP) factors, with highest values for Training, Recognition & Rewards (TRR) (0.532) and Team Orientation (TO) (0.522).

c. OPV Profitability within Industry (PWI) has a positive correlation with (OCP) factors, with highest values for Transparent Organised System (TOS) (0.430) and Security & Care for Personal Needs (SCPN) (0.430). OPV Cost Effectiveness (CE) has a positive correlation with (OCP) factors, with highest values for Transparent Organised System (TOS) (0.370) and Security & Care for Personal Needs (SCPN) (0.370).

d. OPV Good Service Quality (GSQ) has a positive correlation with (OCP) factors, with highest values for Transparent Organised System (TOS) (0.470) and Security & Care for Personal Needs (SCPN) (0.470).

e. OPV Return on Investment (ROI) has a positive correlation with (OCP) factors, with highest values for Training, Recognition & Rewards (TRR) (0.361) and Team Orientation (TO) (0.351).

f. OPV Employee Safety (ES) has a positive correlation with (OCP) factors, with highest values for Transparent Organised System (TOS) (0.450) and Security & Care for Personal Needs (SCPN) (0.450).

g. OPV Average Room Rate (ARR) has a positive correlation with (OCP) factors, with highest values for Transparent Organised System (TOS) (0.420) and Security & Care for Personal Needs (SCPN) (0.420).

h. OPV Revenue per Available Room (RevPar) has a positive correlation with (OCP) factors, with highest values for Transparent Organised System (TOS) (0.427) and Team Orientation (TO) (0.383).

i. OPV Occupancy Percentage (OCC) has a positive correlation with (OCP) factors, with highest values for Adaptability (Adpt) (0.479) and Security & Care for Personal Needs (SCPN) (0.427).

j. OPV Room Yield (RY) has a positive correlation with (OCP) factors, with highest values for Training, Recognition & Rewards (TRR) (0.484) and Adaptability (Adpt) (0.468).
k. OPV Overall Performance (OA) has a positive correlation with (OCP) factors, with highest values for Training, Recognition & Rewards (TRR) (0.639) and Security & Care for Personal Needs (SCPN) (0.515).

l. Further to state OCP factor Employee Engagement & empowerment (EEE) has a positive correlation with OPV variables with highest values for Productivity within Organisation (PWO) (0.472) and Room Yield (RY) (0.426).

m. All OCP factors have positive correlation with OPV variables with highest values for Productivity within Organisation (PWO) (0.471), Occupancy Percentage (OCC) (0.453) and Sales Growth (SG) (0.452).

The correlation coefficients between organisational culture practices factors and organisational performance variables indicate that there is a positive and moderately strong correlation between organisational culture and organisational performance practices.

**Hypothesis 4- There is a positive relationship between organisational culture and organisational performance is accepted.**

**SUGGESTIONS**

I. Hotel organisation should pay more attention towards adopting and institutionalizing organisational culture practices which are identified vital by the managers.

II. Focusing on identifying, creating and sustaining a healthy organisational culture by sensitizing staff members about its importance and need for both individual as well as organisation.

III. Developing an organisational design to ensure high quality confirmation.

IV. Developing individual employee for excellence.

V. Imparting best competitive qualities amongst representatives of the organisation (employees) in alliance with their individual development, advancement and satisfaction.

VI. Building a team that is oriented and determined towards organisational values and beliefs.

VII. Incorporating social and specialized measurements of work to ensure a
balance social and professional life for employees.

VIII. Improvising interpersonal connections, both formal and informal, as employees can perform better by creating trust, support and participation.

IX. Creating a need for achievement amongst employees

X. The vision of top management should be clearly and successively passed on to lower levels of organisational hierarchy.

XI. At the time of hiring a new employee his fit into the existing organisational culture should be ensured.

XII. Management should be adaptive towards the new creative and innovative ideas coming from employees that might be useful in creating a high performance culture.

SIGNIFICANCE AND LIMITATIONS OF THE STUDY

Significance

• The study will be model study in the area of Organisational behaviour.

• It will help the industry professionals especially HRD Managers to design performance oriented organisational culture strategies.

• It will help the organisations to improve their performance.

• It will guide the scholar’s and others those who are interested in conducting similar researches.

Limitations

• Due to time and financial constraints, it does not represent larger geographical area and sample.

• Respondents had been reluctant in disclosing the data and especially with large hotels HR policies clearly mention not to disclose any information to outsiders.

• Study is highly dependent on primary data, which is very time consuming.

• Respondents from small hotels were found to be semi educated who could not properly understand the questions.

• Future research should incorporate other important items that have not been considered or omitted from other studies and are likely to influence adoption of organisational culture practices in hotels of NCR
CONCLUSION

The study contributed to the current knowledge in organisational culture practices in hotel industry. It has provided additional insights into areas relating to factors influencing the adoption of best organisational culture practices. This research found significant differences in the usage and importance organisational culture practices among the hotels in NCR. In some cases this is leading to the development of a more integrated strategic approach to the usage and importance of organisational culture. However, this research is only indicative, much remains to be examined.

The research has suggested organisational culture may play a more prominent role in increasing the performance of the organisation. These results, simply suggest the usage and adoption of organisational culture practices that can be used for developing and sustaining a strong performance oriented culture a guiding principle in high performing organisation. The changes discovered in this research appear to have come about from the usage & adoption of recognised organisational culture practices in hotels of NCR. Thus, it appears that, after years of relative organizational marginality organisational culture is now coming to play an increasingly central role in the organisational development strategies of many Indian hotel organisations.

Further, research proved that organisational culture has a positive relation with Productivity within Organisation, Occupancy Percentage and Sales Growth in terms of organisational performance. And on the other hand Indian hotels are facing a serious challenge of adopting organisational culture practices on the basis of their importance showing a significant difference in importance and usage of organisational culture practices.

Future research should consider incorporating other important items that have not been considered or omitted from other studies and are likely to influence the adoption of organisational culture practices in hotels such as management awareness and understanding of organisational culture and its importance, need of organisational culture and problems in implementation and the cross-comparison.