

# THE RELATIONSHIP BETWEEN ORGANIZATION CULTURE AND EMPLOYEE PERFORMANCE: HOSPITALITY SECTOR



**Dr. Rekha P. Khosla**

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First Impression: 2019

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ISBN : 978-81-942475-2-4

Rs. 650/- ( \$18 )

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Published by:  
Empyreal Publishing House

## Preface

Since 2000, the hospitality sector has been through a process of transformation, bringing together an array of people, and therefore a myriad of organisational cultures are combined. The organisational culture of an organisation has an impact on the performance of its employee's. A fit between the organisational culture and the employees will increase the performance of organization and its employees and contribute towards improved service delivery.

The study entitled ““Relationship between Organisational Culture and Employee Performance: Hospitality Sector” looks into the influence of organizational culture on the performance of employees.

The primary objective of this research was therefore to assess the relationship between organisational culture and the performance of employees in the hospitality sector. The first step in achieving this objective was an in-depth theoretical study. The second step was an empirical survey that was conducted to canvas the opinions of employees at the selected hotels. In order to achieve this objective, a survey was conducted to canvas the opinions of respondents (N = 178) from the selected hotel units regarding their perceptions of the existing organisational culture, the factors of organisational culture within the selected units, and finally the employee performance.

The main findings of this research conducted at the selected units can be summarised as follows:

- The organizational cultural profile
  - The organisational culture of the hospitality sector as depicted by the selected hotels was diagnosed through the use of OCTAPACE culture questionnaire. The organisational culture was assessed according to how respondents interpret the organisation's organisational culture. The employees within the selected hotels identified that there is no difference between the organizational culture of the two hotels and there is no organizational culture gap implying that the OCTAPACE culture of the hospitality industry is more or less same.
  - The organizational culture components that are more visible and impactful on the organization culture in the hospitality sector are authenticity, autonomy, collaboration, proaction and experimentation.
- The employee performance profile
  - The analysis clearly states that innovation, proactivity, result oriented and guest service orientation parameters of employee performance have a significant impact on the employee performance, than decision making and people orientation parameters.
  - The relationship between organisational culture and employee performance
  - There is a positive relationship between organizational culture and employee performance
  - The organizational culture factors that have a significant relationship with employee performance are Openness, Confrontation, Trust, Authenticity, Proaction and Collaboration

whereas employee performance does not have significant relationship with Autonomy and Experimentation.

- Significance of demographic variables on Organizational culture
  - The results of the analysis revealed that gender, age, length of service, nature of duties and department of personnel, all had significant impact on the organizational culture scores
  - Educational qualification was the only factor which did not show a significant relation with organizational culture scores
- Significance of demographic variables on Employee Performance
  - The length of service an employee has served the hotel and the educational qualification has a significant impact on the performance of employee in the hospitality sector.
  - The results revealed that there was no significant difference in the employee performance as perceived by either gender, age groups, departments and level of duties performed by the employees.

It can be concluded that organisational culture has a significant impact on the performance of employees in the hospitality sector.

**Dr. Rekha P. Khosla**

## **Acknowledgements**

This book study owes its completion to the sincere cooperation extended to me by many persons of competence

I am deeply indebted to my father, Mr. Rajvir Singh Panwar for continuously motivating me and for his earnest support and encouragement, which made this study possible.

I also express my wholehearted thanks to my husband, Mr. Adhish Khosla for his continuous encouragement and understanding me at many moments of crises and helping me chase my dream.

My daughter, Adhishree Khosla is greatly appreciated for her unconditional support, patience and encouragement throughout the study. I dedicate my book to her.

The author expresses her sincere gratitude to the members and management of the selected units, who very willingly cooperated in the data collection process of the study.

Finally, I thankfully remember all my friends and well-wishers for their continued interest, encouragement and support during the good and bad times. They gave me the strength needed to complete this thesis, and helped me realise that anything is within my grasp if I set my mind to it.

**Dr. Rekha P. Khosla**

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*CHAPTER - 1*

***INTRODUCTION***

### **1.1 Introduction**

Organizations want to obtain the commitment and improved performance of their employees. Management would like its employees to identify with the values, norms and artefacts of the organization, hence the need for organizational culture. Management needs to explain and imbibe its culture in its employees; this will enable the employee to get familiar with the organizational system. During this process, the employee learns about the organizational culture and decides the adapting capability leading to a learning environment. It is the proper understanding of the organizational culture that propels the performance of the employee in the organization. Performance is the extent to which an individual is carrying out assignment or task. It refers to the degree of accomplishment of the task that makes up an employee's job (Cascio, 2006). Job performance is the net effect of an employee's effort as modified by abilities and roles or task perceptions (Jones, 2003).

The culture of the organization should be developed to support continuous improvement, improve employees' style of performing their job and thus develop quality awareness.

To operate successfully across cultures, it is important to be able to recognize cultural differences and be adaptable (Deter, Schroeder, and Mauriel, 2000). Organisational culture finds expression through the thoughts, intentions, actions and interpretations of members of the organization (Hallett, 2003). It is widely recognized that different organizations have distinctive cultures. A commonly used definition of organizational culture is 'the way we see and do things around here'. Through tradition, history and structure, organisations build up their own culture. Culture therefore gives an organisation a sense of identity - 'who we are', 'what we stand for', 'what we do'. It determines, through the organisation's legends, rituals, beliefs, meanings, values, norms and language, the way in which 'things are done around here'.

An organisations' culture encapsulates what it has been good at and what has worked in the past. These values can often be accepted without question by long-serving members of an organisation.

Academic interest in corporate culture is evidenced by the level of attention it has received over the last few decades. The relationship between corporate culture and performance has been the subject of abundant research in several fields, including strategic management, organisational behaviour, and industrial organizations. Many researchers concur on the fact that there is no widely accepted causal relationship between corporate culture and performance. The evidences emerging from various studies about the effect of corporate culture on performance have so far yielded mixed, inconclusive and contradictory results.

Because of these contradictory results, the question of whether corporate culture improves or worsens employee's performance is still worthy of further research such as the one being undertaken in this study. In addition, the impact of corporate culture on employee's performance in the hospitality industry has not received adequate research attention. Thus, there is a major gap in the relevant literature, which has to be covered by research. This research attempts to fill this gap by studying the situation of the Indian hospitality industry and providing more empirical evidence on the effects of corporate culture on employee job performance based on individual data. This research study assesses empirically the impact of corporate culture on employee performance at two hotels. It is to model the dynamic relationship between organisational culture and employee job performance, in order to develop a better understanding of the causal linkages between these two areas, as it affects the performance of employees working within the organization, due to potential conflicts between groups as priorities shift (Planact, 2001).

Improving the service delivery of hotels can be achieved through investigating the organisational culture and performance of employees within the selected organization (Greenberg, 1996; Robbins, 1993). The importance of looking at the employee performance is that if there is high performance conducive environment within the organisation, then employees will identify with their organisation and its goals, and will deliver the service more effectively and efficiently (Greenberg, 1996; Robbins, 1993). It is also important to look at the organisational culture because the organisational culture affects the performance of employees, which in turn affects the service delivery of the hotel (Clugston, Howell and Dorfman, 2000: 6; Rowe, Mason, Dickel, Mann and Mockler, 1994: 477).

When we walk into an organisation and get a certain 'feel' for it, whether it is fast moving and responsive, or whether it feels old and backward looking, this 'feeling' is referred to 'organisational culture'. Culture is about

how the organisation organises itself, its rules, procedures and beliefs make up the culture of the company. In this section we are going to briefly look at six types of organisational cultures.

Anthropologists and experts in organizational behaviour use the concept of “culture” to describe how members of groups understand their world and their place in it. Arian explains that organizational culture can best be thought of as “the pattern of actions, words, beliefs and behaviours that members of a business organization share,” sometimes referred to as the organization’s DNA.

A highly productive business invariably has a high performing organizational culture that aligns well both internally and externally to support the overall objectives of the business. This organizational culture shapes the employee experience, which in turn impacts customer experience, business partner relationships and, ultimately, shareholder value.

Work Culture evolves in response to the demands placed on and perceived by the organization members over a given period of time. With a change in demand patterns, both internal and external, the prevailing work culture would tend to become a hindrance to the capability of employees to re-define the transformed reality and to re-direct their responses in meeting the challenges. The culture thus cannot be left to evolve on its own through evolutionary process of change. There has to be a deliberate and conscious effort to design such cultures as are capable of withstanding and proactively responding to challenges in this age of increased uncertainty, discontinuity, unpredictability and complexity (Srivastava, 2007). Work Culture thus becomes the main focus of any organizational change efforts which can provide the basic principles and conceptual framework around which organizational structures and process are designed. It is therefore, necessary to assess the existing work culture with the goal of developing a responsive work culture that may enable the organization to gain, retain and maintain competitive edge in the world of business.

When culture is defined as a system of shared meaning, it can be expected that individuals with different backgrounds or at different levels in the organization will tend to describe the organization’s culture in similar terms (Robbins and Sanghi, 2007).

Organizational culture research papers define organizational culture as “the shared values, beliefs, norms, expectations, and assumptions that bind people and systems together”. Culture is a whole, containing elements that are interdependent. For example, a leader sets the climate of the organization’s culture. A change in one element succeeds or fails depending on how the changed element fits in with the totality of the culture. A clear organizational culture assists members in integrating to the organizations particular nuances.

A single definition of organizational culture has proven to be very elusive. No one definition of organizational culture has emerged in the literature. One of the issues involving culture is that it is defined both in terms of its causes and effect. For example, these are the two ways in which cultures often defined:

**1. Outcomes**— Defining culture as a manifest pattern of behaviour- many people use the term culture to describe patterns of cross individual behavioural consistency. For example, when people say that culture is “The way we do things around here,” they are defining consistent way is in which people perform tasks, solve problems, resolve conflicts, treat customers, and treat employees.

**2. Process**— Defining culture as a set of mechanisms creating cross individual behavioural consistency- in this case culture is defined as the informal values, norms, and beliefs that control how individuals and groups in an organization interact with each other and with people outside the organization.

Both of these approaches are relevant to understanding culture. It is important to know on what types of behaviour culture has greatest impact (outcomes) and how culture works to control the behaviour of organizational members.

Organizational culture is the sum total of organization’s past and current assumptions, experiences, philosophy, and values that hold it together, and is expressed in its self-image, inner workings, interactions with the outside world, and future expectations. It is based on shared attitudes, beliefs, customs, express or implied contracts, and written and unwritten rules that the organization develops over time and that have worked well enough to be considered valid. Also called corporate culture, it manifests in (1) the ways the organization conducts its business, treats its employees, customers, and the wider community, (2) the extent to which autonomy and freedom is allowed indecision making, developing

new ideas, and personal expression, (3) how power and information flow through its hierarchy, and (4) the strength of employee commitment towards collective objectives. It is termed strong or weak to the extent it is diffused through the organization. It affects the organization's productivity and performance, and provides guidelines on customer care and service; product quality and safety; attendance and punctuality; and concern for the environment. It extends also to production-methods, marketing and advertising practices, and to new product creation. While there are many common elements in the large organizations of any country, organizational culture is unique for every organization and one of the hardest things to change.

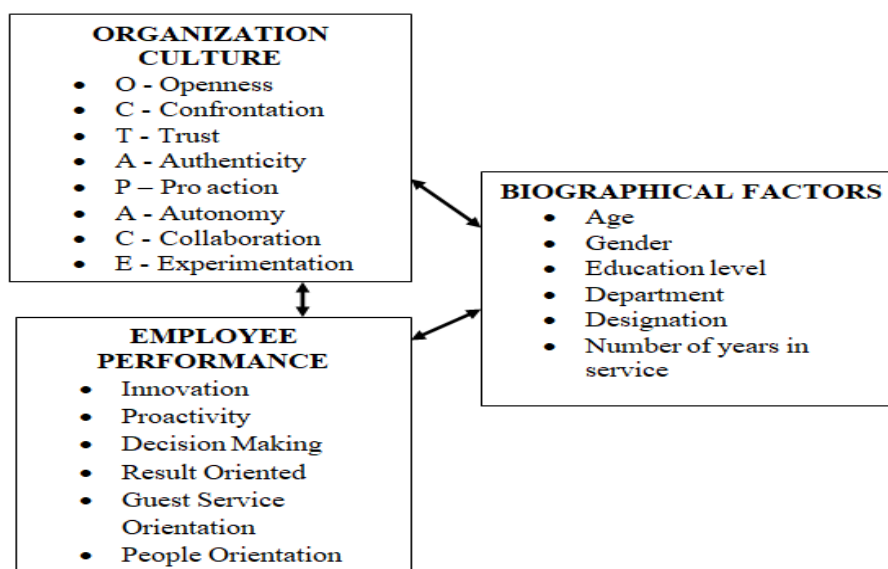
Organisational culture can be viewed as the unique pattern of shared values, norms, attitudes, beliefs, rituals, socialisation, expectations, and assumptions of the employees in the organisation (Hellriegel, Jackson, Slocum, Staude, Amos, Klopfer, Louw and Oosthuizen, 2004: 357; O'Reilly, Chatman and Caldwell, 1991: 491; Rowe *et al.*, 1994: 472; Schein, 1992: 52). As such, organisational culture could be equated with the "personality" of the organisation, depicting the manner in which employees behave when they are not being told what to do (Hellriegel *et al.*, 2004: 357).

Organisational culture classifications have been developed in order to assist in the understanding and analysis of organisational culture and such frameworks include those by Deal and Kennedy (1982: 107-127); Harrison (1972: 121-123); Harison and Stokes (1992); Hellriegel *et al.* (2004: 365-368); Rowe *et al.* (1994: 474); and Schein (1992). For the purpose of this research, the OCTAPACE conceptual framework for organisational culture will be used to classify the different types of culture within the organization of hospitality industry.

According to Clugston *et al.* (2000: 22), Rowe *et al.* (1994: 92) and Wasti (2003: 304), organisational culture has an effect on employee performance, influencing the effectiveness and efficiency of organisations. Based on the aforementioned, it therefore appears that organisational culture plays an important role in promoting organisational success, which can only be achieved by developing an appropriate organisational culture. Therefore, the importance of assessing the organisational culture of the selected unit comes to the fore. McKinnon, Harrison, Chow and Wu (2003: 26) state that there has been empirical research conducted on organisational culture and employee performance, yet there has been little to provide evidential support of the effect that organisational culture has on employee performance.

Figure 1.1 provides the framework that will be used when discussing the literature with regards to organisational culture and employee performance to understand the impact of organizational culture on the performance of employees.

**Figure- 1.1: Framework for understanding organizational culture and employee performance**



Source: Researcher's own construction



In this research, employee performance will also be treated as a multidimensional construct, where six indicators of performance will be investigated, namely innovation, proactivity, decision making, result oriented, guest service orientation and people orientation.

It is important to measure the levels of performance within the selected units will be inclined to be more efficient and effective in their service delivery, making sacrifices for the organisation in order for it to thrive (Greenberg and Baron, 2003: 162). Lahiry (1994: 51) further confirms that employee performance has an effect on how well the organisation performs and delivers its services and that organisational performance can be enhanced by changing the organisation's culture.

The selected units has been through a process of transformation, during which different organisational cultures have had to be merged into a common organisational culture (Planact, 2001: 4). For this reason, the diagnosing of organisational culture within the selected hotel is important because, as stated previously, the organisational culture can affect the level of employee performance on the transformed organisation (Lahiry, 1994: 51). Furthermore, it is important to assess the level of employee performance within the selected units as competent and performing employees will be inclined to be more involved with customers and the community, thereby improving the service delivery of the hotel (Greenberg and Baron, 2003: 163).

Consequently, the problem statement of this research can be stated as determining the influence of organisational culture on employee performance in the hospitality sector by analyzing the selected hotels.

#### **1.1.1 Statement of the problem**

In order to improve the workplace for effective service delivery by an organization, an in-depth understanding of the organizational culture, its components and various related models alongwith the conceptual clarity of employee performance and their inter-relatedness is necessary, so the problem to be focussed in this study is: identification of organizational culture and exploring relationship with employee performance with reference to the hospitality industry.

#### **1.2 Focus of the study**

It has been reported by many researchers that the large organizations in India is found to have differentiation in the organizational policies, practices and work organization. The studies looked into many research reports and findings, which draw a general picture on difference in the organizational practices and policies. These studies are organizational specific but not 'organizational culture' specific. Only a few studies reported in the Indian context but studied on the work culture of hospitality industrial scenario is not yet done at all.

Sinha (1990) illustrated that large organizations in India seems to have a bipolar continuum of soft and synergetic work culture. The soft culture is related to private sector.

Kavitha, (2000) substantiates Sinha's (1990) finding that there are sectoral differences in organizations entrenched values system. Indian organization can be categorized into having soft and synergetic work culture. Workers of private sector perceived significantly higher quality of work in life in private sector compared to workers of public sector.

Hoque, (1996) indicates that the quality of working life has significant positive correlation with performance of the employees in private sector organizations compared with public sector organizations.

Sharma and Bhasker, (1991) indicates that recognition and appreciation as important determinants of job satisfaction in their study of organizational culture.

Ramaswamy, (1989) indicates that low morale of employees and lack of work culture are cited as some of the reasons for the poor performance of various enterprises.

Elhance and Agarrwal, (1975) found that there is moderate degree of delegation of authority both in private and public sector, and the degree of delegation is higher in the later.

The findings above reported by Kavitha, (2001); Hoque, (1996); Sharma and Bhasker, (1991) and Ramaswamy, (1989); indicate that there is differences between respondents from various organizations with regard to the climate-satisfaction relationship on such dimensions and scope for advancement, monetary

benefits, objectivity, and rationality, recognition and appreciation, training and education, and welfare facilities.

Brass, (1990) indicates that Indian managers attach more importance to the life goal of prestige-autonomy and position and give less weightage to independence and risk taking compared to their counterparts from US, Belgium, Japan, Britain and Latin America. They are also idealistic in their approach and perceive compensation as a potential motivator for performance.

Mohan, (1983) stated that it appears from the studies that Indian managers have a high degree of dependency, less participative, status oriented autocratic, indecisive and has comparatively lesser commitment to organizational goal achievement.

Pareek, (1989) indicates that some organizations follow autocratic culture concerned with proper protocol, formal authority and dominated by dependency. The ethos of such organization reflects closed, mistrusting and self-seeking. Some others follow bureaucratic culture concerned with control and dependence. The ethos of bureaucratic organization concerned with playing safe, inertia lack of collaboration, and closeness. Some other organization follows technical culture, which is concerned with exert power being dominant and with a back up environment of extension. Finally some organization with entrepreneurial culture or democratic value system is concerned with result, achievement, concern for excellence, and extension (Pareek, 1989).

With specific reference to hospitality industry, it has already been pointed out that the Indian hospitality sector falls within the spectrum of travel and tourism which is estimated to contribute between 8-9% towards India's GDP. According to the estimates of World Travel & Tourism Council (WTTC), the direct and indirect contribution of travel and tourism to GDP is expected to grow consistently in the next decade.

The battle for market share in future will not be just fought over the guest it will be fought over talent. Hotel companies to attract talent would become the big differentiator. Hospitality is a business with people at the centre of it and every moment is an experience. Talent management is a major challenge for the sector. Inadequate supply of quality talent and increased competition for talent within the sector and from competing service sectors has made attrition a significant issue for the industry. Ensuring a better work culture has also emerged as important tools to retain talent.

Wherever people live and work together, culture develops. Organizational culture refers to the beliefs, values and attitudes that define your company, and like cultures elsewhere, organizational culture develops spontaneously, whether you nurture it or not. Since hospitality staff directly serves people, your customers get a taste of what your business is all about every time they interact with your staff. Managing your organizational culture is crucial for delivering the right impression every time and therefore the study focuses on studying the impact of organization culture on the employee performance to enhance customer experience and hence contributing to the growth of the hospitality industry.

### **1.3 Need and significance of the study**

The above literature and the discussion on organizational culture indicate that the organizational culture can be an asset or a liability. Organization culture is an asset when shared beliefs and values facilitate better cooperation and communication between members and organization. It is a liability when important shared beliefs and values interfere with the needs of the business and of the company and the people who work for it. The studies related to organizational factors indicate that the work perception of Indian employees varied consistently in different sectors.

India will emerge as a preferred tourism destination on world map with overall expected growth of above 8% p.a., the later half of five years may witness growth of approximately 9% to 10%. Hospitality firms in India believe that the sector will see robust growth in the coming years and for this tremendous growth trajectory the extent to which the work culture of the organization induces openness, trust and confidence to the members in their work, which motivate them to attach more importance to the organization is to be ascertained. Organizations with strong cultures that fit the needs and challenges of the situations survive and grow, while organizations with weak cultures are phased out. Contemporarily, this research topic has high relevance as the result of this research provides answer to many questions.

Hence:

- The study of organizational culture is important in the field of OB as it gives proper understanding, insight and feedback to the leaders, workers and management about the culture patterns that facilitate, either to development or constraints to organizational development.
- In other words organizations are social systems that must be inevitably operating to survive. Study of organizational culture is important because no organization can operate in isolation to its cultural environment.
- Study of organisational culture is important as it explores the hospitality industrial culture ethos and managerial practices at work, which would go a long way in developing positive attitudes, which in turn are likely to exert its influence in behavioural ethics towards performance excellence.
- Study of organizational culture is significant as it establishes the linkage between hospitality industrial culture building human and social capital and it is through human beings that organizations can sustain high performance.

#### **1.4 Demarcation of the research**

- Within this research, the term unit and organisation will be used synonymously. This research concerns a selected hotel in the Uttar Pradesh and Rajasthan with two towns included that fall under the area of jurisdiction of the selected hotels. This selected unit was chosen because top management suggested to conduct the diagnosis of the unit's organisational culture in order to assess the unit's employee performance.
- The sample size of the research includes all employees of the selected units who could read and write in English, approximately 200 employees.

#### **1.5 Summary**

Every person or employee in the organization has own different values and beliefs that he/she works with them. Whenever join any organization he/she allowed himself to internalize first with the organization's culture to know whether he come up with them or not. The culture of the organization varies from industry to industry. Some organizations follows work centric cultures, some others non-work centric. Some follows autocratic culture and some empowerment culture. Culture is being investigated to impact miscellany of organizational process. Culture around a work place provides a comprehensive framework for understanding the various facets of work behaviour. Motivation and impulses underlying human actions may be the by product of implicit items of culture. It is hypothesized in this particular research that organizational culture has a deep impact on the performance of employees that can cause to improve in the productivity and enhance the organizational performance or vice-versa.

The outlook for the hospitality market in India is optimistic and will continue to remain so, in our opinion. The economy's buoyancy, initiatives to improve infrastructure, growth in the aviation and real estate sectors and easing of restrictions on foreign investment will fuel demand for hotels across star categories in the majority of markets. India's hotel industry is increasingly being viewed as investment-worthy, both within the country and outside, and several international chains are keen to establish or enhance their presence here. We anticipate that, over the next three to five years, India will emerge as one of the world's fastest growing tourism markets and will be hard to ignore.

The literature discussed in the introductory chapter gives us a surface level information and understanding about the organization culture, need and significance, employee attitude and behaviour in relation to organization. A study on culture of organisation helps us to understand the influence of organization culture on human behaviour and performance at work. Hence, this particular research studies the cultural impact on employee performance in hospitality industry.

*CHAPTER - 2*

***HOSPITALITY SECTOR***

## 2.1 History–Origin of Hospitality Sector

The origin of the hotel/hospitality industry is obscure. However, the Christian bible cites Christ's birth in the manger of an early inn. Historians know that taverns (inns) serviced the travelers on the tiers (the roads) of the Roman Empire. Providing service to the relatively large number of Crusaders between the 11th and 13th centuries was the responsibility of the Catholic Church, which relied on one of its orders, The Knights Hospitalers, to deliver those accommodations. Commercial travel in Europe was an outgrowth of British commerce, which carried over to the American colonies in the 1700's.

Mass travel is a modern phenomenon that emerged after World War II. Mass tourism continues to grow as political freedom, economic wherewithal, and social equality spread across the globe. With the large powers at peace and the economic engine of development running at full steam, international travel and, consequently, the hotel industry are poised for decades of growth.

Estimates abound as to the importance and size of hotel keeping. Certainly, its economic contribution is critical to the global economy whether as a service to the business community or as a destination for tourism development.

## 2.2 Hospitality Industry–An overview

Hospitality means kindness in welcoming strangers or guests. The word Hospitality is derived from the Latin word *hospes*, meaning guest, and developed into *hospice*, a place of shelter for travelers. These days, the services offered to the modern traveler by hospitality establishments can cater for every human comfort. The hospitality business is a massive industry encompassing all forms of transport, tourism, accommodation, dining, drinking, entertainment, recreation and games. It is the world's largest employer of people and a vast consumer of physical resources. Some countries depend almost entirely on tourism and business travel and the consequent use the visitors make of the country's hospitality facilities.

ATITHI DEVO BHAVO (Guest is God) - We have all heard this phrase many times during our childhood from our parents and grand-parents. We can also find its presence in the earliest Vedas and religious epics. Hospitality is deep-rooted in our traditions and comes as an integral part of our heritage. In very simple terms, hospitality is the art of being warm to strangers and has been derived from the Latin word *hospitalitem*, which means "friendliness to guests".

The hospitality industry covers a diverse range of establishments in the form of accommodation, food and drinks. It includes hotels, motels, restaurants, bars, ships, airlines and railways. The concept of hospitality business started when people started traveling away on business and they needed a place away from home which could cater to all their needs.

Today hospitality has evolved from the basic food and accommodation industry and taken a very important position in almost all businesses. In fact, it has become a huge industry and drives economies across the globe. The scope of hospitality/ service industry today is far more than one could have ever imagined a few years back. Earlier people who graduated from a Hotel School could get employed either in Hotels, Cruises or airlines.

But service is the BUZZ word for all businesses today. Be it the Retail Sector, Banking Industry, BPO, Telecom world, Real Estate or any other sector having direct customer contact, a person with hospitality background has an edge above the rest, because of their sheer capability of understanding the needs of a customer better and handling difficult customers/ situations efficiently.

Hotel industry depends largely upon the foreign tourist arrivals further classified into business travelers (around 65% of the total foreign tourists) and leisure travelers. The following figures show that business as well as the leisure travelers (both domestic and international) formed major clientele for hotels in 2004. Over the last two years, the hotel industry has seen higher growth rates due to greater number of tourist arrivals, higher occupancy rate (being around 75% in FY'06) and significant increase in average room rate (ARR). The major factors contributing to this growth include stable economic and political conditions, booming service industry, FDI inflow, infrastructure development, emphasis on tourism by the central as well as state governments and tax rationalization initiatives to bring down the tax rates in line with the international levels. The growth of hospitality has always been tied to the expansion of business, tourism and travel, and is arguably the oldest professional activity. Providing travellers with the place to stay and eat is mentioned in

the earliest writings of people, and the concept of a hotel (public house and inn) pre-dates the Bible. In fact the Egyptians, Greeks and Romans built pleasure and tourist resorts that rivaled today are massive complexes in style and grandeur, if not in modern appliances.

The hospitality industry consists of a large of different types of businesses with each one having its own means of producing income. The main types of businesses in the category of hospitality are hotels, motels, tourist centers, holiday homes, guest houses.

We will be dealing with the Hotel Industry, which is the most important industry as far as Hospitality Industry is concerned.

Hospitality is all about offering warmth to someone who looks for help at a strange or unfriendly place. It refers to the process of receiving and entertaining a guest with goodwill. Hospitality in the commercial context refers to the activity of hotels, restaurants, catering, resorts or clubs who make a vocation of treating tourists.

Helped with unique efforts by government and all other stakeholders, including hotel owners, resort managers, tour and travel operators and employees who work in the sector, Indian hospitality industry has gained a level of acceptance world over. It has yet to go miles for recognition as a world leader of hospitality. Many take Indian hospitality service not for its quality of service but India being a cheap destination for leisure tourism. With unlimited tourism and untapped business prospects, in the coming years Indian hospitality is seeing green pastures of growth. Availability of qualified human resources and untapped geographical resources give great prospects to the hospitality industry. The number of tourists coming to India is growing year after year. Likewise, internal tourism is another area with great potentials. The hospitality industry is a 3.5 trillion dollar service sector within the global economy. It is an umbrella term for a broad variety of service industries including, but not limited to, hotels, food service, casinos, and tourism. The hospitality industry is very diverse and global. The industry is cyclical; dictated by the fluctuations that occur with an economy every year. Today hospitality sector is one of the fastest growing sectors in India. It is expected to grow at the rate of 8% between 2007 and 2016. Many international hotels including Sheraton, Hyatt, Radisson, Meridien, Four Seasons Regent, and Marriott International are already established in the Indian markets and are still expanding. Nowadays the travel and tourism industry is also included in hospitality sector. The boom in travel and tourism has led to the further development of hospitality industry.

In 2003-04 the hospitality industry contributed only 2% of the GDP. However, it is projected to grow at a rate of 8.8% between 2007-16, which would place India as the second-fastest growing tourism market in the world. The arrival of foreign tourists has shown a compounded annual growth of 6 per cent over the past 10 years. Besides, travel and tourism is the second highest foreign exchange earner for India. Moreover, it is also estimated that the tourism sector will account for nearly 5.3 per cent of GDP and 5.4 per cent of total employment.

### **2.2.1 Important features of Hotel Industry**

**2.2.1.1 Perishability:** If the full capacity of the services is not utilized, the service becomes perishable. If a hotel having an accommodation facility of 100 rooms is able to lease out only 70 rooms on a particular day, then the remaining 30 rooms or 30% capacity gets perished and can never be reused. The product is perishable - a room not sold tonight is lost forever. The location and product inventory (rooms) are fixed - they cannot be moved as demand patterns change. Entry into the business takes large amounts of capital - creating huge fixed costs that necessitate high occupancies to achieve a break-even level of volume.

**2.2.1.2 Variability:** The fact that service quality is difficult to control compounds the marketer's task. Intangibility alone would not be such a problem in customers could be sure that the services they were to receive would be just like the successful experiences their neighbors were so pleased with. But in fact, customers know that services can vary greatly. Services are performances, often involving the cooperation and skill of several individuals, and are therefore unlikely to be same every time. This potential variability of service quality raises the risk faced by the consumer.

The service provider must find ways to reduce the perceived risk due to variability. One method is to design services to be as uniform as possible - by training personnel to follow closely defined procedures, or by automating as many aspects of the services as possible. The appeal of some service personnel - particularly,

the hotel industry- lies in their spontaneity and flexibility to address individual customer needs. The danger with too much standardization is that these attributes may be designed right out of the services, therefore reducing much of their appeal. A second way to deal with perceived risk from variability is to provide satisfaction guarantees or other assurances that the customer will not be stuck with a bad result.

**2.2.1.3 Inseparability:** This characteristic is interpreted differently by different service marketing marketers, but all interpretations point out that special operation problems exist for the firm's managers. One interpretation of this term is the inseparability of customers from the service delivery process. In particular, many services require the participation of the customer in the production process. Unlike goods, which are often produced in a location far removed from the customer and totally under the control of the manufacturing firm, service production often requires the presence and active participation of the customer - and of other customers. Depending upon the skill, attitude, cooperation and so on that customers bring to the service encounter, the results can be good or bad, but in any event are hard to standardize.

**2.2.1.4 Intangibility:** Intangible services are difficult to sell because they cannot be produced and displayed ahead of time. They are therefore harder to communicate to prospective customers. Marketers of services can reduce these risks by stressing tangible cues that will convey reassurance and quality to the prospective customers. These tangible cues range from the firm's physical facilities to the appearance and demeanor of its staff to the letterhead on its stationery to its logo. In case of hotel industry, the core benefit is getting good food, good boarding and lodging facilities. The tangible services are those, which one can touch and taste. Thus hotel industry is tangible.

## **2.2.2 Profitability Factors in the Hotel Industry**

**2.2.2.1 Tourism:** This is the primary factor for the hotel industry. India has great potential of becoming a major stop for tourists. However, lack of infrastructure has kept the foreign tourist at bay. The government has been actively participating in propagating India as an oasis for global travelers. India has always conjured up a fascinating image in the mind of foreign tourists. India has an advantage of having diverse cultures, languages and religions, which makes it an exciting tourist destination for people all over the world.

**2.2.2.2 Business factor:** Liberalization has brought home a new class of MNCs, which has increased the number of corporate travelers visiting India. Other than metros, developing cities have also come into the limelight and hence there has been an increase in demand for hotels in various places. This class of business travelers has reduced their dependence on seasonal tourism.

**2.2.2.3 Room occupancy:** The ARR and occupancy are the other critical factors that determine profitability. These, in turn, depend on the location, star rating, amenities and quality of service. The occupancy of Indian hotels and the ARR has been on the decline for the past three to four years due to the turbulent socio-political environment in the nation and also because of the East Asian economic crisis. However, the hotel industry reported impressive earnings and revenue growth for the year ended March 2012.

**2.2.2.4 Seasonality:** India being a tropical nation witnesses an inflow of leisure tourists, mainly during the winter months of October to March. Hence the hotel industry has a better second half. In the first half of the year, local tourists prefer April to May and October in the second half due to summer and Diwali vacations respectively. Other months being off-season periods, many hotels offer heavy discounts on room tariff to ensure repeat customers such as corporates, airline crewmembers and tour groups.

**2.2.2.5 Political scenario:** In the past couple of years, the hotel industry has been going through a lean phase. Room occupancy has been on a decline, mainly due to a steep fall in both business and tourist arrivals. Though the exorbitant rates of five-star hotels as compared to the quality of services provided are one of the factors for the decline, the fluid political environment has also had a negative impact and foiled the dreams of the Indian hotel industry.

**2.2.2.6 Tax structure:** This industry is one of the heavily taxed sectors of India. State governments have levied various taxes like expenditure tax, luxury tax and sales tax. This is apart from the income tax levied by the central government. These taxes are as high as 30 per cent in cities like Chennai, while other Asian countries have a tax structure of 4 to 5 per cent. As a result, Indian hotels are more expensive than their Asian counterparts.

**2.2.2.7 Industry bottlenecks:** Progress of the industry is held hostage to various bottlenecks existing within the industry like high variable costs. The hotel industry is reeling under high variable expenses. A high wage bill, maintenance costs and overhead expenses mark the industry. Domestic hotel chains have a high man-room ratio as compared to their overseas counterpart.

**2.2.2.8 Differential pricing:** Hotels in India typically offer discounts on published room tariffs to many clients. As a result, though the occupancy rate of these hotels increases, the ARR does not increase proportionally. However, the magnitude of discounts varies depending on the nature of the client location and size of the hotel. Furthermore, in the dual tariff rate system, there is a domestic currency rate for local travelers and a dollar rate applying to foreign travelers. Hence there is need of a common yardstick for tariff rates.

### **2.2.3 Trends in Hospitality Sector**

Trends that will shape the future of hospitality sector are as follow:

**2.2.3.1 Low cost carriers:** Travelers in general are more price sensitive to airfare than they are to hotel room rates. Often a low airfare will stimulate demand for travel even if hotel prices are increasing. LCCs are a good option for business travelers, as they have advantages like low costs, more options and connectivity.

**2.2.3.2 Budget hotels:** More than 50 per cent of occupancy of a majority of hotels comes from the business travel segment. The average room rate (ARR) realized from business travelers is normally higher than from leisure travelers. Heightened demand and the healthy occupancy rates have resulted in an increase in the number of budget hotels. Some of the new players entering into this category of hotels include Homotel, Kamfotel, Courtyard by Marriott, Country Inns & Suites, Ibis and Fairfield Inn.

**2.2.3.3 Service apartments:** The concept of service apartments, though a recent phenomenon in India, is an established global concept. Villas in Spain, flats in the UK and apartment complexes in the US have all created a viable market for those who want more than just a room in a hotel. Service apartments are the latest trend in accommodation, offering the comfort and convenience of a home without the hassles of having to maintain or look after it. Ideally suited for medium-to-long staying guests, service apartments are a natural choice for corporate employees or expatriates relocating to a particular city, non-resident Indians visiting the country for long spells and foreigners visiting the city for long duration.

**2.2.3.4 Technology:** Travel and technology have become inseparable. Technology is making its own advances with high-tech video conferencing facilities, web cameras and virtual reality mode of conferencing. On-line bookings, e-ticketing, Wi-Fi Internet connectivity, easy access to information, etc. are just a few areas where technology has completely changed the way we travel.

**2.2.3.5 Loyalty travel:** Today, airline-credit card company tie-ups have brought a whole range of benefits to the travelers. These include insurance cover, upgrades, free tickets, access to executive lounges, and a host of other goodies.

### **2.2.4 Challenges for Hospitality Industry**

**2.2.4.1 Shortage of skilled employees:** One of the greatest challenges plaguing the hospitality industry is the unavailability of quality workforce in different skill levels. The hospitality has failed to retain good professionals.

**2.2.4.2 Retaining quality workforce:** Retention of the workforce through training and development in the hotel industry is a problem and attrition levels are too high. One of the reasons for this is unattractive wage packages. Though there is boom in the service sector, most of the hotel management graduates are joining other sectors like retail and aviation.

**2.2.4.3 Shortage of rooms:** The hotel industry is facing heavy shortage of rooms. It is estimated that the current requirement is of 1,50,000 rooms, the shortage still persist.

**2.2.4.4 Intense competition and image of India:** The industry is witnessing heightened competition with the arrival of new players, new products and new systems. The competition from neighboring countries and negative perceptions about Indian tourism product constrains the growth of tourism. The image of India as a



country overrun by poverty, political instability, safety concerns and diseases also harms the tourism industry.

**2.2.4.5 Customer expectations:** As India is emerging as a destination on the global travel map, expectations of customers are rising. The companies have to focus on customer loyalty and repeat purchases.

**2.2.4.6 Manual back-end:** Though most reputed chains have IT enabled systems for property management, reservations, etc., almost all the data which actually make the company work are filled in manual log books or are simply not tracked.

**2.2.4.7 Human resource development:** Some of the services required in the tourism and hotel industries are highly personalized, and no amount of automation can substitute for personal service providers. India is focusing more on white collar jobs than blue collar jobs. The shortage of blue collar employees will pose various threats to the industry.

## **2.2.5 SWOT analysis of Hospitality Industry**

### **2.2.5.1 Strengths**

- **Natural and cultural diversity:** India has a rich cultural heritage. The "unity in diversity" tag attracts most tourists. The coastlines, sunny beaches, backwaters of Kerala, snow capped Himalayas and the quiescent lakes are incredible.
- **Demand-supply gap:** Indian hotel industry is facing a mismatch between the demand and supply of rooms leading to higher room rates and occupancy levels. With the privilege of hosting Commonwealth Games 2010 there is more demand of rooms in five star hotels. This has led to the rapid expansion of the sector.
- **Government support:** The government has realized the importance of tourism and has proposed a budget of Rs. 540 crore for the development of the industry. The priority is being given to the development of the infrastructure and of new tourist destinations and circuits. The Department of Tourism (DOT) has already started the "Incredible India" campaign for the promotion of tourism in India.
- **Increase in the market share:** India's share in international tourism and hospitality market is expected to increase over the long-term. New budget and star hotels are being established. Moreover, foreign hospitality players are heading towards Indian markets.

### **2.2.5.2 Weakness**

- **Poor support infrastructure:** Though the government is taking necessary steps, many more things need to be done to improve the infrastructure. In 2003, the total expenditure made in this regard was US \$150 billion in China compared to US\$ 21 billion in India.
- **Slow implementation:** The lack of adequate recognition for the tourism industry has been hampering its growth prospects. Whatever steps are being taken by the government are implemented at a slower pace.
- **Susceptible to political events:** The internal security scenario and social unrest also hamper the foreign tourist arrival rates.

### **2.2.5.3 Opportunity**

- **Rising income:** Owing to the rise in income levels, Indians have more spare money to spend, which is expected to enhance leisure tourism.
- **Open sky benefits:** With the open sky policy, the travel and tourism industry has seen an increase in business. Increased airline activity has stimulated demand and has helped improve the infrastructure. It has benefited both international and domestic travels.

### **2.2.5.4 Threat**

- **Fluctuations in international tourist arrivals:** The total dependency on foreign tourists can be risky, as there are wide fluctuations in international tourism. Domestic tourism needs to be given equal importance and measures should be taken to promote it.

- **Increasing competition:** Several international majors like the Four Seasons, Shangri-La and Aman Resorts are entering the Indian markets. Two other groups - the Carlson Group and the Marriott chain- are also looking forward to join this race. This will increase the competition for the existing Indian hotel majors.

### 2.3 Contribution to Indian Economy

The Indian hospitality industry is going great guns presently, with high operating margins and increase in the number of travelers visiting India- both inbound and outbound. Thus, the only direction left for the sector points upwards. However, what need to be focused on are the facts that opportunities are not missed, which presently include the large gaps in rooms supply as compared to demand. India has approximately 100,000 rooms only in totality, which is lesser than that in Las Vegas, besides contributing to an insignificant portion of the GDP - just 5.4 per cent. In comparison to nations like China, Thailand and Malaysia where the hospitality share ranges between 12 and 15 per cent, India's growth potential is boundless. "By 2020, the hospitality and tourism sector would be a major contributor to the Indian economy," says Sudeep Jain, executive director of JLLM.

South Asia is and will remain a must-visit destination and India is looking more and more lucrative. Within the nation, major contribution as destinations will be from the growing tier I and II cities with a special emphasis on business hotels across categories as well as the prime leisure destinations like Goa, Rajasthan, etc, which will remain on the growth path, creating the aura for India as a leisure destination. Accordingly, the needs of the traveler will be nothing less than perfection. With an increase in choices available, they will be less forgiving of service deficiencies. Guests will require higher levels of service in the full-service segments, which will warrant greater training requirements for hotel staff. The limited service hotels will require a complete shift in the perception of customer service. Nevertheless, this is directly related to the travelers' travel personal.

### 2.4 Company profile of the hotels used for study

#### 2.4.1 Hotel-1

The Hotel-1 and its subsidiaries is recognised as one of Asia's largest and finest hotel company, is a symbol of Indian hospitality and have completed its centenary year in 2003. For more than **100 years**, the hotel has acquainted guests with the living heritage of India - and a legendary experience in hospitality.

The Hotels Resorts and Palaces comprises 66 hotels across India and abroad. Spanning the length and breadth of the country, gracing important industrial towns and cities, beaches, hill stations, historical and pilgrim centres and wildlife destinations, each hotel offers the luxury of service, the apogee of Indian hospitality, vantage locations, modern amenities and business facilities.

The hotel under study belongs to India's leading hospitality chain is Upper Upscale Hotels provide a new generation of travelers a contemporary and creative hospitality experience that matches their work-hard play-hard lifestyles. Stylish interiors, innovative cuisine, hip bars, and a focus on technology set these properties apart.

Driven by the passion for perfection, they welcome the customers to a refreshingly enjoyable and hassle-free experience, anytime, everywhere.

The Hotel-1 Resorts and Palaces is committed to replicate its domestic success onto international shores with plans to build an international network of luxury hotels, which will provide an exemplary product-service combination and in the process create a global brand.

Throughout the Company's expansion, its mandate has been twofold: to infuse a sense of Indian heritage and culture within each diverse property, while also anticipating the needs and desires of the sophisticated traveler. Over the years, it has won international acclaim for its quality hotels and its excellence in business facilities, services, cuisine and interiors.

#### 2.4.2 Hotel-2

Hotel-2 has defined a benchmark of fine living and has expressed high standards in the art of hospitality. It has retained the spirit and charm of the traditions of India and has blended these with the latest technology that the industry has to offer.

The Group is a major force in North India, and is highly regarded for its professional outlook and commitment to integrity. The hotel group's brand vision is to make a world-class hotel experience accessible to the value-conscious traveler. We believe that while the brand delivers real value, it is not just about price. It is about uncompromising care, care for every aspect of the guest experience, care for comfort and convenience, care for detail, care so that a guest is not just a room number, but someone who always enjoy having with us.

With years of rich experience in the hospitality industry, it is clear that this brand vision can be brought to life, in the least possible time-frame, through an innovative business model. This brand has been conceived as a hotel management brand that lends its brand equity and expertise in partnering with hotel owners and builders in setting up, operating and marketing hotels across the length and breadth of the country. It is a chain of hotels which is indeed classic as well as contemporary.

**Table-2.1: Comparative study of the two hotels for research**

Characteristics	Hotel-1	Hotel-2
<b>Segment</b>	Leisure and business travelers	Leisure travelers, foreigners, wedding parties
<b>Target Group</b>	Upper class, business travelers	Upper middle and upper class urban
<b>Positioning</b>	Prime location, luxury living with Indian values	It has the spirit and charm of the traditions of India and has blended these with the latest technology
<b>SWOT Analysis</b>		
<b>Strength</b>	<ol style="list-style-type: none"> <li>1. Group comprises 93 hotels in 55 locations across India with an additional 16 international destinations</li> <li>2. Employee strength over 13000 people</li> <li>3. The perfect experience of Indian luxury living</li> <li>4. Employee retention due to good brand image</li> <li>5. Considered to be the most premium hotel chain in India</li> <li>6. Top-of-the-mind brand recall</li> </ol>	<ol style="list-style-type: none"> <li>1. Excellent locations across India</li> <li>2. The hotel has a cozy and homely feeling about it which the customer's love</li> <li>3. Indian culture and geographical diversity pulls tourism</li> <li>4. The hotel has extremely friendly staff</li> <li>5. Considered to be the most premium hotel chain in India</li> </ol>
<b>Weakness</b>	<ol style="list-style-type: none"> <li>1. Limited market share due to tough competition from international and domestic players means</li> <li>2. Terrorist attacks left a question over the security</li> </ol>	<ol style="list-style-type: none"> <li>1. Low brand recall compared to leading industry players</li> <li>2. Market share is lower than other hotel chains</li> <li>3. Limited presence in thbe rest of the country</li> </ol>
<b>Opportunity</b>	<ol style="list-style-type: none"> <li>1. Introduce better membership plans</li> <li>2. Improve hygiene standards</li> <li>3. Upgrade to international methods of work</li> </ol>	<ol style="list-style-type: none"> <li>1. Incredible India! Campaign has increased influx of tourists</li> <li>2. Domestic travelers are looking for hotels which offer 5 star service at a lower rate</li> <li>3. Penetration and expansion to other cities as well as abroad</li> </ol>
<b>Threats</b>	<ol style="list-style-type: none"> <li>1. Other heritage properties</li> <li>2. Competitors upgrading to international standards of work ethic</li> </ol>	<ol style="list-style-type: none"> <li>1. Terrorist threats, economic downturn, political turbulence</li> <li>2. There is a new trend of people</li> </ol>

**THE RELATIONSHIP BETWEEN ORGANIZATION CULTURE AND EMPLOYEE PERFORMANCE: HOSPITALITY SECTOR**

	3. Expectation of clients in terms of technological development	preferring well furnished guest houses over hotels 3. Changing trends from the west may be an issue to implement by already existing players due to the high initial investment
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### **2.5 Summary**

Hospitality segment in India is booming at an unprecedented pace backed by growth factors like increasing affluent middle class, increase in foreign tourism, medical tourism etc. While the economy is growing rapidly, India faces a huge challenge of being "under roomed".

The outlook for the hospitality market in India is optimistic and will continue to remain so, in our opinion. The economy's buoyancy, initiatives to improve infrastructure, growth in the aviation and real estate sectors and easing of restrictions on foreign investment will fuel demand for hotels across star categories in the majority of markets. India's hotel industry is increasingly being viewed as investment-worthy, both within the country and outside, and several international chains are keen to establish or enhance their presence here. We anticipate that, over the next three to five years, India will emerge as one of the world's fastest growing tourism markets with an average growth rate of 15% and will be hard to ignore.

At last we would like to conclude by saying the hotel industry is the biggest hospitality service in the world. The hotels serve as the best medium to help and cater people. As said before it is the biggest money-spinner sector among the Hospitality Services sector. It will be a wonderful experience to work on a very exciting sector. The Hotel Industry is here to stay for long.

The hospitality industry is one of the most important sector in the Indian economy so this study is important to understand the organizational culture which it has to follow so that the performance of employees enhances and thus the employee performance matches the growth rate of the industry.

*CHAPTER - 3*

***LITERATURE REVIEW***

### 3.1 Organization Culture

#### 3.1.1 Introduction

The concept of organizational culture has been significant in the study of organizational behaviour because it is an important lever in enhancing organisations' key capabilities and how they function, and therefore is a popular business topic in both academic research and the business press (Chen, 2004: 432; Nazir, 2005: 40; O'Reilly, 1989: 9; O'Reilly, Chatman and Coldwell, 1991: 487; Silverthorne, 2004: 593; van der Post, de Coning and Smit, 1997: 147). Organisational culture is an important factor used to determine how well an employee fits into their organisational context, and it has been asserted that a good fit between the employee and their organization is important (Nazir, 2005: 40; O'Reilly *et al.*, 1991: 487; Silverthorne, 2004: 593). In addition, Nazir (2005: 40) and Silverthorne (2004: 597) state that organisational culture also affects the performance of employees within an organisation and that the strength of employee performance is correlated with the strength of organisational culture. It is usually understood that a strong culture is synonymous with consistency, because the beliefs and values of the organisation are shared relatively consistently throughout the organisation, and therefore, the management of culture can be treated as the management of employee performance (Nazir, 2005: 40-41). If the culture is very strong, then employees know the organisation's goals and they are working for those goals, which increase the performance of employees (Deal and Kennedy, 1982: 4).

Individuals may be attracted to organisations that have values that are perceived as similar to their own; therefore they will be more result oriented and committed to their job (O'Reilly *et al.*, 1991: 492; Smith, 2003: 249). Nazir (2005: 40) states that having an organisational culture, more specifically a set of values that is commonly shared by the organisations employees, may be beneficial to organisations operating in the service sector, similarly this would also be the case for the selected unit, which operates in the private service sector at the hospitality sector.

Irrespective of whether the organisational culture is strong or weak, it has also been asserted that it influences the entire organisation and affects everyone throughout that organisation (Deal and Kennedy, 1982: 4). Organisational culture also has an effect on the performance employee and in turn the performance of the organisation (Deal and Kennedy, 1982: 4; Smith, 2003: 249). Kotter and Heskett (1992: 11-12) studied the relationship between organisational culture and organisational performance and their research came to four important conclusions: (1) Organisational culture is able to impact significantly on an organisation's long term economic performance; (2) Organisational culture's importance as a factor in determining organisational success or failure will increase in the next ten years; (3) It is common and easy to develop organisational cultures that reduce an organisation's long term financial performance; and (4) Organisational culture can be changed to be more performance enhancing, even though organisational culture is difficult to change.

This would also be applicable to the private service sector at the hospitality sector. This concern pertains to how management techniques, which are related to the new hospitality sector management, will conflict with the attitudes, values and culture within the selected organization (Harrow and Wilcocks, 1990).

The purpose of this chapter is to gain insight into organisational culture and the typologies that are used to classify organisational culture. More specifically, the theoretical perspectives pertaining to the typologies of organisational culture, organisational cultures functions and determinants, as well as the mechanisms that are used to develop culture, as well as the effects of organisational culture on employee performance will be discussed.

#### 3.1.2 Historical background of Organizational Culture

The culture of organizations is not a new idea. Barnard (1938) hinted at it in an appendix of functions of the executive: to understand the society you live in, you must feel organizations, which is exactly what you do with your non-logical minds about your university, temple, community, society and family. The feeling is in our narrow, not yet emerged into articulated form (p:300).

Arnold (1935), one of the Barnard's contemporaries made the point even more forcefully. Although a professor of law, he was especially appreciative of the powerful role of symbols in human experience: the words ceremonies, theories, principles and other symbols man uses, makes him believe in the reality of his dreams and thus give purpose to his life(p:3).

Arnold's view followed and echoed late by Selznick (1957) "To create an institution, we rely on many techniques of infusing day-to-day behaviour with meaning and purpose. One of the most important of these is the elaboration of socially integrating myth"(p:151).

Before the 1970's a number of organizational theorists sporadically studied organizations as cultures or collections of subcultures. Discussions of the cultural nature of organizations surfaced in the work of such diverse theorists as Rothlisberger and Dickson (1939), Whyte (1948), Selznick (1949), Homans (1950). Gouldner (1954), Blau (1955), and Trice et al. (1969). Moreover during the 1970's a small cadre of organizational theorist's heavily influenced by the work of Hughes (1968), and other (university of Chicago trained sociologists) argued persuasively that one cannot fully comprehend organizational dynamics unless one understands the importance of local interpretive structures and ritualized practices (Schein, 1971: Van Maancu, 1976, 1977, 1979a, 1979b: Van Maanen and Schein, 1979). Even though these researchers rarely spoke of organizational culture per se, their studies were clearly cultural in orientation and their work strongly influenced a number of academics that later adopted the term explicitly. Finally, passing references to organizational culture were also scattered throughout early writings on organizational development (Schein, 1989). However, it was not until the late 1970s that the notion of organizational culture began to attract explicit and sustained interest. During this period, the term was recast as a novel concept and re-introduced into organizational behaviour from two separate directions.

In the views of Barley et al. (1988), the first path in this regard, was the writings of handful of consultants and applied researchers who published their ideas in journals and books aimed primarily at an audience of managers and other practitioners (Silverzweig and Allen, 1976: Peters, 1978: Ouchi and Price, 1978: O'toole, 1979). These authors argued that by relying exclusively on rational strategies of organizing, managers had underestimated the importance of embodying values inspiring loyalty, and influencing interpretations. Moreover, each of their paper postulated, either explicitly or implicitly, that rational strategies for designing organizations had begun to yield managerial returns on performance and productivity.

Barley et al. (1988) suggested that if managers would pay more attention to an organization's ideals, norms, and values, as well as heed the symbolic aspects of management, they would discover powerful tools for enhancing organizational effectiveness and employee performance.

Since the early 1980s, when the culture perspective originally emerged onto the scene of organizational studies, the literature went through interesting stages. Meyerson (1991) noted that the culture was the code word for the subjective side of organizational life. By the mid of 1980s, many researchers took culture as falling short of its promise (Alverson, 1985; Frost, 1985, Moore et. Al, 1992; Smirich & Calas, 1987). Then by the late 1980s, and early 1990s new perspectives introduced by Sackmann (1991), Martin (1992), and Czavniawska-Joerges (1992) and new empirical studies and ethnographies presented by Denison (1990), Kunda (1992) and Kotter & Heskett (1992) made the concept of organization/corporate culture a popular one in the field of organization management.

### **3.1.3 Organisational Culture conceptualised**

There are many definitions of organisational culture and the concept is difficult to define (Hellriegel, *et al.*, 2004: 357; Hofestede, 1994: 1; Martin, 2001: 584; O'Reilly *et al.*, 1991: 491; Rowe *et al.*, 1994: 472; Schein, 1992: 52). It is, however, important to have clarity on what is meant by the term organisational culture, if it is to be analysed and managed (O'Reilly, 1989: 10). According to Hellriegel *et al.* (2004: 357), organisational culture is the distinctive pattern of shared assumptions, values and norms that shape the socialisation activities, language, symbols, rites and ceremonies of a group of people. This definition by Hellriegel *et al.* (2004: 357) emphasizes a number of important aspects of organisational culture, such as shared assumption, shared values, shared socialisation and norms, and shared symbols, language, narratives and practices; and also emphasizes how organizational culture assists employees in being introduced and socialized into the new organisation, while concurrently ensuring internal integration. In doing so, organisational culture lets the employees know how to perceive, think and feel when faced with new problems within their new organisational environment.

Rowe *et al.*, (1994: 472) provide a similar definition to Hellriegel *et al.* (2004: 357), in which organisational culture is defined as the combination of shared values, attitudes, beliefs, rituals, norms, expectations, and

assumptions of the people within the organisation. Rowe *et al.* (1994: 472) go on to indicate that corporate rituals provide a way of showing the beliefs and values of the organisation, and therefore define the organisational culture, social interaction, priorities, and way in which employees deal with one another. Rowe *et al.* (1994: 472) also acknowledge the importance of the socialisation process of new employees into the organisation. This form of socialisation, through organisational rituals, assists employees in understanding and adhering to specific practices and procedures within the organisation (Rowe *et al.*, 1994: 472).

O'Reilly *et al.* (1991: 491) add to the above definitions by stating that organisational culture can be thought of as a set of cognitions that is shared by members of a specific social unit or organisation, which includes elements such as fundamental assumptions, values, behavioural norms and expectations. Deal (1984; in Rowe *et al.*, 1994: 472) observed that employee social needs are met by defining relationships, specifying roles and duties and establishing set standards that are to be adhered to. Deal and Kennedy (1982: 4) have a similar perspective to that of O'Reilly *et al.* (1991: 491) and explain their definition of organisational culture as the "integrated pattern of human behaviour that includes thought, speech, action and artefacts and depends on man's capacity for learning and transmitting knowledge to succeeding generations." The informal cultural elements of an organisation can be described as the way things are done around the organisation (Deal and Kennedy, 1982: 4).

For the purpose of this research, organisational culture will be defined as the distinctive pattern of shared assumptions, values and norms that shape the socialisation activities, language, symbols, rites and ceremonies of a group of people. This follows the definition given by Hellriegel *et al.* (2004: 357) because it is the most comprehensive definition, which includes aspects referred to by other authors, such as O'Reilly *et al.* (1991: 491), Rowe *et al.* (1994: 472) and Schein (1992: 12).

### **3.1.4 Definitions of Organization Culture**

Organizational culture has been defined as the "normative glue" that holds an organization together (Tichy, 1982). Forehand and von Gilmer (1964) suggest that culture is the set of characteristics that describe an organization and distinguish it from others. Schein (1990), in a more comprehensive fashion, defines culture as values and behaviours that are believed to lead to success and are thus taught to new members.

Central to the culture definition is the idea that culture must be learned and shared (Titiev, 1959).

The culture of a group can be defined as: "A pattern of shared basic assumptions that the group learned as it solved its problems of external adaptation and internal integration, that has worked well enough to be considered valid and therefore, to be taught to new members as the correct way to perceive, think, and feel in relation to those problems" (Schein, 1990).

In other words, as groups evolve over time, they face two basic challenges: integrating individuals into an effective whole, and adapting effectively to the external environment in order to survive. As groups find solutions to these problems over time, they engage in a kind of collective learning that creates the set of shared assumptions and beliefs we call "culture."

Morgan (1997) describes culture as "an active living phenomenon through which people jointly creates and recreates the worlds in which they live."

For Morgan, the three basic questions for cultural analysts are:

- What are the shared frames of reference that make organization possible?
- Where do they come from?
- How are they created, communicated, and sustained?

Eldridge and Crombie, 1974, the culture of an organization refers to the unique configuration of norms, values, beliefs and ways of behaving that characterize the manner in which groups and individuals combine to get things done.

Deal and Kennedy, 1982, culture is a system of informal rules that spells out how people are to behave most of the time.



Symington, 1983, culture is that complex whole which includes knowledge, belief, art, law, morals, customs and any capabilities and habits acquired by a man as a member of society.

Furnham and Gunter, 1993, culture is the commonly held beliefs, attitudes and values that exist in an organization. Put more simply, culture is 'the way we do things around here'.

Purcell et al, 2003, a system of shared values and beliefs about what is important, what behaviours are important and about feelings and relationships internally and externally.

Kroeber and Kluckhohn, culture consists of patterns, explicit and implicit, of and for behaviour acquired and transmitted by symbols, constituting the distinctive achievement of human groups, including their embodiment in artifacts; the essential core of culture consists of traditional (i.e., historically derived and selected) ideas and especially their attached values; culture systems may, on the other hand, be considered as products of action, on the other, as conditioning elements of future action.

Gareth Morgan, 1986 has described organizational culture as: "The set of the set of beliefs, values, and norms, together with symbols like dramatized events and personalities that represents the unique character of an organization, and provides the context for action in it and by it." Beliefs and values are words that will pop up frequently in other definitions, as well. Norms might be described as traditions, structure of authority, or routines.

Edgar Schein, another of the most famous and most respected theorists dealing with organizational culture says that the definition of organizational culture has to be general, or else you start to eliminate factors that actually are part of corporate culture.

Schein's definition of organizational culture is: "A pattern of shared basic assumptions that the group learned as it solved its problems that has worked well enough to be considered valid and is passed on to new members as the correct way to perceive, think, and feel in relation to those problems." Although the words are different, the two definitions are nearly the same in terms of content.

Schein, 1992, "A pattern of shared basic assumptions " invented, discovered, or developed by a given group as it learns to cope with its problems of external adaptation and internal integration" that have worked well enough to be considered valid and therefore, to be taught to new members as the correct way to perceive, think and feel in relation to those problems".

Swanberg, 2004, Supportive Organizational Culture: "One that has adapted varying personal and family nuances evident in today's workforce".

The various definitions of culture can be summed up with the following areas of agreement on the concept :

- It is difficult to define (often a pointless exercise).
- It is multi-dimensional, with many different components at different levels.
- It is not particularly dynamic, ever changing (being relatively stable over short periods of time).
- It takes time to establish and therefore time to change a corporate culture.

**Main characteristics that the organization culture defines include the following**

- The degree to which innovation and risk taking behaviour is accepted and valued.
- The degree to which employees are expected to pay attention to detail in performance of their work.
- The degree to which management focuses on the results produced rather than adherence to systems and procedures.
- Degree to which people and people aspect of any situation is taken into consideration in decision making.
- The degree to which work is organized around teams of people rather than individuals.
- The degree to which aggressive and competitive behaviour is accepted and appreciated.
- The relative emphasis placed on maintenance of status quo versus growth.

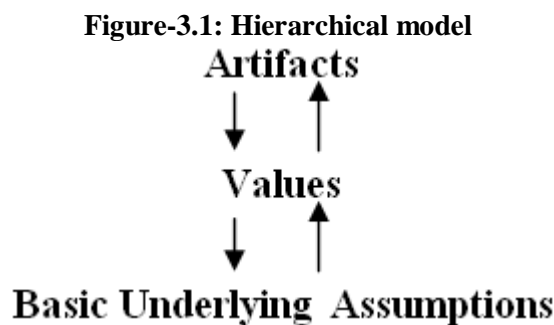
### 3.1.5 Dimensions of Organizational Culture

Schein, (1987) further indicates culture as the personality of an organization. While people cannot actually see a corporation's culture, they can infer a lot about it by observing the following.

- The basic philosophy of the organization.
- The values that underline organization norms.
- The norm that guide behaviour.
- The status accorded to certain individuals.
- The formal and informal rule that have developed for getting a task done.
- A type of language used in the organization.

Edger Schein, (1992) illustrates organizational culture as a hierarchical model with three levels:

- The lowest level contains the unconscious, taken for granted beliefs, thoughts, and feelings which are called the basic “underlying assumptions”;
- The next level contains the strategies, goals, and philosophies of the organization which are called “espoused values;” and
- The uppermost and most visible level contains the organization's structure and processes and is referred to as “artifacts.”



Schein, (1989) indicates organizational culture as the deeper level of basic assumptions and beliefs that are shared by member of the organization, that operate unconsciously, and that define in a ‘taken for granted’ fashion and organization's view of itself and its environment. It is accepted as the unseen and unobservable force that is always behind the tangible activities of an organization, which can be observed and measured. We can also characterize culture as consisting of three levels.

Schein, (1985) contends that it is important to consider culture as having a number of levels, some of which are essentially manifestations of underlying beliefs. According to his model, culture is represented at three levels; 1) behaviour s and artifacts; 2) beliefs and values; 3) underlying assumptions. These levels are arranged in terms of their visibility such that behaviour and artifacts are easiest to observe, while the underlying assumptions need to be inferred. To understand what the behaviour s or beliefs actually mean to participants, the underlying assumptions have to be surfaced. This is most difficult as assumptions are considered to be taken for granted and out of awareness.

#### **Artifacts, Values and Assumptions**

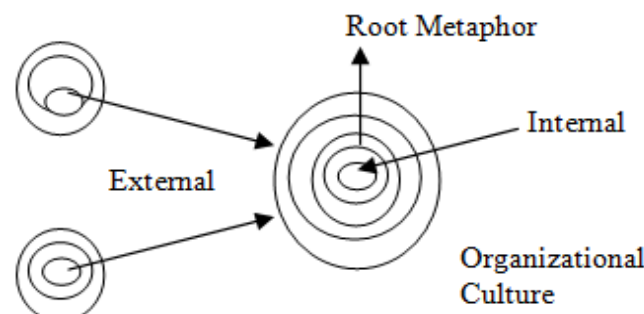
**Behaviour and artifacts:** the most visible level is behaviour and artifacts. This is the observable level of culture, and consists of behaviour patterns and outward manifestations of culture: perquisites provided to executives, dress codes, level of technology utilized (and where it is utilized), and the physical layout of workspaces. The first and most visible level Schein terms ‘artifacts’ includes architecture, technology, office, layouts, dress codes, written communications, advertisements, and the reception that visitors receive are all included. Artifacts are the surface level of culture, easy to identify but difficult to interpret without an understanding of the underlying logic.

**Values:** At the next level of culture are values. Values underlie and to a large extent determine behaviour, but they are not directly observable, as behaviours are. There may be a difference between stated and operating values. People will attribute their behaviour to stated values. Values represents a sense of ‘what ought to be’ based on convictions held by certain key people. For example if an organization has a problem such as high level of rejections in production or low sales, decisions might be made to use high quality but more expensive raw materials or to advertise more aggressively. These are seen originally as the decision maker’s values, which can be debated or questioned. Many of the strategies used by organizations start in this way, and many will reflect values held by the strategic leader.

**Assumptions and beliefs:** To really understand culture, we have to get to the deepest level, the level of assumptions and beliefs. Schein contends that underlying assumptions grow out of values. Until they become taken for granted and drop out of awareness. If the alternative is acceptable and successful it may well be tried again and again until it becomes common practice. In this way the value becomes a belief and eventually an assumption about behaviour practiced by the organization. These basic underlying assumptions are Schein’s third level, and they represent the ‘taken-for-granted ways of doing things or solutions to problems. These assumptions determine how group members perceive, think and feel. Schein suggests that cultural paradigms are formed which determine ‘how organization members perceive, think about, feel about, and judge situations and relationships’ and these are formed on a number of underlying assumptions. The basic assumptions which refer to the organization’s relationship to its environment, the nature of truth and reality, the nature of human nature, activity and relationships are, in Schein’s view, the essence of organizational culture; the artifacts and values being just manifestations of that culture. Whilst others such as (Smircich, 1983) support similar hidden attributes of “beliefs and values” others would emphasize behaviour. Thompson & Luthans (1990) highlight the behaviour as view of organizational culture, as defined for instance in the Social Learning Theory proposed by Bandure, (1976, 1977), which is learning through both direct and vicarious (indirect) means. For example, employees seeing how management treats them and how they interpret management treating other people. In this theory, behaviour has two components: the norms, which are, internalized views of how one should behave and the patterns, which are external visible manifestations of the internal views. This visible / invisible distinction applies to other non-behaviour attributes of culture which many researchers tend to emphasize. For example, Deal and Kennedy, (1982) emphasize the more visible “heroes, rites and rituals, legends, and ceremonies,” because it is these attributes they believe shape behaviour.

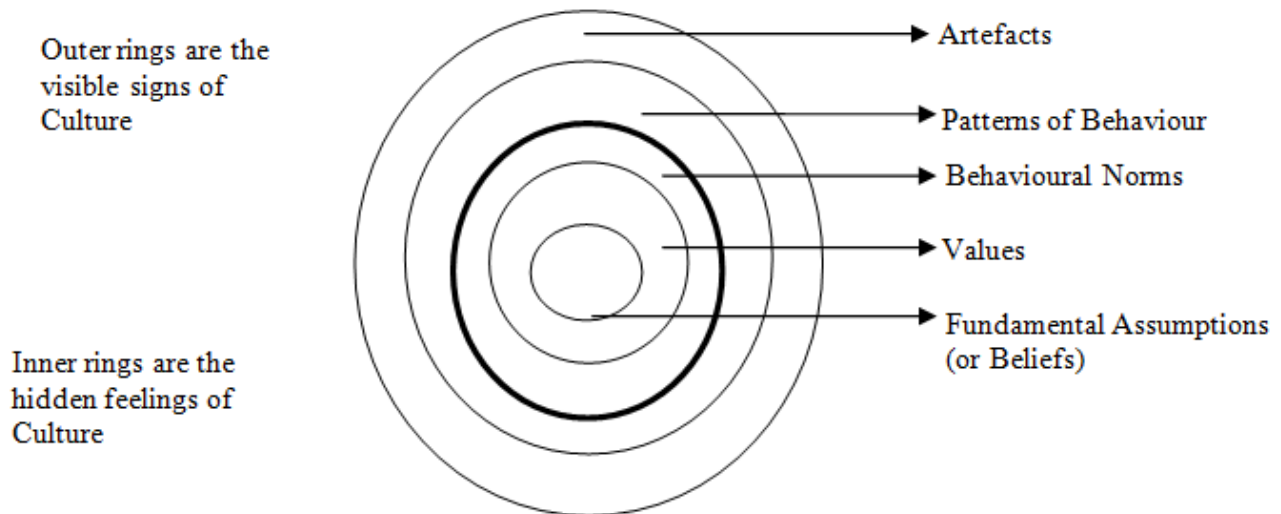
Smircich, (1983) attempts to clear up the confusion surrounding the definition of culture by categorizing three approaches to culture: Culture can be viewed as an independent variable (or external variable) brought into the organization, as an Internal variable within an organization, or as a root metaphor for conceptualizing organizations. (Thompson & Luthans, 1990) and they later suggest that Smircich favours the latter meaning. These three views are illustrated below:

Figure-3.2: Perspectives of Culture



Rousseau, (1990) in his critique of researchers, who concentrate on one or a few attributes, proposes a multi-layered model, which he structured as a ring. Rousseau’s rings were organized from readily accessible [outer layers] to difficult to access [inner layers]. Rousseau’s model is re-produced below. Rousseau’s model appears to capture all the key elements of culture: a continuum from unconscious to conscious, from interpretative to behaviour, from inaccessible to accessible.

Figure-3.3 Layers of Culture, Rousseau (1990)



Armstrong (1990), indicates organizational culture as the pattern of shared attitudes, beliefs assumptions and expectations which will probably not have been recorded, but will shape the way in which people act and interact in an organization and underpin the way things get done. It will encompass the organization's dominant ideologies and may be expressed through its myths, heroes, stories, jargon, rites and legends.

Relating the concept of culture with organizational culture, Kramer, (1974) and Foy, (1974) indicates that culture might be seen as a glue that hold organization together – a means by which participant communicate and coordinate their efforts and incidentally a ring fence separating insiders from outsiders.

Garthe Morgan, (1986) describes culture as shared meaning, shared understanding and shared sense making. He argues that culture must be understood as an active, living phenomenon through which people create and recreate their worlds.

Robbins, (1998) indicates, organizational culture as system of shared meaning held by organizational members that distinguishes the organization from other organizations.

'Organizational culture is often defined in terms of shared meanings, patterns of beliefs, rituals, symbols, and myths that evolve over time, serving to reduce human variability and control and shape employee behaviour in organizations,'(peters & Waterman, 1982; Wilkins & Ouchi,1983; Lorsch, 1986;Weick, 1987; Denison, 1990).

#### Specific Manifestations of Organizational Culture

- **Rites:** A relatively elaborate dramatic, planned set of activities that combines various forms of culture expressions and that often has both practical and expensive consequences.
- **Rituals:** A standardized detailed set of techniques and behaviour's that manages anxieties but seldom produce intended practical consequences of any importance.
- **Myths:** A dramatic narrative imagined event, usually used to explain origin of transformation of something. Also an unquestioned belief about the practical benefits of certain techniques and behaviour that is not supported by demonstrations.
- **Saga:** A historical narrative describing (usually in heroic terms) the unique accomplishments of a group and its leaders.
- **Legend:** A handed-down narrative of some wonderful event that has a historical basic but has been accomplished with fictional dalais.
- **Story:** A narrative based on true wants often a combination of truth and fiction.
- **Folktale:** A fictional narrative.

- **Symbols:** Any object act event, quality of relation that serve as a vehicle for conveying meaning, usually by representing another thing.
- **Language:** A particular manner in which members of a group use vocal sounds and writing signs to convey meaning to each other.
- **Gesture:** Moments of parts of the body used to express meanings.
- **Physical Setting:** Those things that physically surround people and provide them with immediate sensory stimuli as they carry out culturally expressive activities.
- **Artifact:** Material objects manufactured by people to facilitate expressive activities.

Much of the popular writings on culture, especially in the eighties, have come from the objective end of the spectrum. Management Consultants such as Peters and Waterman (1982), and Deal and Kennedy (1982) emphasize the cultural elements of “business environment”, “values”, “heroes”, “rites and rituals”, and “cultural network”. Organization Development practitioners, such as Schein (1985), emphasize that culture is created by leaders who create organizational environments that employees respond to, and in the process modify their behaviour.

### 3.1.6 Functions of organizational culture

Culture is like a genetic code of an organisation and is significant from various perspectives. Indian organisations have evolved by being culturally embedded. There are organisations founded by Tata, Godrej, and others who have promoted and maintained a typical kind of culture over the decades. There are other organisations, which have evolved from being culturally embedded through being market driven. The organisations belonging to this category are Wipro, Ranbaxy, Sundaram Fasteners, and NIIT who have used organisational culture for business growth, market capitalization, and market leadership. It is observed that small organisations draw on organisational culture and achieve competitive advantage in a niche market. One can find an example of this in Southwest Airlines in US which provided cheap air transportation for a number of years. However, big firms like IBM and Sony have penetrated the world market through various business strategies and culture of effective managerial practices. Thus organisational culture performs the following function :

**a. Culture supplements rational management:** Creation of an appropriate work culture is a time – consuming process. Therefore, organisation culture cannot suddenly change the behaviour of people in an organisation. A number of management tools are used to channelize the behaviour of people in a desired way. No change can be effectively brought about without involving people. Culture communicates to people through symbols, values, physical settings, and language, and thereby supplementing the rational management tools such as technology and structure.

**b. Culture facilitates induction and socialization :** Induction is a process through which new entrants to an organisation are socialized and indoctrinated in the expectation of the organisation, its cultural norms, and undefined conduct. The newcomer imbibes the culture of the organisation which may involve changing his/her attitudes and beliefs to achieving an internalized commitment to the organisation. Different organisations follow different practices for induction. Gillette India has a system of online induction which enables an IT – savvy newcomer to pick and choose the areas where he/she needs more detailed information. Bureaucratic organisations, however, spend considerable time explaining rules and procedures during induction as following rules is one of the major requirements of such organisations. Central government organisations in India have a one – year probation training – cum – induction involving cultural training. On the other hand, younger and entrepreneurial organisations are less formal in their induction process. Here, the established senior members share with the newcomers stories of heroes, founders, and charismatic team leaders with vision.

**c. Culture promotes code of conduct :** A strong in an organisation explicitly communicates accepted modes of behaviour are expected and others would never be visible. The presence of a strong culture would be evident where members share a set of beliefs, values, and assumptions which would influence their behaviour in an invisible way. Where culture has been fully assimilated by people they persistently indulge in a typical behaviour in a spontaneous way. Promotion of the culture of quality can help achieve good

business results. Rohmetra (2000) conducted a study of cultural diversity and ethical behaviour. She collected data from 30 managers of Dogra culture and 35 managers of Laddakhi culture. Her results showed that Dogra managers had highest consistency between what they believe and what they do at work, while the situation was the reverse for Laddaakhi managers.

**d. Subcultures contribute to organisational diversity :** Sub – cultures, and sub – systems of values and assumptions which may be based on departmentalisation, activity centers, or geographical locations, provide meaning to the interests of localised, specific groups of people within the macro organisation. Sub – cultures can affect the organisation in many ways : (i) they may perpetuate and strengthen the existing culture; (ii) they may promote something very different from those existing; (iii) they may promote a totally opposite sub – culture (beliefs and values) or counter culture when in a difficult situation.

Care needs to be exercised when promoting a counter culture as it may be detrimental to the larger organisational interest.

### **3.1.7 Approaches to organizational culture**

Historically, the models and methods of developing a high performance culture include:

- Quality of work life project:
- Organizational development:
- Socio-technical systems:
- Management by objectives:
- New pay systems:
- Collateral organizations and:
- Total quality management (Schneider, brief, Guzzo, 1996).

Of these approaches based on specific philosophies, human potential, the socio technical and the total quality management have received considerable attention from researchers and managers.

#### **3.1.7.1 Human potential philosophy**

The human potential philosophy based approach can be traced to the human relations and sensitivity, training movements of the 1950's and 1960's and the self-actualization movements, of the 1960's and 1970's focused on Maslow's approach. These two branches have merged together and jointly called organization development approaches. The assumptions of this approach state that (a) creativity can be developed among people by providing them opportunity for growth and development; (b) interpersonal relationships (formal and informal) from a significant feature organizational life; and (c) people can work effectively by developing trust, support and cooperation. Organizations operating under these assumptions are found to have high performance – improved employee attitude and productivity and increased financial performance.

Introduced into Indian setting, the theories and concepts were replicated in some but not in other cases (Pareek, 1980, 1981). Initially, inconsistent and unexplained findings were brushed aside and attributed to lack of rig our in research, faulty translation of Western instruments and other inappropriate administration or sampling weakness (Sinha, 1998). However, the inconsistent findings kept pilling up: a participative leader was perceived to be weak because he abdicated responsibility to take decisions; an autocratic leader was effective in some and preferred in some other situations; the distinction between motivations and hygiene factors was proved to be an artifact of methods that Herzberg used; Maslow's Needs Hierarchy did not exactly hold true. T-Groups did not work in many cases, and the socio-technical approach by and large failed to make any impact in Indian management practices (Pareek, 1980, 1981). Modernity, for example (defined in terms of Western values and orientations such as an openness to new experiences; an ability to learn how to exert control over one's environment; high aspirations; respect for personal dignity; rationality in decision-making; low respect for the elderly, including one's parents; political participation; and rights for woman was surveyed in six countries including India and (now) Bangladesh to show how family and kinship cohesiveness and religion prevented people from embracing modernity (Inkless and Smith 1975). Achievement motivation was recommended for economic growth (Mc-Clelland and Winter, 1969).

Sinha,(1968) tested the validity of the theory in an experimental study by creating limited and unlimited resource conditions and manipulating the level of respondent's need for achievement (nAchv). The findings showed that high nAchv respondents achieved the most in unlimited resource conditions, but created interpersonal conflicts that reduced collective gains in the limited resource conditions. The conclusion was that the theory is valid for the USA but not for a resource-limited country such as India.

### **3.1.7.2 Socio-technical philosophy**

The socio technical philosophy based approach specifies that high performance culture can be developed by integrating the social and technical dimensions of work. It was evolved after World War II by the Tavistock institute of Human relations, London as a strategy to improve work place performance. In today's context, it can be used, while introducing new technologies including computer-aided design or computer aided manufacturing or accomplishing high performance.

### **3.1.7.3 Total quality management philosophy**

The total quality management philosophy based approach was evolved in Japan by Deming and Juran after World War II and subsequently, exported to United States, which focus on customer. This approach highlights: a) involvement of engineering production, quality assurance, marketing and human resources in preplanning during the product development stage; b) training people for high quality; c) development of high performance expectations among employees d) discussion and resolution of quality issues by employees; e) ensuring defect free parts by working with suppliers; and f) adopting the concept of continuous improvement with goal of zero defect.

The above approaches to the development of a high performance culture work because they convey strong, tangible messages to employees, both how organization will change the way it functions and the new focus of the organization. In the particular research the first two high performance approaches viz, human potential, the socio technical approaches received more attention from investigator part as it is more related to the behavioural science.

### **3.1.7.4 Culture-Personality Approach**

Early attempts to understand Indian culture had their origins in the culture –personality studies that began in the West in the 1940s (Hsu 1961; Kardiner 1945, 1945). The culture-personality approach combined psychoanalytic methods to interpret adult's behaviour in terms of underlying psychodynamics (which had its roots in childhood experiences) with the anthropological methods of field observations in order to identify the basic personality (Mead, 1953), modal personality (Wallace, 1952) or national character (Benedict, 1946; Mead, 1953) of a culture.

Following the culture-personality tradition, a number of Western scholars made field observations of the child-rearing practices, social behaviour, rituals, myths and so on, to construct the Indian personality (Hitchcock and Minturn, 1963). Indians, for example, were believed to be authoritarian (Lewis 1962), narcissistic with a weak super-ego (Spratt,1966), obsessive-compulsive, infantile and neurotic (Berkeley-Hill quoted by Hartnack, 1987). The core of their personality consists of 'an inner sense of instability and insecurity' to the extent that 'nothing and nobody can be relied upon, not even one's own self (Carstairs, 1971). This insecure and unstable personality was alleged to express itself in poor emotional involvement, callousness towards others especially lesser men, mock hospitality, a supremely self-centered attitude, and utter collapse of self-control in the face of strong emotions (Carstairs, 1971). Narain, (1957) examined Indian history, political slavery and child-rearing practices to delineate the following national characteristics of Indians;

- Absence of commitment,
- Absence of masculine qualities,
- Dependence on and distrust of authority,
- Inability to handle emotions,
- Contradictory behaviours that manifest themselves in a tremendous gap between ideals and performance. Truth is extolled, but all kinds of falsehood are practiced; honesty is valued, but dishonesty is rampant;

kindness is virtue, but Indians laugh at others physical deformity or discomfiture; ... Indians are spiritual, but their greed for material things is insatiable (Narain, 1957).

#### **3.1.7.5 Inferences from texts and scriptures**

According to the ancient Indian worldview people seek to attain the unattainable and embed their search for the perfect solution in a highly moral approach to problem solving. Indeed there is some evidence to suggest that Indian managers possess a strong moral orientation (England, G.W., O.P. Dhingra and N.C. Agarwal (1974) and that Indian negotiators often seek to take high moral ground (Cohen, 1997)., which often lacks pragmatism. Spirituality is built into the Indian (Roland, 1988), although animal impulses and material strivings are very much a part of life. Human beings tend to live through and then transcend them by rising on a moral scale that leads to a transformed, healthy (swastha– which means stability for a person). Composed and detached mind-set that can maintain a balance between the person and the environment, between body and mind, between the states of mind and so on. Wise people of India could partition the world in opposites, then put them together into one whole, and then again partition them. People who have a worldview that can deal with such a system of logic and concepts are likely to choose different problems to study, define problems defiantly, and then use different methodology to study those problems. (Bhawuk, 2003) The method of differentiating, integrating, differentiating and integrating again requires fine-grained logic that is cultivated through discursive dialogues by those who have acquired the capability through introspection, yogic exercises and meditation.

#### **3.1.7.6 The Reductionist-Positivist Approach**

The approach was coupled with the belief that all societies, whatever their differing levels of economic development and modernization, evolve in the same direction by adopting Western, values attitudes, habits and lifestyles, and thereby converge into a single pattern characterized by the industrialized cultures of the west (Karr, 1983; Meyer, 1970; Weinberg, 1969). By the same token, the cultural differences are either temporary or unimportant. Reductionist- positivistic approach, when applied to social sciences, tended to cleanse culture from behaviour in order to demonstrate pan-culture generalizability of the laws and principles of behaviour .

#### **3.1.8 Determinant factors of Organizational Culture**

The present study follows the perspective of Schein (1985), who considers that the concept “culture” should be dedicated to the deepest level of basic assumptions and beliefs shared by the members of a company. He adds that such presumptions and beliefs operate unconsciously and define, whereas basic interpretation, the vision that the company has of itself and of its environment. They are answers that the group has learned by solving its problems of subsistence in its external means, and its problems of internal integration.

We would like to emphasize the definition provided by Menguzzato, (1989) that also appears in Menguzzato and Renau, (1991) since we consider it very complete and clarifying. These authors see business culture as the set of values, common beliefs, attitudes, ideas, aspirations, rationalities, aptitudes, etc, common to all or at least to the great majority of the company members (from top management to the operational base). It is something implicit, invisible and informal. It comes from the integration of several confluent cultures in the company, like the external cultures or macro cultures received from the environment (national, regional, social...) and the internal subcultures or micro cultures of the different company groups, with a specific *modus vivendi*, characterized by symbols, myths, rites, and taboos, that is by a symbolic universe. By its integrating character, business culture homogenizes the personal conducts and implicitly reinforces the system of rules and the configuration of power: culture and structure are reinforced mutually and condition the decisions and actions and, therefore, affect the degree of possible participation in the company.

Once we have exposed what we understand by organizational culture, the determining factors in its formation, are as follows:

##### **3.1.8.1 The founders, leaders and directors**

The founders of the company originate its culture contributing with their beliefs, values, etc., that with time will be transformed into something more solid, forming the generation of organizational culture the feelings and actions of its founders influence (Pettigrew, 1979), so culture reflects their own values, their priorities and their vision of the future (Martin, J., Sitkin, S.B. and Boegm, M. (1985), as well as their personality.



Culture is an outcome of the process of organization's interaction to solve problems. This process is highly influenced by the founder of the organization or a powerful top-level-management. Founder of organization set believes, values, assumptions, priorities and understanding to that organization. The organization is initially influenced by these values and during its life the founder may heavily influence the culture. The founder will not always have such a long-term effect of an organization's future. The founders of the company originate its culture contributing with their beliefs, values, etc., that with time will be transformed into something more solid, forming the so-called organizational culture. Therefore we can indicate that in the generation of organizational culture the feelings and actions of its founders influence (Pettigrew, 1979), so culture reflects their own values, their priorities and their vision of the future (Martin et al., 1985), as well as their personality.

#### **3.1.8.2 History and ownership**

Organisational culture depends on the history of the organisation, as well as key decision makers because organisations mature and incorporate the cultures of their founders, key executives and dominant groups (Greenberg and Baron, 2003: 522; Handy, 1993: 183; Rowe *et al.*, 1994: 472). The organisational culture is more enduring than the employee within it, because it existed before the employee joined the organisation, and will continue to exist after the employee has left the organisation (Martin, 2001: 601). It can therefore be seen that organisational culture is enduring. It would be difficult to integrate all of the various cultures that are arising out of the amalgamation process at the unit level. Thus it is important to identify the existing organisational culture within the selected unit in order to improve the organization's effectiveness and efficiency with regards to service delivery. Although culture is enduring, it is subject to the interaction of the employees that flow through the organisation (Martin, 2001: 601).

#### **3.1.8.3 National Culture**

National culture exerts its influence on the culture of the company by two reasons. In the first place, because people arrives at the company with an own culture which has been influenced by national culture (Beascoechea, 1966; Iborra *et al.*, 1998). Since people in different places have very different assumptions, values and practices (Wilkins and Patterson, 1985). Also national culture is a central organizational principle about how employees develop a sense of work, now they approach to it and the way in which they expect to be treated (Newman and Nollen, 1996). Secondly, in addition to this indirect influence, national culture also exerts a direct influence on organizational culture (Peters and Waterman, 1982; Louis, 1985; Back and more, 1985; Thevenet, 1986; Beascoechea, 1996; Adler, 1997; Iborra, 1998).

Organizational culture is something quite different from the national culture. While national culture with regards to value organizational culture within a country differ more with respect to shared perception of daily practices (Gersten, M.C, Soderberg, A.M, & Torp, J.E. 1998). Each culture tends to be unique to particular organization, and concerned with tradition and nature of shared beliefs and expectations about organizational life.

Organizational culture can influence how people set personal and professional goals, perform tasks and utilize resources, to achieve them. It consciously as well as subconsciously affects the way people think, feel and act (Lok and Crawford, 2004). Which type of culture and organization has depends on a number of factors, such as history, size nature of business activity, external environment, as well as the people, especially the founders and leaders, (Cartwright & Cooper, 1996).

#### **3.1.8.4 Size**

The organisation's size is often the most important influence on the type of organisational culture (Handy, 1993: 192). In larger organisations, operations are more formalised, which basically means that the cultures of large and small organisations are different due to the natural function of the size of operations (Handy, 1993: 192; Martin, 2001: 603).

#### **3.1.8.5 Technology**

The design of the organisation has to take into account the nature of the work as well as the people, because the kind of technology used within an organisation will have an effect on the culture of that organisation (Handy, 1993: 193). An organisation will emphasise employees' technical skills in the values that govern its culture, if the organisation specialises in the use of advanced technology within its operations (Martin, 2001: 603).

### **3.1.8.6 Goals and objectives**

Culture can be influenced by what the organisation sets out to achieve, yet the culture can also influence objectives that the organisation seeks (Handy, 1993: 195; Martin, 2001: 603). Organisational goals can change over time as the organisational culture changes (Handy, 1993: 195).

### **3.1.8.7 Environment**

The external environment is made up of a number of dependent and independent elements, and the way in which the organisation interacts with these elements alters the culture of that organisation (Martin, 2001: 603-604). The nature of the environment is often taken for granted by the employees of an organisation within that environment, but it is important in determining the organisational culture, for example, different nationalities prefer different cultures; changing environments require sensitive and flexible cultures; and diversity in the environment requires diversity in the organisations structure such as with Employment Equity and Economic Empowerment legislation in Indian context (Handy, 1993: 195-196).

### **3.1.8.8 The people**

A fit between the organisation, its culture, and its individual employees should result in a satisfied employee (Handy, 1993: 199). The individual orientations of key leaders in the organisation will have a significant impact in determining the dominant organisational culture, regardless of what it should be (Handy, 1993: 199). As mentioned previously, the promotion and transfer policy of top management presents a challenge to maintaining a consistent organisational culture for all units.

### **3.1.8.9 Power Distance**

Defined as the degree in which individuals of a country hope and accept that power is distributed unequally (Hofstede, 1991). This dimension talks about the way human beings react against inequality, according to their physical and mental capacities, social position, wealth, etc., (Gertsen, 1987). Power distance, as thus indicated by Stephens and Greer (1995), can affect different aspects from the company such as the management style or the decision making process. Newman and Nollen, (1996) demonstrate in their work that power distance influences the formal hierarchy, the centralization degree and the amount of participation in decision-making.

### **3.1.8.10 Collectivism versus Individualism**

Hofstede, (1991) indicates that individualism belongs to societies in which the links between individuals are weak. The collectivism, as it's opposing, belongs to societies in which people are integrated in strong united groups since they are born. These groups continue throughout all the individuals' life to protect them in exchange for an unquestionable loyalty.

This dimension affects aspects such as the importance given to the relations as well as to teamwork (Stephens and Greer, 1995). Thus, in organizations individualism becomes apparent by the existence of autonomy, individual responsibility for results and for compensations at individual level; however, collectivism emphasizes the solidarity of the work unit and the compensations based in teams (Newman and Nollen, 1996; Swierczwk and Hirsch, 1994).

### **3.1.8.11 Femininity Versus Masculinity**

According to Hofstede, (1991) the masculinity belongs to societies in which the roles of social gender are clearly different (this is, man are supposed to be assertive, hard and focused on the material success, whereas woman are supposed to be more modest, sensible and interested in the quality of life). However, femininity belongs to societies in which the roles of social gender are superposed (this is, both genders are supposed to be modest, tender and interested in the quality of life).

### **3.1.8.12 Uncertainty Avoidance**

It refers to the degree in which the members of a culture feel threatened by unknown situations (Hofstede, 1991). Gertsen, (1987) indicated that the fundamental and universal human problem of uncertainty of the future is described in this dimension, while Bonache and Cervino, (1997) talk about the uneasiness of people against ambiguous or little structured situations. This dimension is related organization to formalization to formalization and standardization, as well as to the temporary horizon of the organization (Swierczek and Hirsch, 1994).

Adler, (1997) considers that the terms used by Hofstede for this dimension don't correspond to what it is presently understood by masculinity and femininity, so she suggests to use the words career success and quality of life, or even to talk about quantitative and qualitative societies.

#### **3.1.8.13 Long-Term Orientation Versus Short-Term Orientation**

Hofstede, (1991) characterizes long-term orientation as that in which the following values prevail: persistence or perseverance as opposed to slow results, order of the relations by ranks or categories and observation of this order within a limit ample saving quotas with funds to invest, predisposition to self subordination by an aim. The author locates short-term orientation in the opposite pole, characterized by respect to the social obligations and to status ones, independently of the cost, image protection (Preoccupation for the appearance), and impatience for fast results.

#### **3.1.8.14 Basis of Trust**

Trust implies expectations and a reliance on the consistency of another person's behaviour, either based on law or friendship. Law is based on written on written (sometimes verbal) codes of conduct that are enforced by some higher authority. Friendship – mutual affection, esteems, and respect can also be a foundation for negotiations and relationship. In many countries, the laws are nonexistent, inconsistent, or unenforceable, and therefore more emphasis may be placed on personal trust. In addition, the trust becomes a foundation for future opportunities (Hofstede, 1991).

#### **3.1.8.15 Protocol**

Accepted practices regarding formality and informality of interaction are covered under protocol. Formal protocol may be governed by strict rules than regulate manners and conduct. Even minor slights can cause confusion and insult. Informal protocol is more flexible and variable. People can drop in, interrupt, shift roles, etc., (Hofstede, 1991).

#### **3.1.8.16 The Sector**

The activity of the company influences its culture, since the sector marks the activities to which the company is dedicated, the types of clients and suppliers to whom it is related, in short, to a certain extent it determines the kind of problems which the organization faces, as well as the answers (Gordon, 1985; Louis, 1985; Iborra, 1998).

### **3.1.9 Typology of organizational culture**

#### **3.1.9.1 'Soft and Synergetic' work culture**

**Soft Work culture:** In the soft work culture, work received a lower priority than personal obligation. Non work interests and activities displaced work from its central place in the life space of managers. They neither worked hard nor felt positive affect for their jobs nor derived any satisfaction from their work. They were not clear about their roles. They often came late to work, left eagerly and took time off to do their personal work or to visit friends and relatives. This is the scenario, which was highlighted by the observations of western scholars (Lambert, 1963; Myers, 1960; Myrdal, 1968; Weber, 1958).

Sinha, (1985) observes that the low priority to work is directly caused by a weak work value in the Indian culture. It is common to find a large number of people in all parts of India sitting here and there doing nothing. Even those who have a job often come late to work and leave early, unless they have special reason to remain punctual. At work place they receive friends and relatives who feel free to call on them at any time without any prior appointment or purpose. While people relish chatting and talking over a cup of tea or coffee, their work suffers. No one objects if employees leave work to visit and attend ailing friends and relatives, go out of their way to help them in their personal matters or perform personal errands. Naturally, it is not uncommon to find a large number of chairs empty in offices. Even when the occupants are present, they are found to work in slow and clumsy ways, look indifferent to what they are doing, seem more concerned about producers and rules rather than outcomes and lack consideration for others.

Sinha, (1997) further indicates that the organizations having the soft work culture perceived to be the places where no one cared for work. Superiors did not ask subordinates to do what they were hired to do, and those who did ask were ignored. Employees worked leisurely and many of them just put in their time. They believe that politics and personal connections mattered more than merit or hard work. Those who could press their superiors or cultivate personal connections with them got more benefits than those who maintained a low

profile...it is a place where action, not inaction, has to be defended; it is a place where some work sincerely while others are praised and promote. He further pointed out that the factories, machines in soft culture organizations were poorly maintained and the climate was not perceived to be conducive to work. Systems and procedures were diluted to meet socio-personal obligations. Such a climate, it may be recalled, evolved out of the history, philosophy, and practice of the top management.

**Synergetic Work Culture:** Sinha, (1997) notes that the managers in the synergetic work culture, on the contrary perceived that their organizations rewarded hard work, recognized merit, established clear norms of performance, and gave the employees adequate workload. The superiors expected their subordinates to work hard, provided close supervision and direction and differently rewarded those who work harder. He notes that the synergetic work culture led the organizations to use socio-cultural values for mobilizing human resource to get best out of employees. The soft work culture in contrast rendered the managers so vulnerable that they did not feel comfortable in discharging their legitimate role, and workers got away with not meeting their obligations. The critical factor in both cases was the top leadership. In the synergetic work culture, leadership functions, not only as a custodian of the organizational interest and as a role model but also created systems and norms to make their organizations purposive, task oriented and humane. In the soft work culture top leadership lost its grip, and tended to drift with the flow of pressure and counter pressure.

Sinha, (1995) further indicates that Indian Culture itself as a long tradition of people living with different life style, conspicuous inequality, and large power distance. Disparities between top executives, lower level managers and their workers as well as between the organized, unorganized and unemployed labour are some of the examples of cultural imperatives.

Khandwalla, (1996) referred to a large private enterprises to conclude the following: the preference seems increasingly for organizational differentiation through decentralization and organizational conclude the following: The preference seems increasingly for organizational differentiation through decentralization and organizational integration through setting up self contained autonomous units with bottom line responsibility, supplement, supplemented by an overall co-coordinative system building and vision and core values institutionalization role played by the corporate or business headquarters.

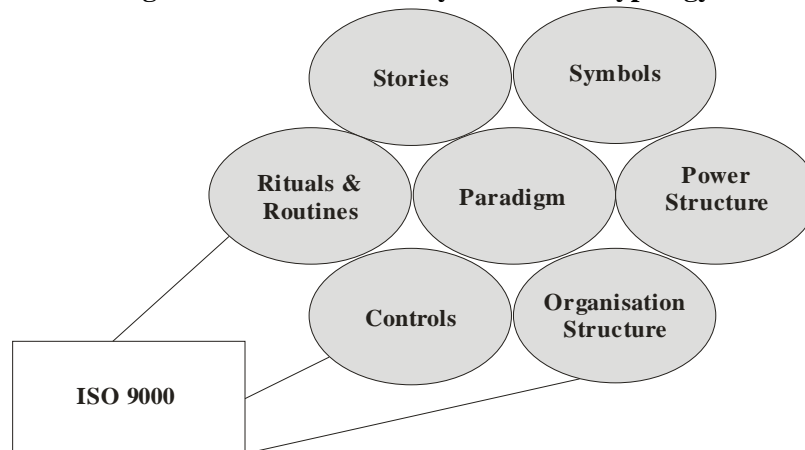
**Table 3.1: Comparison between Soft and Synergetic Culture**

Work Culture			
S.No.	Indications	Soft	Synergetic
1	<b>Work Related Variables</b> Time Spent at work Hard Work Role Clarity Job Affect Centrality of Work	Less than required Lesser Extent Low Low Low	More than Required Greater Extent High High High
2	<b>Social, Personal Obligation</b>	<b>High</b>	<b>Low</b>
3	<b>Organizational Climate</b> Physical Condition Relationship Work Pressure Work Norms Upkeep of technology Reinformant	Bad No Positive Low Weak Indifferent Non-Contingent	Poor to Reasonable Positive High Strong Good Performance Based

### 3.1.9.2 Charles Handy's Cultural Typology

Culture has an interesting influence on organizational thinking. Charles Handy popularized a typology of cultures and organizations. His four cultures (adapted from Harrison's work) are very easy for people to understand and groups readily identify with them and begin to explore their culture through the models he uses.

Figure-3.4: Charles Handy's Cultural Typology



**Power Culture:** It is like a web with a ruling spider. Those in the web are dependent on a central power source. Rays of power and influence spread out from a central figure or group.

**Role Culture:** Often referred to as a bureaucracy – controlled by procedures, role descriptions and authority definitions. Co-ordination is at the top. Job position is central – value predictability and consistency – may find it harder to adjust to change.

**Task Culture:** It is very much a small team approach – the network organization – small organizations co-operating together to deliver a project. The emphasis is on results and getting things done. Individuals empowered with discretion and control over their work. It is flexible and adaptable.

**Person Culture:** The individual is the central point. If there is a structure, it exists only to serve the individuals within it. The culture only exists for the people concerned; it has no super-ordinate objective. Tend to have strong values about how they will work. They are very difficult for the organization to manage (Handy, 1991).

### 3.1.9.3 Schneider Cultural Typology

Schneider, (1994) Culture typology includes four patterns of Culture, namely, Control, Collaboration, Competence & Cultivation.

No one-culture type is intrinsically better than the others, but different cultures are more suitable to different enterprises and environments. Control Cultures are best suited to large production companies or financial situations.

The **control culture** is an actuality impersonal culture. What it pays attention to must be concrete, tangible reality; actual experience; and matters of practicality and utility. Its decision making process is analytically detached, formula oriented and perspective.

The **collaboration culture** is on the other hand is an actuality– personal Culture. Like the control culture it pays a great deal attention to concrete tangible reality; actual experience; and matters of practicality and utility. However its decision making process is people driven, organic and informal. It is more suited to some of the helping profession or companies that highly people focused.

The **competence culture** is a possibility-impersonal culture. It pays most attention to potentiality, imagined alternatives, creative options and theoretical concepts. Its decision making process is analytically detached, formula oriented, scientific and perspective. It thrives in research organization, advertising agencies, partnerships, and consultancies in organizations where there is a strong emphasis on achievement and there is a competitive meritocracy.

The **cultivation culture** is; a possibility – personal culture. It pays attention chiefly to potentiality, ideals and beliefs, aspirations and inspiration and creative options. Its decision – making method is people driven, organic, open– minded, and subjective.

#### 3.1.9.4 Sonnenfeld's Cultural Typology

**Academy Culture:** Employees are highly skilled and tend to stay in the organization, while working their way up the ranks. The organization provides a stable environment in which employees can develop and exercise their skills. Examples are universities, hospitals, large corporations, etc.

**Baseball Team Culture:** Employees are “free agents” who have highly prized skills. They are in high demand and can rather easily get jobs elsewhere. This type of culture exists in fast-paced, high-risk organizations, such as investment banking, advertising, etc.

**Club Culture:** The most important requirement for employees in this culture is to fit into the group. Usually employees start at the bottom and stay with the organization. The organization promotes from within and highly values seniority. Examples are the military, some law firms, etc.

**Fortress culture:** Employees do not know if they will be laid off or not. These organizations often undergo massive reorganization. There are many opportunities for those with timely, specialized skills. Examples are savings (Sonnenfeld, 1998).

#### 3.1.10 Mechanisms for developing Organisational Culture

It is important for organisations to develop and manage organisational culture effectively in order to fully utilise the advantages of having a strong organisational culture (O'Reilly, 1989: 19). The advantages of a strong organisational culture include having strong norms that provide clear guidance about what is important in the organisation, providing for group reinforcement of acceptable behaviour and attitudes, as well as focusing employees' attention (O'Reilly, 1989: 19). O'Reilly (1989: 20-23) has identified four mechanisms that are used to develop and manage organisational culture, and realise its advantages. In order to attain these advantages, it is therefore important for the selected unit to understand, develop and manage their organisational culture according to the following mechanisms:

- **Participation:** Systems that enable participation between employees are critical in developing or altering a culture. These are important because they encourage employees to become involved, and to send signals to other employees, therefore encouraging employees to make small choices and develop a sense of responsibility for their actions. When individuals choose of their own will to do something, they often feel responsible, and therefore the performance of the individual is more binding.
- **Management of symbolic action:** The management of symbolic actions involves clear, visible actions on the part of management, supporting organisational cultural values. Employees in organisations usually wish to know what is important, and this information is received by watching and listening to supervisors, or those above them. Consistency in these actions is also important, because if management states that something is important, and behaves in ways that support that message, then employees begin to believe what management is saying.
- **Information from others:** Consistent messages from co-workers are as important a determinant of culture as clear messages from management. New employees often look to others for explanations of what to do and how to interpret events.
- **Comprehensive reward systems:** A comprehensive reward system is the final mechanism for promoting and altering culture. Kerr and Slocum (2005: 137) believe that reward systems communicate and reinforce the values and norms that comprise of the organisational culture. A reward system could be monetary, such as bonuses for quotas achieved; or non-monetary, such as recognition and approval. Smith (2003: 258) agrees that this is an important aspect when attempting to change or manage an organisation's culture because employees will be more likely to alter their own behaviours and norms if they believe that they will be rewarded.

#### 3.1.11 Review Studies on organizational culture

Understanding organizational culture is important because: it influences how we interpret organizational life and the meaning we place on organizational activities (Brown, 1998). Culture is best thought of as a set of (Morgan, 1986 and Smircich, 1983). From this perspective, every aspect of an organization; organizations are cultures (Pacanowsky and Trujillo, 1982).

Organizational culture has been an important theme in management and business research for some two decades. One reason for this is that organizational culture has the potential to affect a range of organizationally and individually desired outcomes. Ritchie 2000 notes that, from the time of the earliest writers on organizational culture (Deal & Kennedy, 1982; Ouchy, 1981), it has suggested that organizational culture affects such outcomes as productivity, performance, commitment, self-confidence, and ethical behaviour. Similarly, more recent writers have repeated the assumption that organizational culture impacts significantly on an organization, its employee's behaviour and motivations and, ultimately, that organization's financial performance (Holmes & Marsden, 1996). Organizational culture has been argued to be relevant in a variety of contexts including the adoption of innovative technologies and workplace practices.

Pratt, (1993) in his studies indicates that the content and strength of a culture influences an organizations ethical climate and ethical behaviour of its members.

Sims and Lorenz, (1992) in their studies indicate organizational culture as a type of consensual schema that helps individual employees cognitive process and evaluate information in similar ways. Therefore, even if employees are widely dispersed among multiple locations, these consensual schemas provide organizational members with a common set of heuristics that guides decision – making and task performance. Thus, culture may serve as a mechanism to reduce equivocally by providing shared interpretations that will guide employee behaviour in organizations. In return for providing employees with reduced anxiety, stress, and uncertainty regarding their roles and how to interpret events both inside and outside the organization, the organization achieves increased consistency in behaviour towards strategic goals.

Martin, (2002) in his studies indicates that as individual come into contact with the organization they come into contact with the dress, norms, stories people tell about the organization's formal rules and procedures its formal codes of behaviour, rituals, task, pay systems, jargon and jokes only understood by insiders and so on. These elements are some of the manifestations of organizational culture.

Sastri, (2001) in his studies stated that developing service oriented corporate ideologies enables firm to grow from small companies into larger, more successful entities. It takes thoughtful planning and carefully concerned corporate culture that grows as the business grows. He further notes that for any company to succeed, the following are essential; building a sound company culture, over all development of its employees, effective knowledge management, adopting marketing approach.

Sreevastava, (2001) in his report that culture must be central component of development (organization employee and employer) strategies in a double sense; on the one hand the strategies must be sensitive to the roots of the organization, its values, on the other hand the organization must include as a goal to the development of the employees their creative expansion and change within the HRD activities.

He further pointed out that a culture sensitive process of development will be able to draw on the large reserves of creativity, knowledge and skills that are found within the organization. Such sensitivity will give organizations strength and make it easier to introduce and sustain HRD activities of the organization for the growth and development of the employees.

Krefting & Frost, (1985), in their studies notes that culture provides frameworks for solving problems and interpreting events in everyday life. It reduces the number of variables with which individuals must deal to levels more consistent with human information-processing capabilities.

BT Hewitt Associates, (2001) study on India's best employees to work for tried to identify top ten organization indicates that many of the most successful organizations (Infosys, Proctor and Gamble, HP, ICICI, Hughes Software System, LG Electronics, HLL, Compaq, Asian Paints, and BPCL) today are thriving and growing because, in large part, of their unique and strong values and styles – their "organizational culture" exists. Almost every organization has been concerned with maintaining or changing its culture, because the culture is an important asset of an organization and regarded as a key to creating the kind of environment the organization desire to have. A positive organizational culture is essential for an organization to be successful. It also provides personal work satisfaction, supports emotional and physical well-being and generates high morale as well as positive perceptions by others.

Gorden, (1975) in her study indicates that a healthy organizational culture provides a supportive environment conducive to open, honest, and trusting communication; collaboration and cooperation; the application of common sense, experience, knowledge, wisdom, ingenuity, and creativity; and the realization of individual and organizational potentials. Meta-motivational, “power with” and “high synergy” approaches to leadership and management can be instrumental in unleashing creative and can play an essential role in cultivating and sustaining a common sense of mission, “Power over” approaches to leadership and management, coercive tactics, and cutthroat competitiveness can have just the opposite results. Building healthy organizational cultures, transforming unhealthy organizational cultures into healthy ones, melding dissimilar organizational cultures into healthy organizational cultures, and maintaining the health of healthy organizational cultures are all essential to maximizing the potential of organizations and to unleashing the creative energies of individuals and organizations alike.

### **3.1.12 Organizational Culture in the Indian Context**

Sinha, (1990) illustrated that organizations in India seems to have a bipolar continuum of soft and synergetic work culture. Soft and synergetic work cultures may be conceptualized as the extremes on continuum of how work is viewed and valued and how organizational and Para-organizational factors (socio-cultural) affect these viewing and valuating process. He is of the opinion that majority public sector organizations in India have a soft work culture. In the soft-work culture, work’ received a lower priority than social-personal obligations. Non-work interest and activities displaced work from its central place in the life space of organizational members. In soft work culture there is low centrality of work, low job affect, low role clarity, lesser hard work, lesser time spent at work, high social and personal obligations, weak norms, poor relationships, non contingent reinforcement, low work pressure, indifferent up keep of technology, and physical condition, profit is secondary to employees of such organizations since they give more importance to welfare, social and personal obligations. He related private sector industrial organizations with synergetic work culture. Both employees in the synergetic work culture spent more time at work, extent greater hard work, high centrality of work high job affect, high rote clarity, low social-personal obligations, positive relationship, strong work norms, reasonable working conditions, high work pleasure, good upkeep of technology and reinforcement based on performance and merits. Elhance and Agrawal (1975) found that there is moderate degree of delegation of authority both in private and public sector and the degree of delegation is higher in the later further in both sectors there is high degree of delegation and lowest degree of financial delegation.

Moddie, (1972) indicates that in both private and public sectors the Indian managers favour delegation of authority to him, not so much from him to a subordinate. Indian decision-making is a process of much consultativeness in which decisions ultimately emerge at the top, seldom in the middle and almost never at the bottom of private and public managements beyond the routine.

Sinha, (1997) and Vasudev and pal, (1988) found that sincere and hard works were more amply rewarded in the private sector compared to the public sector.

Hoque, (1996) reported that private sector workers perceived significantly less deficiency in fulfillment of their desire for praise or reward compared to the public sector workers.

Hoque, (1996) indicates that workers of private sector perceived significantly higher quality of work in life in private sector compared to workers of public sector.

Kavitha, (2000) summarizes determinants of work culture in selected Indian organizations as follows:

- Indians generally prefer to work in superior subordinate relationships, and highly status conscious. To check with boss is crux of decision-making.
- Work as a concept has not been internalized by the Indian organizations and there is little concern for products and services.
- The work culture of private sector is characterized by challenging work, opportunity for growth and learning, freedom to act and congenial work conditions. The features of public sector work culture are found to be high job security, moderate chance for promotion and better policies and administration.



- Indian organizations can be categorized into having soft and synergetic work culture. In a soft culture the management is found to be pliant and the professed goals and objectives of the organization are comprised due to social habits, values and extraneous considerations. In a synergetic work culture management is vibrant and work is treated as being very important.
- Employees in Indian organizations showed preference for personalized relationship, affective authority and a need for nurturance. Organizations, on the other hand, conveyed contrary values resulting in feeling of alienation, poor work team orientation and selfishness.

### **3.1.13 Components of organizational culture for study**

#### **3.1.13.1 Openness**

Openness can be defined as a spontaneous expression of feelings and thoughts, and the sharing of these without defensiveness. Openness is in both directions, receiving and 3giving. Both these may relate to ideas (including suggestions), feedback (including criticism), and feelings. For example, openness means receiving without reservation, and taking steps to encourage more feedback and suggestions from customers, colleagues and others. Similarly, it means giving, without hesitation, ideas, information, feedback, feelings, etc. Openness may also mean spatial openness, in terms of accessibility. Installing internal E-mailing may be a step in this direction: everyone having a computer terminal has access to information which he may retrieve at any time. Offices without walls are another symbolic arrangement promoting openness. In some organisations, even the chief executive does not have a separate exclusive cabin; floor space is shared by other colleagues at different levels in the organisation. This willingness to share and this openness results in greater clarity of objectives and free interaction among people. As a result of openness, there should be more unbiased performance feedback. Indicators of openness in an organisation will be productive meetings and improved implementation of systems and innovations.

Hagberg, (2003) has recently completed a study of organizational culture that sheds lights upon problems related to openness in decision making. According to the research finding executives believes that they actively solicit employee input in decision-making, and they highly value employee input. According to the data, they see themselves as highly participative in their management style, believe they actively seek out feedback and consider themselves open to alternative views. Employees on the other hand, don't confirm this perspective. Rather, they remain skeptical of management openness to feed back and feel their views do not receive fair consideration in decision-making.

Ruin, (2001) in his studies note that, transparent and sincere communication is an important ingredient of positive work culture, for an organizational success, open and honest communication among employees and to outsiders is paramount. Transparent and sincere communication promotes peaceful and amicable working environment, breeds creativity and expands productivity. Transparent or clear communication develops a learning company and its people are prepared to speak, willing to listen and assimilate instructions, express frank opinions or speak without fear or fervor, and everyone is prepared to give chances to each other's opinions or ideas, and in the end grow and move forward together in harmony. Credible organizational work culture ensures that policy in the company propagates honest, integral and transparent communication both internally.

Fisher, (2001) in his studies indicates that openness requires the elements of both participation, the "freedom to speak one's mind and effectiveness, willingness to challenge our own thinking" as well as realize all ideas are hypotheses open to study and constant development. Without openness and sharing in a common vision, individuals within the organization are absolved of any responsibility for the future of the organization and they come to rely on management to make all decisions.

Allee, (1997) in his studies indicates that the key elements of a knowledge culture are a climate of trust and openness in an environment where constant learning and experimentation are highly valued, appreciated and supported.

#### **3.1.13.2 Confrontation**

Confrontation can be defined as facing rather than shying away from problems. It also implies deeper analysis of interpersonal problems. All this involves taking up challenges. The term confrontation is being

used with some reservation and means putting up a front as contrasted with putting one's back (escaping) to the problem. A better term would be confrontation and exploration (CE).

Let us use the term confrontation in this sense of confrontation and exploration, i.e. facing a problem and working jointly with others to find a solution to the problem. The outcome of confrontation will be better role clarity, improved problem solving, and willingness to deal with problems and with 'difficult' employees and customers. There will be willingness of teams to discuss and resolve sensitive issues. The indicators, which are also outcomes, can be improved by periodical discussions with clients, bold action, and not postponing sticky matters.

Argyris, (1986) studies have pointed out; many organizations have established routines and norms that reinforce non-learning. These norms focus on defence, control and the avoidance of (potentially creative) conflict and risk-taking: "protect yourself unilaterally – by avoiding direct interpersonal confrontation and public discussion of sensitive issues that might expose you to blame. Control the situation and the task – by making up your own mind about the problem and acting on your view, by keeping your view private and by avoiding the public enquiry which might refute your view (Argyris 1986, cited in Solomon 1995).

Xenikou, Athena and Fumham, (1996) in their studies indicate those confrontations organizational cultures group the following concepts together: oppositional orientation, power, competition, and perfectionism. The authors describe this culture as one where perfection is the goal, and where individuals might tend to react negatively towards the ideas of others and/or resist new ideas. An organization scoring high on this factor might be considered a perfectionist organization.

Collins, (2001) in his studies notes that the organizational ability to hear the "truth" distinguishes good to great companies, all good to great companies begun the process of finding a path to greatness by confronting the brutal facts of the current reality. It is impossible to make good decisions without infusing the entire process with an honest confrontation of the brutal facts.

### **3.1.13.3 Trust**

Trust is not used in the moral sense. It is reflected in maintaining the confidentiality of information shared by others, and in not misusing it. It is also reflected in a sense of assurance that others will help, when such help is needed and will honour mutual commitments and obligations. Trust is also reflected in accepting what another person says at face value, and not searching for ulterior motives. Trust is an extremely important ingredient in the institution building processes.

The outcome of trust includes higher empathy, timely support, reduced stress, and -reduction and simplification of forms and procedures. Such simplification is an indicator of trust and of reduced paper work, effective delegation and higher productivity.

Reina and Reina, (1999) in their studies indicate that trust is an essential aspect of healthy human relationships (Handy, 1999). In particular, sharing information and involving employees in running a business increases trust while affecting and profitability.

Many researchers studies have agreed that trust is a necessary element for healthy relationships (Bigley and Pearce, 1998)), while debate continues in the literature about the specific meaning of trust (and distrust). The vast majority of trust scholars have viewed trust as the basic ingredient of social interactions (Bigley and Pearce, 1998). Flores and Solomon (1998) described trust as "a dynamic aspect of human relationships" (p. 206). Trust – both trusting and being trustworthy – is related to the character of individuals and relationships. As a dynamic emotion, trust finds its significance in the bonds it creates – trust is not something that simply happens. It is created through interaction and in the making of relationships (Flores and Solomon, 1998).

Hickman and Creighton-Zollar, (1998) showed in their study of diverse self-directed work teams; the development of interdependence and trust emerged as team members spend time together. This includes collaborative work time and group social time, which provide opportunities for the development of collegial connections and friendships. Fostering successful teams requires the development of trust and the creation of interdependence between members. Managers need to recognize. However, that this takes time.

As lines of communication are opened over time, members make valuable contributions and trust and respect is gained, leading to greater openness among members to consider ideas and willingness to take risks

(Hickman and Creighton-Zollar, 1998). Much research has demonstrated the importance of providing diverse teams with time to overcome process problems so that performance improvements can emerge (Watson, Michaelson 1991; Kirchmeyer and Cohen, 1992; Williams and O'Reilly, 1998).

Bansal, (2001) studies indicates that the security and trust make people free to express views and ideas stimulate them to problem solving activities aims to improving the competitive stimulation of the organizations.

#### **3.1.13.4 Authenticity**

Authenticity is the congruence between what one feels, says and does. It is reflected in owning up one's mistakes, and in unreserved sharing of feelings. Authenticity is closer to openness. The outcome of authenticity in an organisation is reduced distortion in communication. This can be seen in the correspondence between members in an organisation.

Mufeed (2005) in his empirical study found that the value of authenticity had been well developed and signified cohesion and trust in employees their personal relationship. Mishra and Dhar (1999) have conducted a study on 200 middle level managers of manufacturing (Pharmaceutical) and a service (Banking) company which shows that the value of authenticity was recorded average.

#### **3.1.13.5 Proaction**

Proaction means taking the initiative, preplanning and taking preventive action, and calculating the payoffs of an alternative course before taking action. The proact can be contrasted with the term react. In the latter, action is in response to (and in the pattern of) an act from some source, while in the former the action is taken independent of the source. For example, if a person shouts back at his friend's accusation he shows reactive behaviour. However, if he does not use this pattern (of shouting) but responds calmly and suggests that they discuss the problem together, he is showing proactive behaviour. Pro activity gives initiative' to the person to start a new process or set a new pattern of behaviour. Proactivity involves unusual behaviour. In this sense proactivity means freeing oneself from, and taking action beyond immediate concerns. A person showing proactivity functions at all the three levels of feeling, thinking and action.

Urch, (2001) while describing the emotional intelligence of groups indicates that to be most effective, a team needs to create emotionally intelligent norms – attitudes and behaviours that eventually become habits - which support behaviours for building trust, teams need resources that members can draw on to deal with group emotions; creating an affirmative environment is an obvious way to build emotional capacity. One of the most powerful norms for building a group's emotional capacity is an emphasis on proactive problem solving.

Amabile, (1998) research has identified three broad determinants of creative and proactive behaviours:

- High-level expertise
- Creative thinking
- Motivation

Expertise is the foundation for all creative work. An individual is unlikely to come up with a creative idea in a domain that they do not have considerable expertise in studies, such as being able to take on new perspective's and suspending judgement of novel ideas, is also important, providing the 'something extra' of creative performance. Together, expertise and creative thinking largely determine what a person is capable of doing in a given domain, or what they can do. However, it is motivation that actually determines what a person will do. Without motivation, an individual is not likely to put forward, or try to implement, any creative ideas or suggestions for improvement they might have as a result of their expertise and creative thinking.

Knight, (1997); Lumpkin & Dess, (2001); Stevenson & Jarillo, (1990) in their studies reported that proactiveness can be conceptualized as the level of aggressive behaviour directed at rival firms and the inclination of firms to actively pursue favourable business opportunities. Firms operating in cultures that place an emphasis on assertive and decisive action, that believe conflict and competition are healthy mechanisms for social interaction, and that place a high emphasis on taking advantage of potential

opportunities will exhibit higher levels of proactive behaviour than organizations in cultures that value tranquility and stability.

#### **3.1.13.6 Autonomy**

Autonomy is using and giving freedom to plan and act in one's own sphere. It means respecting and encouraging individual and role autonomy. It develops mutual respect and is likely to result in willingness to take on responsibility, individual initiative, better succession planning. The main indicator of autonomy is effective delegation in organisation and reduction in references made to senior people for approval of planned actions.

Laiken, (2001) in his study indicates that among our interviewees found a shared desire for freedom and autonomy. Workers are clear that the more room they feel to give rein to their individual creativity, the more likely they are to be satisfied and productive in their jobs. However, at the same time as they desire freedom, they expect leadership. They search for the boundaries of organizational expectations within which to exercise their creative potential, and feel lost and chaotic when such structure is not in place.

Barnett & Rivers, (1996); Levine & Pittineky (1997) in their research indicates that the most important elements in creating a workplace conducive to family issues are policies that encourage flexibility and autonomy for workers regardless of parental status.

Kune, (1999) in his research indicates that a culture that stimulates creativity and encourages innovation is essential for structurally enhancing innovative capacity of organizations. Diverse aspects such as freedom/ autonomy, work pressure, challenge and trust plays a role in this. By far the most important is the encouragement provided by the organization, by management/ boss, and by colleagues.

#### **3.1.13.7 Collaboration**

Collaboration is giving help to, and asking for help from, others. It means working together (individuals and groups) to solve problems and team spirit. The outcome of collaboration includes timely help, team work, sharing of experiences, improved communication and improved resource sharing. The indication could be productivity reports, more meetings, and involvement of staff, more joint decisions, better resource utilisation and higher quality of meetings.

Rajendran, (2001) in his research further indicates that no organization can be effective unless its members are motivated to work together. Building a team with subordinates and to make an effective organization is not a one-time task. Maintain a healthy team and developing it, demands continuous attention. Considerable efforts have to be put into ensuring that differing personalities are able to relate to communicate with and value the contribution of their colleagues.

Bayer and Chapel, (1999) in their study further indicates that culture may range from the type where the assumptions, beliefs, and values of the members support authoritarian and submissive behaviours across all levels of the organization to one where there is mutual trust and respect and a strong sense of equality. The latter characterize the collaborative work system. A collaborative culture includes:

- Trust and respect in everyday interactions
- Egalitarian attitude among members at all ranks
- Power based on expertise and accountability Shared leadership where all members take initiative
- Valuing of diverse perspectives
- Commitment to the success of other members, rather than just one's own
- Valuing of truth and truth telling
- Commitment to continuous improvement of the whole organization
- Active learning; and
- Personal responsibility

The impact of these cultural facets depends on a strong and consistent consensus about the values and on their practice by leaders.

Crow, (2002) states that collaboration is the basis for bringing together then knowledge, experience and skills of multiple team members to contribute to the development of a new product more effectively than individual team members performing their narrow tasks in support of product development. Effective collaboration requires actions on multiple fronts:

- Early involvement and availability of resources to effectively collaborate
- A culture that encourages teamwork, cooperation and collaboration
- Effective teamwork and team member cooperation
- Defined team member responsibilities based on collaboration
- Collaboration or virtual collaboration
- Collaboration technology

Crow, (2002) in his study further indicates that collaboration requires effective teamwork. Team members must trust and respect one another. There must be open communication and a willingness to accept input from others.

#### **3.1.13.8 Experimenting**

Experimenting means using and encouraging innovative approaches to solve problems; using feedback for improving, taking a fresh look a things, and encouraging creativity. We are so caught up with our daily tasks that we often only use traditional, tried and tested ways of dealing with problems.

While these methods save time and energy, they also blind us from perceiving the advantage of new ways of solving a problem. The more we work under pressure, the less is our inclination to try a different approach as the risk seems to be too high. And yet, complex problems require new approaches to their solutions. Organisational learning does not imply repetitive action; it implies applying past experience to current problems to reach beyond. This can be called creativity. Other terms such as innovations, experiments, new approaches, etc. also convey the same meaning.

There are several aspects of creativity in an organisation. Creativity is reflected in new suggestions generated by employees, attempts at improving upon previous ways of working, trying out a new idea to which one has been exposed, innovating new methods, and thinking about a problem while ignoring so called constraints. The last one is also called lateral thinking, i.e. thinking aimed at generating alternatives. There is enough evidence that such thinking contributes towards the development of new products, new methods and new processes.

Hagberg, (2003) in his study indicates that executives also assumes that they have created an environment where risk taking is encouraged, whre employees feel free to disagree and build off each other's ideas, where conflict is openly addressed and where non conformity is accepted. In short, they see openness and a minimum of threat. In addition management sees itself as being trusted by employees. Employees on the other hand are less far less certain that management will always do what it says it will do and whether management really wants to hear bad news. Employees are therefore reluctant to be the messenger of bad news and are more skeptical about whether management can actually be trusted. Employees don't feel that risk taking supported and believe that conformity is expected. They also see management as allowing conflicts and disagreement to tester. This finding indicates that management and employees don't feel the same level of trust, openness and freedom of expression.

Ali, Pascoe and Warne, (2002) in their research indicate that culture of forgiveness and learning from mistakes was widely prevalent in the tactical environment where mistakes were freely admitted and discussed. This process became a vehicle from which the whole group benefitted in the single strategic HQ. 92% of those surveyed reported that they can positively learn from the mistakes they make, and the same percentage stated that their supervisor would stand by them when they make a good suggestion.

Laiken, (2001) in his study an environment of continuous learning and “no blame” allows workers to make provisional attempts, receive feedback from supervisors and colleagues, make changes, and try again. Teams, which are not only responsible, but also accountable for their decisions, engage as well in this experiential learning cycle of action– reflection – learning/ change – new action.

Radebe, Thuli (2003) in their study while describing the mindsets structure, practices and procedures of public sector indicates that an organizational culture dominated by rigid adherence to rules and regulations very seldom encourages staff to ask challenging questions and to alter the status quo. In many public services, in fact, the practice of questioning the status quo is not in accord with conventions, and in some instances, the practice is even actively discouraged.

### **3.2 Performance**

#### **3.2.1 The Concept of performance**

Performance refers to the degree of achievement of the mission at work place that builds up an employee job (Cascio, 2006). Different researchers have different thoughts about performance. Mostly researcher’s used the term performance to express the range of measurements of transactional efficiency and input & output efficiency (Stannack, 1996). According to Barney (1991) performance is a continuous process to controversial issue between organizational researchers. Organizational performance does not only mean to define problem but it also for solution of problem (Hefferman and Flood 2000). Daft (2000), said that organizational performance is the organization’s capability to accomplish its goals effectively and efficiently using resources. As similar to Daft (2000), Richardo (2001) said that achieving organizational goals and objectives is known as organizational performance. Richardo (2001) suggested that organizations success shows high return on equity and this become possible due to establishment of good employees performance management system.

Performances can be separated in organisational and employee performance. Employee performance is also known as job performance. However, it seems that employee performances mostly subjectively measured in organisations and it will appear that there are few alternative options. In this chapter, at first the concept of organisational culture is conceptualized. After that the concept employee performance is highlighted, together with measuring it and its implications.

#### **3.2.2 Performance in organisation**

Performance in organisations can be separated in organisational performance and job performance (Otley, 1999). According to Otley, the performance of organisations is dependent upon the performance of employees (job performance) and other factors such as the environment of the organisation. The distinction between organisational and employee performance is evident; an organisation that is performing well is one that is successfully attaining its objectives, in other words: one that is effectively implementing an appropriate strategy (Otley, 1999) and employee performance is the single result of an employee’s work (Hunter, 1986). Since the aim of this thesis is to provide a link between organization culture and employee performance, the concept and the components of employee performance is addressed.

#### **3.2.3 Employee performance**

A good employee performance is necessary for the organisation, since an organisation’s success is dependent upon the employee’s creativity, innovation and commitment (Ramlall, 2008). Good job performances and productivity growth are also important in stabilizing our economy; by means of improved living standards, higher wages, an increase in goods available for consumption, etc (Griffin et al., 1981). Griffin et al. also argue that therefore research of individual employee performance is important to society in general.

Job performance is a commonly used, yet poorly defined concept in industrial and organizational psychology, the branch of psychology that deals with the workplace. It's also part of Human Resources Management, and refers to whether a person performs their job well. Despite the confusion over how it should be exactly defined, performance is an extremely important criterion that relates to organizational outcomes and success. Among the most commonly accepted theories of job performance comes from the work of John P. Campbell and colleagues. Coming from a psychological perspective, Campbell describes job performance as an individual level variable. That is, performance is something a single person does. This differentiates it from more encompassing constructs such as organizational performance or national

performance which are higher level variables. Job performance can be defined as the performance of the specific requirements of a job in terms of task elements that must be completed (Broadwell, 1985).

Employee job performance also can be defined as the degree of accomplishment of a task that makes up an individual's job.

In some source, employee performance is defined as "Productivity multiplied by quality-it is made up of both the amount of work completed and the value of the work to the customer....the ability to deliver the right output in the right way, on time and in one effort" (Philip Ricciardi, 1996). An employee's performance on the job is highly related to both the skill of the individual employee and the interpersonal supports available within the organization. Motowidlo and Van Scotter (1994), for example, studied the association among task, contextual, and overall performance in a military setting. They found that task performance and contextual performance contributed to overall performance.

### **3.2.3.1 Determinants of performance**

Campbell (1990) suggested determinants of performance components and stated that individual differences on performance are a function of three main determinants: declarative knowledge, procedural knowledge and skill, and motivation.

Declarative knowledge refers to knowledge about facts, principles, objects, etc. It represents the knowledge of a given task's requirements. For instance, declarative knowledge includes knowledge of principles, facts, ideas, etc.

If declarative knowledge is knowing what to do, procedural knowledge and skill is knowing how to do it. For example, procedural knowledge and skill includes cognitive skill, perceptual skill, interpersonal skill, etc.

The third predictor of performance is motivation, which refers to "a combined effect from three choice behaviours—choice to expend effort, choice of level of effort to expend, and choice to persist in the expenditure of that level of effort" (Campbell, 1990). It reflects the direction, intensity, and persistence of volitional behaviours. Campbell (1990) emphasized that the only way to discuss motivation as a direct determinant of behaviour is as one or more of these choices.

Campbell (1990) also mentioned several performance parameters that may have important implications for the job performance setting and should be investigated by industrial and organizational psychologists.

The first one is the distinction between speed and accuracy. This distinction is similar to the one between quantity and quality. Important questions that should be considered include: which is most valued by the organization, maximized speed, maximized accuracy, or some balance between the two? What kind of tradeoffs should an employee make? The latter question is important because speed and accuracy for the same task may be independent of one another.

The second distinction is between typical and maximum performance. Sackett, Zedeck, and Fogli did a study on supermarket cashiers and found that there was a substantial difference between scores reflecting their typical performance and scores reflecting their maximum performance. This study suggested the distinction between typical and maximum performance. Regular work situations reflect varying levels of motivation which result in typical performance. Special circumstances generate maximum employee motivation which results in maximum performance.

### **3.2.4 Components of employee performance for study**

#### **3.1.4.1 Innovation**

Innovation is likely to be more strongly associated with employee's satisfaction in the contemporary global business environment than in earlier environments. Harrison, McKinnon, Wu & Chow (2000) and Thomas & Mueller (2000) are just two of innumerable recent references that can be called on to evidence the importance of innovation, creativity and entrepreneurship for organizational survival and prosperity in the contemporary global environment "characterized by unprecedented levels of technological change, product and service innovation, and intense global competition" (Harrison et al., 2000: 489).

With respect to Attention to Detail, we follow Sheridan (1992) in expecting a less strong association with employee satisfaction. This expectation may be further supported by the fact that the culture dimensions of

Attention to Detail and Innovation may well be considered opposites in that the pursuit of innovation, creativity and entrepreneurship often requires a de-emphasis on attention to detail, and on its component value of being constrained by rules.

It can be stated that innovation is the ability to generate and utilize creative ideas.

The behavioural indicators for study include:

- Chooses approaches, current operational processes, products and services to promote on the basis of their value-add.
- Invites rethink of the way a process is being carried out to enhance impact.
- Ensures buffers to create space for experimentation with alternative approaches to doing things. Analyses setbacks to glean leanings to make improvements in practices in the future.
- Fosters a climate that encourages and supports new ideas and practices of continuous improvement.
- It includes the ability to think 'Out of the Box' so as to be able to look at processes and people through new perspective and a willingness to go beyond the conventional and try out different solutions.

#### **3.1.4.2 Proactivity**

Proactivity means taking ownership It can be defined as the willingness to accept responsibility for outcomes.

The behavioural indicators for study include:

- Takes ownership of the teams commitment to the organizational goals.
- Reviews the outcomes of one's own actions and faces up to any adverse reactions to self as well as the team.
- Reports openly when own actions produce adverse impacts.
- Manages unforeseen consequences with transparency to ensure commitments are met.
- States disagreements with others on courses of action openly.

#### **3.1.4.3 Decision Making**

Decision making is the ability to make effective data/ information-based decisions.

The behavioural indicators for study include:

- Designs or improves systems and practices which would have the highest impact on current and future business needs.
- Deploys resources based on the changing business needs to maximize operational efficiency.
- Makes appropriate contingency plans for resources utilization based on benefit and risk analysis.
- Combines available resources to deliver greater value to the business.
- Studies best in class ideas to see aptness and feasibility of use.
- Decision Making is the ability to make data/information based, decisions as well as to be proactive in taking advantage of opportunities that arise.

#### **3.1.4.4 Result Oriented**

Companies seek to mobilize all employees and stakeholders, notably dealers and distributors, toward clear business objectives measured by sales, profits, customer satisfaction, and productivity. For these organizations, employee recognition is a vital part of continually communicating and reinforcing ever-changing goals.

It implies that it creates high performance work systems built on best practices to deliver business goals.

The behavioural indicators for study include:



- Investigates thoroughly the needs to be addressed by systems and processes.
- Gets functional systems in place quickly that serve key needs.
- Creates a high performance work climate for individual and teams to deliver.
- Improves on working systems to enhance their impact on people and the organization.
- Benchmarks on the quality and effectiveness of systems.

#### **3.1.4.5 Guest Service Orientation**

The ability, willingness and commitment to deliver services effectively and efficiently in order to put the spirit of customer (internal or external) service into practice is termed as guest service orientation

The behavioural indicators for study include:

- Sets up of systems and practices responsive to immediate and ultimate customer needs.
- Focuses on the needs of the external customer while laying out work procedures.
- Introduces enhancements in work procedures without disrupting current services.
- Effects changes in practices to deliver greater value and satisfaction to customers.
- The output of all work is accurate and meets or exceeds internal standards and the needs of both internal and external customers.

#### **3.1.4.6 People Orientation**

It is the concern for and involvement in the growth and development of others and developing and sustaining cooperative working relationships.

The behavioural indicators for study include:

- Consistently seeks talented people who have a capacity to grow and to contribute to longer term goals.
- Maintain organizational flexibility in order to generate suitable and challenging opportunities for key contributors.
- Creates developmental plans that are consistent with organizational succession plans and individual career ambition.
- Coaches individuals to evaluate and transfer learning from a range of experience to provide for their future contribution.
- Consistently develops and sustains co-operative working relationships.
- Understands the dynamics that result in high performance of teams and encourages & facilitates cooperation within the organization and the team.
- Believes in benefits of working together as opposed to working separately or competitively.

### **3.3 Impact of organizational culture on employee performance**

Organizational culture provides a framework with respect to the behaviour of employees in their workplace. Depending on the type of culture that is created in an organization, it can have a positive or negative effect on employee performance.

Denison (1984) used data from 34 American firms on cultural performance over a period of five years and scrutinized the characteristics of organizational culture and tracked the performance over time in these firms. As per Reichers and Schneider (1990), stated that culture researchers have committed various studies to the definitions of culture, relatively few researchers have been contributed in culture and performance research. Only reason for doing this was the complexity in operational concept of the culture construct. According to Kotter and Heskett (1992), investigate the relationship between long-term organizational performance and economic performance across more than 200 organizations. More ever, being one of the most important and most conscientious research efforts on this subject, the study has arranged three vital contributions. First,

relationship between culture and performance established in their research is forceful. Second, the writer gives an important combination of theoretical point of view regarding the nature & scope of culture. Third, they sketch strong associations between culture, management practices and performance. The claim that organizational culture is attached to performance is initiated on the apparent role that culture can play in caused competitive advantage. Rousseau (1990) studied to overcome some of the limitations in measuring the culture of organization. At the end the results shows that there is no positive correlations between culture and employees performance. After critically reviewed the methodologies and findings of recent researches, it is assumed that there is a link between culture and performance (Lim, 1995). Theorists also argue that sustainable competitive advantage arises from the formation of organizational competencies which are both superior and incorrectly imitable by competitors (Saa-Pe're and Garcia-Falcon, 2002). Practitioners and academics suggested that the performance of an organization is dependent on the degree to which the values of the culture are comprehensively shared (Denison, 1990). Learning of organizations as a style of management and fresh demands in the environment is to some level up to date, which could guide us to assume that elder firms have less cultural orientation towards learning. If elder organizations made organizational learning culture, do hard work to alter their culture then it is not a very easy task, not linear or quick process. At same level, not anything better than quoting an ironic expression (Schein, 1997).

According to Saffold (1998), firstly, culture can give a shape to the organizational processes which again helps to create and modify culture. Secondly, it is likely that culture's contributes to performance is significantly less undemanding than many studies involve. Most of writers and successful managers suggest that strong organization culture is very essential for business because of three important functions:

First, organizational culture is extremely fixed with the social control that may cause to make influence on the employee's decisions and behaviour.

Second, organizational culture works as social glue to bond the employees together and make them feel a strong part of the corporate experience, which is useful to attract new staff and retain the best performers.

Third, organizational culture is very useful to assist the sense making process, helps the employees to understand the organizational events and objectives, which enhance the efficiency and effectiveness of the employees.

Strong culture has almost considered as a driven force to improve the performance of the employees. It enhances self confidence and commitment of employees and reduces job stress and improves the ethical behaviour of the employees (Saffold, 1998). Further he states that mostly studies on culture tend to emphasize on a single organizational culture. But in the Deal and Kennedy's (1982), point of view both strong and weak culture have a great impact on the organizational behaviour but in the strong culture, employee's goals are side with the goal of management and helpful to increase the overall organizational performance.

According to Barney (1991), organizational provide sustainable aggressive advantage. He introduced three conditions; first, he suggests that culture must be viable, second the culture must be rare and have attributes and third culture must be imperfectly imitable. These can provide assistance to superior organizational performance that can be temporary or continue for long term. Long term increase in organizational performance may cause to get the competitive advantage under long run. Kotter and Heskett (1992), conduct a study and find that organizational performance increasing culture or strong culture raised the income of the organizations up 765% between 1977 and 1988, and only 1% increase in a same period of time firms without performance enhancing culture (Gallagher, 2008).

Although some culture and performance literature has suggested an organisational culture-performance relationship, there has been little empirical investigation to substantiate this relationship (Deal and Kennedy, 1982; Lok, Westwood and Crawford, 2005: 491; O'Reilly *et al.*, 1991; Silverthorne, 2004: 596). O'Reilly (1989: 17) and Chen (2004: 433) believe that organisational culture is vital in developing and sustaining employee commitment and intensity levels that often characterise successful organisations. In accordance with the views of O'Reilly (1989: 17) and Chen (2004: 433), Sathe's (1983: 11) additionally states that the shared values that are an aspect of organisational culture assist in generating this identification and attachment to the organisation.

According to Clugston *et al.* (2000: 6) and Rowe *et al.* (1994: 477), organisational culture has an effect on organizational and employee performance and the right kind of culture will influence how effectively organisations operate and deliver their services. Martin (2001: 621) believes that a strong achievement-based culture would result in employees being more competent and supportive of an organisation's aims and objectives. This competitiveness would result in employees being in active agreement with and showing support for the organisation's objectives (Martin, 2001: 621). It is therefore important to identify the type of organisational culture of the selected unit at various employee levels because, as previously discussed, organisational culture is a factor that contributes to the performance of the employees, and therefore the successful functioning of the hotel in terms of its service delivery.

If the selected unit attempts to alter its organisational culture, it can only be sustained with the performance of the organisation's employees (Smith, 2003: 258). This is due to the coordination involved in altering an organisational culture being complex, and this cultural change would therefore require a strategic performance system by the organisation (Smith, 2003: 258). It is therefore also important to investigate the performance of the employees of the selected unit because competent employees will be less resistant to change and will make the change process smoother.

### **3.4 Summary**

It is important for the selected unit to clearly understand their organisational culture in order to manage and develop it. Organisational culture is represented by their unique pattern of shared assumption, values, norms, attitudes, symbols, beliefs, rituals, socialisation, and expectations of the employees in the organisation. The purpose of this unique culture is to establish a set of norms and standards that employees adhere to, and these guidelines affect the performance of the employees within that organisation.

Organisational cultural typologies, are important because they provide typologies for identifying and understanding organisational culture. In this research, OCTAPACE cultural typology was focused on, where eight main classifications of culture are identified. These are: openness, confrontation, trust, authenticity, proaction, autonomy collaboration and experimentation. These eight parameters have their own set of assumptions, norms, characteristics, strengths and weaknesses that have an effect on each employee and their performance in the organisation.

Employees enter into an organisation and are introduced, through a process of socialisation, to the organisation's values, norms, and beliefs. Through this process, employees will either fit in with the organisation's culture or not, and this, too will have an effect on the performance of employees. The determinants and functions of organisational culture were also discussed in this chapter, followed by mechanisms for developing organisational culture. The effect of organisational culture on employee performance ended this chapter.

*CHAPTER - 4*

***RESEARCH METHODOLOGY***

#### **4.1 Introduction**

The purpose of this chapter is to explain the research methodology relevant to this research. Collis and Hussey (2003: 55) define research methodology as the overall approach that the research process will take. The overall approach covers the theoretical foundation through to the collection and analysis of the data (Collis and Hussey, 2003: 55). In this chapter, the methodology that is used in this research will be explained, indicating how the research was undertaken within the scientific sphere of developing knowledge. Collis and Hussey (2003: 55) are of the opinion that research methodology is therefore concerned with the following main issues:

- Why certain data was collected;
- From where the data was collected;
- How the data was collected;
- When the data was collected
- What data was collected; and
- How the data was analysed.

This chapter will provide answers to the above issues in the context of present research. Concerning “why the data was collected”, the research and objectives are stated in Section 4.3 of this Chapter. A brief exposition of the importance of this research will be given in Section 4.2. The research methodology pertinent to this research was used to achieve the stated objectives and to test the hypotheses as stated in Section 4.4. Chapter 4 begins by reviewing the research paradigm relevant to this research. Collis and Hussey (2003: 50) assert that once this research paradigm is established, then the choice of methodology is largely determined. The chapter then defines the population, followed by the sampling method that was used in the research. Once the population and sample has been clarified, the research method will be commented on, and then the instruments that were used for data collection will be explained in depth. A description of how the data was collected and analyzed will be given, focusing on the steps that were taken to administer the measuring instruments. The statistical techniques utilized in this research to analyze and test the data will be explained. Finally, the ethical considerations that needed to be taken into account when conducting this research will be highlighted.

The research is particularly oriented to study ‘Impact of organizational culture on employees performance in hospitality sector. The introductory and thematic presentation chapters discussed fundamental concept of culture and organizational culture. The chapter includes several models of organization culture, different types of culture, dimensions of culture, cultural factors affecting human behaviour at work and some related aspects of organizational behaviour research. This chapter tries to familiarize with the independent and dependent variable selected for the research, and the sub variables of independent and dependent variables in relation to secondary source of data. The independent variable selected for the study is the organizational culture and the dependent variable selected for the study is the value expectancy behaviour of members.

The independent variables selected for the study is organizational culture, which includes Openness, Confrontation, Trust, Authenticity, Proaction, Autonomy, Collaboration and Experimentation. The dependent sub variable is employee performance selected for the study includes Innovation, Proactivity, Decision Making, Result oriented. Guest service Orientation and People orientation.

This chapter is designed specifically to understand each independent variables and sub sub-variables in relation to relevant studies conducted by several eminent authors. It gives a perceptual understanding of the relevance and significance of the research topic and a vision and direction to make effective discussion in the coming chapters.

#### **4.2 The importance of this research**

In an attempt to explain “why the data was collected”, the importance of this research is elaborated in this section. The importance of this research comes from its attempt to ascertain whether there is a relationship between the perceived organisational culture and the performance of employees at the selected hotels. According to Clugston et al. (2000: 22), Rowe et al.(1994: 92) and Wasti (2003: 304), organisational culture

has found to have an effect on employee performance, thereby influencing the effectiveness of organisations. Lahiry (1994: 51) agrees with this statement, and also states that previous research has shown that employee performance has an effect on how well the organisation performs and delivers its services and that performance can be strengthened by changing the organisation's culture. The focus of this research is to examine the impact of organizational culture on employee performance in the selected hotels in Lucknow, which has been through a process of transformation, during which different organisational cultures have had to be transformed for higher degree of employee performance.

As organizational culture is found to have a positive influence on employee performance, the research of organisational culture within the selected units is significant because organisational culture can affect the level of employee performance at a transforming unit (Lahiry, 1994: 51). Furthermore, an alignment between organisational culture and employee performance contributes towards employees identifying with their organisation (Greenberg, 1996; Greenberg and Baron, 2003: 163; Robbins, 1993). Dedicated and performing employees will also be inclined to be more efficient in their service delivery and be more involved with customers and the community, making sacrifices for the organisation in order for it to thrive and be a successful unit (Greenberg, 1996; Greenberg and Baron, 2003: 163; Robbins, 1993).

After identifying the importance of this research, the problem statement of this research was therefore drafted as to determine the influence of organisational culture on employee performance at the selected hotels. In order to achieve the problem statement, the primary purpose of this research was to examine the influence of organisational culture on employee performance.

#### **4.3 Research Objectives**

To give effect to the problem statement, the primary purpose of this study was to examine the influence of organisational culture on employee performance within a selected unit. It was postulated that organisational culture and the level of performance, in turn, influence service delivery. To achieve the purpose of this research, the following objectives have been stated:

- To identify the profile of the organisational cultures in the hospitality sector, namely openness, confrontation, trust, authenticity, proaction, autonomy, collaboration, experimentation, within the selected units;
- To ascertain the difference between the existing organisational cultures, within the selected units of the hospitality industry;
- To identify the profile of the employee performance for performance criteria, namely innovation, proactivity, decision making, result oriented, guest service orientation and people orientation, within the selected units;
- To gauge the extent to which the perceived organisational cultures influence employee performance within the selected units;
- To investigate the level of association of biographical variables with organisational culture and employee performance.

#### **4.4 Research hypotheses**

Based on the intensive review of literature and to study the objectives of the research, the following sets of hypothesis have been postulated

**First set of hypotheses aims to test whether there is any difference between the perceived OCTAPACE organisational culture across the hospitality sector as depicted in the selected units- Hotel-1 and Hotel-2.**

It is broken down statistically as:

**H1.1:** There is a significant difference between the perceived organisational culture of hotel-1 and hotel-2.

**H1.0:** There is no significant difference between the perceived organisational culture of hotel-1 and hotel-2.

**Second set of hypotheses aims to test the influence of organisational culture on employee performance in the hospitality industry as depicted in the selected units, which is stated as under:**

**H2.1:** There is a significant relationship between the perceived organisational culture of hotel-1 and its employee performance.

**H2.0:** There is no significant relationship between the perceived organisational culture of hotel-1 and its employee performance.

**H3.1:** There is a significant relationship between the perceived organisational culture of hotel-2 and its employee performance.

**H3.0:** There is no significant relationship between the perceived organisational culture of hotel-2 and its employee performance.

**H4.1:** There is a significant relationship between the organisational culture gap (difference between perceived organisational culture of hotel-1 and hotel-2) and employee performance.

**H4.0:** There is no significant relationship between the organisational culture gap (difference between perceived organisational culture of hotel-1 and hotel-2) and employee performance.

**Third set of hypotheses would test the associations between the biographical variables and organizational culture in the hospitality industry as depicted in the selected units, which is statistically broken as under:**

**H5.1:** There is a significant relationship between age group and the employee's perception of organizational culture in the organization.

**H5.0:** There is no significant relationship between age group and the employee's perception of organizational culture in the organization.

**H6.1:** There is a significant relationship between gender and the employee's perception of organizational culture in the organization.

**H6.0:** There is no significant relationship between gender and the employee's perception of organizational culture of in the organization.

**H7.1:** There is a significant relationship between educational qualification and the employee's perception of organizational culture in the organization.

**H7.0:** There is no significant relationship between educational qualification and the employee's perception of organizational culture of in the organization.

**H8.1:** There is a significant relationship between department and the employee's perception of organizational culture in the organization.

**H8.0:** There is no significant relationship between department and the employee's perception of organizational culture in the organization.

**H9.1:** There is a significant relationship between designation and the employee's perception of organizational culture in the organization.

**H9.0:** There is no significant relationship between designation and the employee's perception of organizational culture in the organization.

**H10.1:** There is a significant relationship between number of years in service and the employee's perception of organizational culture in the organization.

**H10.0:** There is no significant relationship between number of years in service and the employee's perception of organizational culture in the organization.

**Fourth set of hypotheses tests the association of biographical variables and perceived employee performance in the hospitality sector as depicted in the selected hotel units, which is statistically stated as under:**

**H11.1:** There is a significant difference in the perceived employee's performance across different employee age group.

**H11.0:** There is no significant difference in the perceived employee's performance across different employee age group.

**H12.1:** There is a significant difference in the perceived employee's performance across employee gender.

**H12.0:** There is no significant difference in the perceived employee's performance across employee gender.

**H13.1:** There is a significant difference in the perceived employee's performance across different levels of employee educational qualification.

**H13.0:** There is no significant difference in the perceived employee's performance across different levels of employee educational qualification.

**H14.1:** There is a significant difference in the perceived employee's performance across different department.

**H14.0:** There is no significant difference in the perceived employee's performance across different department.

**H15.1:** There is a significant difference in the perceived employee's performance across different employee's designation.

**H15.0:** There is no significant difference in the perceived employee's performance across different employee's designation.

**H16.1:** There is a significant difference in the perceived employee's performance across the number of years in service.

**H16.0:** There is no significant difference in the perceived employee's performance across the number of years in service.

#### **4.5 Research Paradigm**

The research paradigm meaning a framework consisting of an accepted set of theories, methods and ways in which data can be identified. It refers to the development of scientific procedure that is based on an individual's philosophies and assumptions about the world and the nature of knowledge, which, in this context, regard how the research should be conducted (Collis and Hussey, 2003: 46). Remenyi (1996: 5) has a more elaborate definition than that by Collis and Hussey (2003: 46) and states that a paradigm is an informal, but strict set of rules that have evolved in order to ensure that the research conducted has integrity as well as being reliable and reproducible. A paradigm therefore encompasses both theory and methods (Creswell, 1994: 1).

In order to determine whether organisational culture has a statistically significant influence on the employee performance within the selected units, a positivistic research paradigm was followed (Collis and Hussey, 2003: 56; Remenyi, 1996). This is because literature was studied in order to establish a relation between the organizational culture and the employee performance and construct and to test hypotheses. The quantitative nature of the data that was captured through the use of the questionnaire is also consistent with positivism, and it emphasises quantifiable observations which lend themselves to statistical analysis (Collis and Hussey, 2003: 56; Remenyi, 1996: 8). According to Creswell (1994: 1-2), a quantitative study is an inquiry into a social or human problem; founded on testing a theory that is made up of variables, measured with numbers, and analysed with statistical procedures in order to establish whether the predictive generalisations of the theory hold true.

##### **4.5.1 Research Design**

'Research Design is a framework or blue print for conducting research' (Malhotra and Dash, 2011:70) A research design specifies the methods and procedures for conducting a particular study (Beri, 2009). The current study has adopted a mixed research design. The initial part of the study has Exploratory Research Design, where the primary objective was to gain insights and comprehension of the issues related to



organizational culture and employee performance in the hospitality sector. Post the literature review and understanding of the constructs, the research design adopted was Descriptive in nature, comprising a structured survey undertaken to quantify the antecedents, the perceived relationship quality as well as employee performance. Further, in-depth interviews of employees working in hospitality sector were conducted to understand the reasons behind the survey results.

#### 4.5.2 Research population and sample

In order to address “from where the data was collected” as stated in the introduction to this chapter, the population and sample pertinent to this research will be discussed in this section. A population is any precisely defined group of people, events or things that are of interest to and under investigation by the researcher in the context of the study and from which the sampling elements are drawn (Collis and Hussey, 2003: 56; Sekaran, 1992: 225; Terre Blanche, Durrheim, and Painter, 2006: 133). The selected hotel units are situated in Lucknow, Uttar Pradesh and employ a total of 390 and 250 employees respectively. The sampled population of the research included all employees of the selected units.

A sample is a subset and representation of the population that is selected for research, and it consists of a selection of members from the population (Bryman and Bell, 2007: 182; Sekaran, 2000: 226). The sample aims at representing the main interests of the research (Collis and Hussey, 2003: 56; Terre Blanche *et al.*, 2006: 133). Terre Blanche *et al.* (2006: 133) add that a sample is compiled from the population, and is simply the elements or people that are included in the research.

Cooper and Schindler (2006: 402) and Terre Blanche *et al.* (2006: 133) state that the basic idea of sampling is that, through the selection of members of the population, the researcher may draw conclusions regarding the entire population, where sampling refers to the process of selecting elements to observe. The sample of the current research included all employees at the selected units who could read and write in English, which accounted for mainly 100 employees of the Hotel-1 and 100 employees of Hotel-2. The respondents had to be able to read and write in English due to the questionnaire being designed in English. According to Collis and Hussey (2003: 56) large samples are often used in positivistic paradigms to conduct statistical analysis and the larger the sample, the more the likelihood that the results can be taken to be true for the whole population.

The study made use of multi-stage sampling to attain its objectives of a representative sample. For the purpose of this research, convenience sampling was used for the choice of hotels and stratified random sampling for the selection of employees. According to the purpose of the study, the targeted population comprised of the hotel employees in the specified region. The hotels to be used in the study are specifically considered as they are into existence for decades, five and four star category hotels with a good number of employees employed, have been consistently setting benchmarks in the hospitality sector for initiatives to enhance employee performance to deliver a high class customer service and were administratively convenient.

In order to choose a representative sample of the hotels for the study at the first stage of selection, the judgment sampling is used by the researcher. Judgment was exercised on the basis of the level of duties performed by the employee, department and the designation alongwith the administrative convenience of data collection. To sample the final sampling entities, the second stage of sampling comprised of selecting the employees of the selected hotel on the basis of stratified random sampling for different strata with respect to the designation and hierarchy of jobs of employees.

Hair, Money, Samouel and Page (2007: 181) state that convenience sampling involves selecting sample elements that are most readily available to participate in the research and who can provide the information required by the researcher. Convenience sampling is also a form of non-probability sampling (Leedy, 1993: 200). Terre Blanche *et al.* (2003: 139) explain that non-probability sampling refers to any kind of sampling where the selection of elements is not determined by random selection using statistical interpretation.

Judgment sampling is a non-probability sampling technique where the researcher selects units to be sampled based on their knowledge and professional judgment. This sampling is exercised to select representative of the population depicting the traits of the employees influenced by the organizational culture of the hotels such as designation, length of service and the level of duties of performed.

Stratified random sampling is a method of sampling that involves the division of a population into smaller groups known as strata. In stratified random sampling, the strata are formed based on members' shared attributes or characteristics. A random sample from each stratum is taken in a number proportional to the stratum's size when compared to the population. These subsets of the strata are then pooled to form a random sample. Stratified random sampling was used for selecting 100 employees from each hotel and within the hotels the selection of employees was done on the basis of ease of availability and sampling researchers' convenience. It ensured that the sample was representative of the different managerial hierarchies to procure a more concrete perception of existing organisational culture in the hospitality sector.

#### **4.6 Research measuring instruments**

##### **4.6.1 OCTAPACE Scale**

The original OCTAPACE profile is a 4-point scale developed by Pareek (2003), is a 40 items instrument that gives the profile of the organisation's culture in eight values. These values are openness, confrontation, trust, authenticity, proaction, autonomy, collaboration and experimentation.

The instrument contains two parts. In part I, values are stated in terms of items 1 to 24 comprising three statements of each of the eight values, measure the individual perspective of how much a particular item is valued in an organisation. The respondent is required to check (on a 4-point scale) how much each item is valued in his organisation. Part 2 contains sixteen statements pertaining to group beliefs widely shared in the organisation, two each for eight values, and the respondent checks (on a 4-point scale) how widely each of them is shared in the organisation.

In addition to checking the items on the extent of their importance or sharing in the organisation, the respondent can also check how much they should be valued, or how much the beliefs are useful. Thus, both, present as well as desired and ideal profiles can be obtained.

The data, after collection has been processed and analyzed. In the present study, firstly, the simple tables were prepared for learning about the respondents selected for the study. The hypothesis framed for the purpose was tested statistically for their significance.

##### **Scoring**

To make scoring easier, an answer sheet is provided. From the key (appended), the items marked with an asterisk are first reversed so that 4 becomes 1, 3 becomes 2, 2 becomes 3 and 1 becomes 4. This makes all items unidirectional. The rows are then added. The eight rows represent the eight aspects (OCTAPACE) in the same order. The scores on each aspect range from 5 to 20. In a group, participants can themselves score their completed answer sheets.

Openness	: 1, 9, 17, 25*, 33
Confrontation	: 2, 10, 18, 26*, 34
Trust	: 3, 11, 19, 27, 35*
Authenticity	: 4, 12*, 20, 28*, 36
Proaction	: 5, 13, 21, 29, 37
Autonomy	: 6, 14*, 22*, 30*, 38
Collaboration	: 7, 15, 23*, 31*, 39
Experimentation	: 8, 16, 24, 32, 40*

##### **4.6.2 Employee Performance Survey Scale**

Performance elements tell employees what they have to do and standards tell them how well they have to do it. Developing elements and standards that are understandable, measurable, attainable, fair, and challenging is vital to the effectiveness of the performance appraisal process and is what this handbook is all about.

The employee performance scale assesses the performance factors based on five subscales categories- innovation, proactivity, decision making, result oriented, guest service orientation and people orientation. The performance parameters used for study were considered after the in-depth interview with employees at

various organizational hierarchy based on the customer-focused method as it communicates who are its customers and what they expect. Often this method is easier to apply to administrative work units that provide support functions, such as a human resources, operations, facilities maintenance, etc. This method focuses on achieving customer satisfaction as it is the thrust of the hospitality sector. The employee performance parameters are discussed in section 3.2.4 of chapter 3.

The EPS consists of 25 questions (Annexure 1) describing each of the various performance parameters. Each question was originally cast on a 5-point Likert scale and the respondents were asked to choose any one point out of five as per his/her perception of employee performance.

#### **4.7 Research Method**

Collis and Hussey (2003: 55) stated that research methods refer to the various means by which the data is collected and analysed and gives effect to “how the data was collected”. Based on the research objectives as stated in Section 4.3 of the Chapter and the positivistic paradigm, surveys were the most suitable for this research so that large amounts of data could be collected in order to conduct statistical procedures effectively (Remenyi, 1996). The survey method of data collection tests a sample of people that are drawn from the population in order to make deductions about that population (Collis and Hussey, 2003: 66). Creswell (1994: 117) explains that a survey provides a quantitative description of the sample being studied, through the data collection process of posing questions. Creswell (1994: 117) goes on to state that through the quantitative data collected through the use of a survey, the researcher will be able to generalize the findings from the sample of responses to the population. According to Remenyi (1996: 12), surveys offer an opportunity to collect large quantities of data, which therefore can be used for statistical analysis that is representative of the whole population. Neuman (2006: 276) agrees with Remenyi (1996: 12), and adds that survey researchers sample a large number of respondents, as well as measures variables, tests multiple hypotheses, and deduces information regarding the respondent’s attitudes, behaviour and characteristics. Collis and Hussey (2003: 66) believe that if the total population is small, such as at the selected unit which has 390 and 280 employees respectively, then it is common practice to collect data about each member, or the majority of members of the population, and therefore it may be possible to generalise from the findings to a broader context.

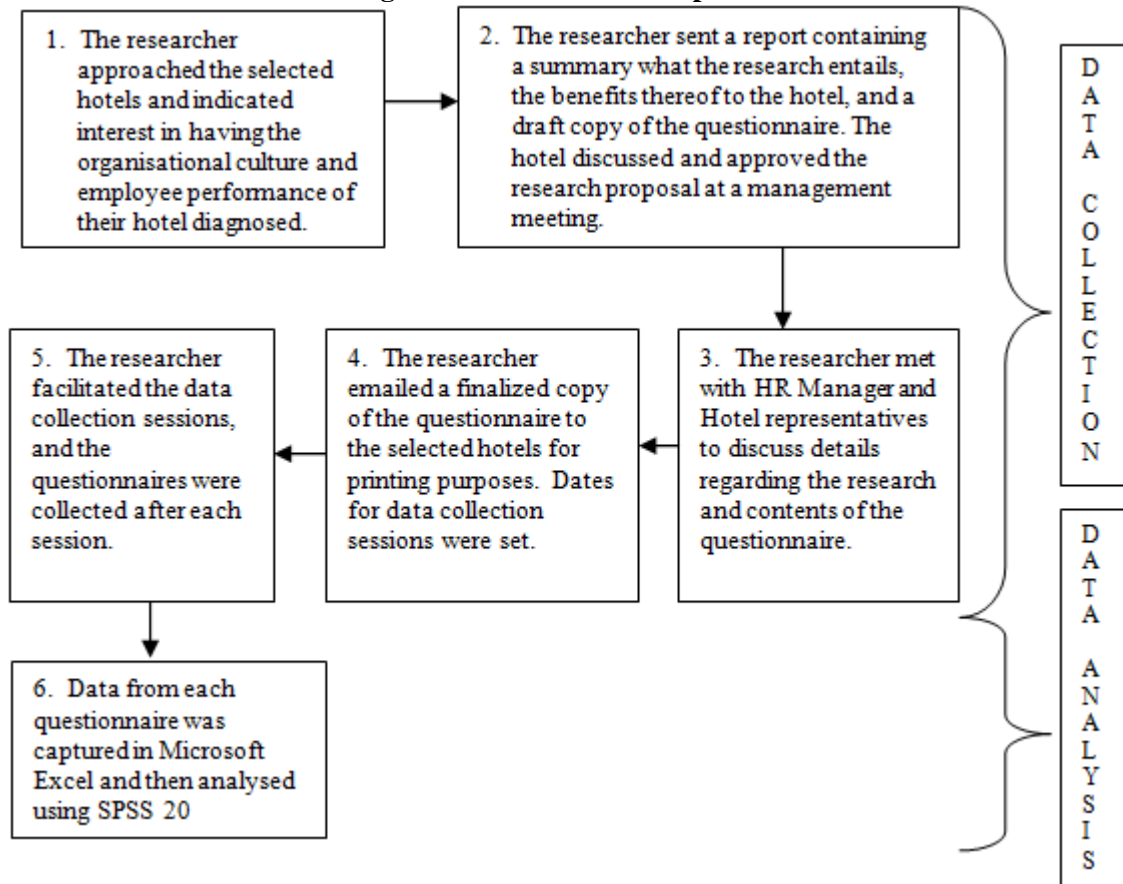
The survey was administered through the use of questionnaires over three weeks on site at the two hotels. The onsite data collection sessions consisted of one hour long session with different groups of respondents from the selected hotels for making the objective of the research clear. The use of the surveys ensured that the questions were all the same and the contents of the questionnaires were understood by all respondents present at the data collection sessions (Collis and Hussey, 2003: 66).

##### **4.7.1 Data collection**

In order to address “when and what data was collected” as stated in the introduction to the chapter, the data collection process will be discussed in this section. Figure 4.1 illustrates the process of data collection for this research.

The questionnaire was administered and data was collected from the sample (N=200) of hospitality sector respondents at the two hotels situated in the area of jurisdiction of the Lucknow city. The data collection process began by the researcher by approaching the two hotels and indicating that the researcher intends to diagnose the organisational culture and employee performance of the hotel. The researcher sent an email to the selected hotels which contained a report on the proposed research and its benefits for the hotels, as well as a draft copy of the questionnaire. The research proposal was discussed and approved at a management meeting giving the researcher permission to conduct the research and hold data collection sessions at all the two hotels.

Figure 4.1: Data collection process



Source: Researcher's own construction (2012)

Once the initial permission was granted the researcher met with the HR manager and the management representatives of the two hotels. The emphasis of the meeting was on finalising the questionnaire and appointing an internal coordinator who would liaise with and assist the researcher in organising and conducting the data collection sessions. The researcher compiled the questionnaire and this final copy, attached as Annexure 1, was sent to the hotels for the approval. The internal coordinator set up the data collection sessions at the two hotels. The data collection sessions took place over three weeks.

As previously mentioned, at the data collection sessions all employees who could read and write in English were requested to complete questionnaires. At the beginning of each data collection session the researcher gave an overview and explained the purpose of the research to the respondents, as well as instructing the respondents on how to complete the questionnaire. The presence of the researcher and the internal coordinator was vital in order to ensure that the questionnaires were completed properly and therefore increasing the number of usable questionnaires that could be presented for statistical analysis. Each session lasted approximately one hour for the respondents to complete the questionnaires.

An in-depth interview with the hotel employees was also used for data collection, post analysis as the results were in confirmation to the expectations of the employees of the hotels and the researcher.

#### 4.7.2 Data preparation

The data capturing and the statistical analysis address the point pertaining to “how the data was analysed” that was identified in the introduction to this chapter. It included coding, editing and transcribing the data into a spreadsheet for analysis. Once the data was collected, the researcher numbered each questionnaire and captured the corresponding data in a spreadsheet document, using Microsoft Excel. This was done because if there was a complication with one of the data inputs, then the researcher could look up that specific questionnaire and correct the anomaly. Once all the data was captured, it was transferred to a statistical data analysis program, namely SPSS 20.

#### 4.8 Statistical tools of analysis

The statistical analysis concerns “how the data was analysed” for the study. The coded and tabulated data was analysed using both descriptive and inferential statistical techniques. Mean, standard deviation, range have been calculated to draw a profile of the respondents and their responses. ‘The scales used in section A, B and C are Likert and assumed to be interval scales.’ (Zikmund, 2010) and hence, parametric tests are used. The data set was analysed with the help of SPSS 20.

##### 4.8.1 Descriptive statistics

Descriptive statistics are used in order to summarise a set of scores that are obtained from respondents and to illustrate basic patterns in data (Harris, 1998; Punch, 2005: 110; Neuman, 2006: 347). The benefits of performing a descriptive analysis include: (a) it keeps the researcher close to the data; (b) it enables the researcher to understand the distribution of each variable across the survey respondents (Punch, 2005: 124-125). Descriptive statistics include the numbers, tables, charts, and graphs used to describe, organize, summarize, and present raw data. In the study descriptive statistics were used to summarize the basic characteristics of the data- Section A of the questionnaire pertaining to the biographical details, to develop a profile of the hotel’s employees organisational culture (Section B), as well as to develop a profile regarding the employee performance survey (Section C).

##### 4.8.2. Inferential statistics

Inferential statistics was used to draw conclusions about the population from the sample collected randomly from it. The two main methods used in inferential statistics are estimation and hypothesis testing. The study in this case has used hypothesis testing for understanding the population better. The tools used are briefly described below:

##### 4.8.2.1 T-test for independent samples

The independent t-test, also called the two sample t-test or student's t-test is an inferential statistical test that determines whether there is a statistically significant difference between the means in two unrelated groups. The null hypothesis for the independent t-test is that the population means from the two unrelated groups are equal:  $H_0: u_1 = u_2$  against the alternative hypothesis, which is that the population means are not equal:  $H_A: u_1 \neq u_2$ . The alternative hypothesis is either accepted or rejected based on the significance level (alpha) set by the researcher. Most commonly, this value is set at 0.05. The test is run with one independent categorical variable, also referred to as unrelated or unpaired variable, having two levels and a dependent variable. T-test for independent samples is used for investigating differences in individuals and when comparing two groups, an individual in one group cannot also be a member of the other group and vice versa.

The basic assumptions for running an independent t-test are normality of the dependent variable and homogeneity of the variances. Assumption of normality requires that the dependent variable is approximately normally distributed within each group and can be ascertained by running the Shapiro-Wilks test. The test rejects the hypothesis of normality when the p-value is less than or equal to 0.05. Failing the normality test means the data does not fit the normal distribution and this can be stated with 95% confidence. However, the t-test is described as a robust test with respect to the assumption of normality. This means that even deviations away from normality do not have a large influence on Type I error rates. The exception to this is if the difference in the size of the groups is greater than 1.5 (largest compared to smallest).

T-test for independent samples was used for analysing the difference between the organizational culture and employee performance scores of employees of the hotels selected for study. It was also used for testing whether or not there was a statistically significant difference between the means of the samples drawn from the employees of the two hotels, with respect to the factors constituting the work/life balance scale as well as the quality of work/life scale. All the statements were tested at 0.05% level of significance.

##### 4.8.2.2 ANOVA

The one-way analysis of variance (ANOVA) is used to determine whether there are any significant differences between the means of three or more independent (unrelated) groups. Before running ANOVA for data, there are certain assumptions that need to be satisfied. These are:

- Dependent variable is either interval or ratio (continuous)

- Dependent variable is approximately normally distributed for each category of the independent variable.
- Equality of variances between the independent groups i.e. homogeneity of variances.
- Independence of cases.

One-way ANOVA tests the null hypothesis:

$$H_0: \mu_1 = \mu_2 = \mu_3 = \dots = \mu_k$$

where  $\mu$  = group mean and  $k$  = number of groups.

If one-way ANOVA returns a significant result then we accept the alternative hypothesis ( $H_1$ ), which is that there are at least two group means that are significantly different from each other.

Analysis of Variance was used for testing whether there was a significant difference in the means of the groups under study across the perceived differences in the organizational culture and employee performance scores for different demographic variables. ANOVA was used wherever the independent groups were more than two as the t-test for independent samples compares means for just two samples. As in the case of t-test, in ANOVA, too, the statements were tested at 95% level of confidence.

#### 4.8.2.3 Factor Analysis

Factor Analysis is a set of techniques which, by analysing correlations between variables reduces their number to fewer factors (common underlying dimensions of the variables) which explain much of the original data more economically. Factor analysis investigates whether a number of variables of interest  $Y_1, Y_2, \dots, Y_k$ , are linearly related to a smaller number of unobservable factors  $F_1, F_2, \dots, F_k$ , thus, reducing data complexity by reducing the number of variables under study. There are two stages in the method.

Stage 1 is the Factor Extraction process in which the most popular method is Principal Component Analysis. The number of factors extracted is based on the computation of an Eigen value. Factors with Eigen value of 1 or more are retained.

Stage 2 is called Rotation of Principal Components. The original unrotated factor matrix is a part of the first stage. Stage 2 involves interpreting and naming the factors by identifying which factors are associated with which variables. The rotated factor matrix (as also the unrotated factor matrix) gives the loading of each variable on each of the extracted factors. Loadings take values between 0 and 1. Loadings with values close to 1 are regarded as high loadings and those close to 0 are low loadings. Here the objective is to find variables having high loadings on one factor but low loadings on other factors. A factor is, thus, considered to be a linear combination of the variables having high loading on it.

Factor analysis subsumes that correlation exists between at least some of the original variables, the method is applied after running formal tests like the Kaiser-Meyer-Olkin measure and the Bartlett's Sphericity test on the original data.

The Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy tests whether the partial correlations among variables are small. The sampling adequacy i.e. the KMO value should be greater than 0.5 for a satisfactory factor analysis to proceed. Large values for the KMO measure indicate that a factor analysis of the variables is a good idea.

Bartlett's test of Sphericity tests whether the correlation matrix is an identity matrix, which would indicate that the factor model is inappropriate. Bartlett's test is an indicator of the strength of the relationship among variables and tests the null hypothesis that the variables in the population correlation matrix are uncorrelated. At observed significance level of .000 the null hypothesis is rejected and it is concluded that the strength of the relationship among variables is strong. Therefore, it would be a good idea to proceed a factor analysis for the data.

Factor analysis was undertaken for data reduction and was applied on the sections B and C, dealing with organizational culture and employee performance survey respectively, to verify their applicability. Two separate scales were constructed to measure organizational culture and employee performance survey of hotel employees.

#### 4.8.2.4 Correlation and Regression

Correlation and Regression are generally performed together. The application of correlation analysis is to measure the degree of association between two sets of quantitative data. The Pearson product-moment correlation coefficient was used as a measure of strength of a linear association between two variables, organizational culture and employee performance survey. It is denoted by  $r$ , can take a range of values from +1 to -1. A value of 0 indicates that there is no association between the two variables. On the other hand, a value greater than 0 indicates a positive association and a value less than 0 indicates a negative association. The stronger the association of the two variables, the closer is the Pearson correlation coefficient,  $r$ , to either +1 or -1 depending on whether the relationship is positive or negative, respectively.

There are four assumptions that are made with respect to Pearson's correlation:

- The variables must be either interval or ratio measurements.
- The variables must be approximately normally distributed.
- There is a linear relationship between the two variables.
- Outliers are either kept to a minimum or are removed entirely.
- There is homoscedasticity of the data.

Regression, which in many cases follows correlation analysis, is used to explain the variation in one variable (called dependent variable), based on the variation in one or more other variables (called independent variables). When multiple independent variables are used to explain the variation in the dependent variable, it is termed as multiple regression model. The current study uses multiple regression model to explain the variation in employee performance survey scores based on multiple independent variables like age, gender, designation, department, educational qualification and length of service.

Correlation was primarily used for testing whether there was a relationship between the perceived organizational culture and the performance of an employee. It was also used for ascertaining the relationship between the organizational culture and employee performance survey scores.

Regression analysis was done to identify the significant factors influencing the organizational culture and also the performance of the hotel employees. The regression equations were constructed separately for hotel-1 and hotel-2 employees and a comparison done on factors having a greater impact on the hospitality sector.

#### 4.8.2.5 Cronbach's Alpha

Cronbach's Alpha measures the internal consistency of the instrument, which refers to the degree to which the measuring instrument items are homogenous and reflect identical underlying constructs (Cooper and Schindler, 2006: 322). Bryman and Bell (2007: 164) state that Cronbach's Alpha is a commonly used test of internal reliability, which essentially calculates the average of all possible split-half reliability coefficients. The Cronbach Alpha, once computed, will produce a value that varies between 1 (representing perfect internal reliability) and 0 (representing no internal consistency), with the values 0.80 and 0.70 typically employed as a rule of thumb to denote a good level of internal reliability (Bryman and Bell, 2007: 164).

#### 4.8.2.6 Mean and Standard Deviation

Sekaran (1992: 260) defines the mean as the average that offers a general picture of the data without overwhelming the researcher with each of the observations in the data set. It is simply the average of the various responses pertaining to a scale (Parasuraman, Grewal, and Krishnan, 2004: 408). The mean, or average, is calculated by taking the sum of individual observations of each scale and dividing it by the number of observations within that scale (Sekaran, 1992: 261). The standard deviation was used to measure the dispersion of the data. Dispersion describes how the data are clustered around the mean, while standard deviation is the measure of dispersion and is the degree of deviation of the numbers from their mean (Parasuraman *et al.*, 2004: 269).

#### 4.8.2.7 Frequency tables

Frequency tables were used to summarise and understand the data (Punch, 1995: 111). Punch (1995: 111) explains what frequency tables describe: "The individual scores in the distribution are tabulated according to

how many respondents achieve each score, or gave each response, or fell into each category.” All three sections of the questionnaire used in this research were analysed statistically using frequency distributions because the results can be shown as tables or as graphs, which makes the results easy to illustrate as well as enabling the researcher to get a basic idea of the characteristics of the data (Punch, 1995: 111; Sekaran, 1992: 260). Once the data was analysed using frequency tables, simple graphs were constructed in order to graphically represent the data contained in the frequency table (Milton, 1992: 6).

#### **4.9 Ethical considerations**

Researchers need to have a firm understanding of what is considered right and wrong when researching (Remenyi, 1998: 109). Researchers are in a privileged position where they gain information from respondents, and are expected to perform their duties and use the information in an ethical manner (Remenyi, 1998: 109). Remenyi (1998: 110) believes that there are three major aspects as to how research should be conducted ethically. These are: issues regarding the collection of data; problems associated with processing the data; and the use of the findings. With regards to the collection of the data, the researcher ensured non disclosure of the respondents’ details and no authentication was attached to the submitted questionnaires. The researcher also explained to the employees involved in the surveys the importance and expected outcomes of the proposed research (Remenyi, 1998: 110).

Once the data was captured in a spreadsheet document, it was statistically analysed. During this process the researcher made no attempt to omit or manipulate, and thus distort, the data (Remenyi, 1998: 111). The researcher therefore acted in an unbiased manner, with no personal prejudices influencing the collection and analysis of the data (Remenyi, 1998: 111).

Remenyi (1998: 112) is of the opinion that the findings of research should be used for ethical purposes only. As a result researcher used the findings firstly for academic purposes, and secondly for compiling a report of the findings and recommendations which will be sent to the selected hotels.

#### **4.10 Summary**

This chapter outlines the methodology of the research and begins by presenting the importance of the research, with reference to the research objectives and hypotheses stated in Section 4.3 and 4.4 respectively. The positivistic paradigm was discussed, and then the population and sample of the research described. The research method, a survey, was discussed, and then the two measuring instruments that were used were examined in detail, including previous reliability and validity results. The data collection process was reviewed, as well as how the data was captured and analysed. Finally, the ethical considerations that the researcher enforced were commented on.



*CHAPTER - 5*

***EMPIRICAL FINDINGS AND  
DISCUSSION***

## 5.1 Introduction

The purpose of this research is to evaluate the influence of organisational culture on the employee performance at hotel-1 and hotel-2; this chapter gives shape to the findings of data pertaining to regarding the research objectives, and hypotheses as stated in Section 4.3 and 4.4 of Chapter 4 respectively, by presenting the empirical findings. The purpose of this chapter is therefore to present the empirical findings of this research and discuss them in relation to the theoretical perspectives (see Chapter 3 regarding organisational culture and employee performance in the hospitality sector).

The raw data, as procured from the field was subjected to editing, preparation and processing for further analysis. The raw data was edited, coded and entered in Excel and cleaned. SPSS 19.0 was used to analyse the data. Exploratory factor analysis was employed for testing the reliability of the survey instrument. The modified instrument was then used to test the hypothesis of impact of OCTAPACE overall and individual dimensions on employee performance and the overall goodness of fit of the model along with testing the significance of individual regression coefficients. The analysis was first split into two focal areas of Organizational Culture and Employee Performance for the employees of two hotels and then the other demographic indicators for these were also incorporated for deriving the interpretations.

The development of chapters takes place in the following manner. Firstly, the sample summary pertaining to this research will be presented, followed by the identification of the descriptive statistics regarding the biographical information of the respondents. The assessment of the reliability of the measuring scales is made through the use of measure of internal consistency i.e., Cronbach's Alpha coefficient. Subsequently, the organisational culture profile is identified, followed by the evaluation of the organisational culture gap and then the identification of the employee performance survey profile. The relationships between the organisational cultures and employee performance are evaluated through the use of Pearson's correlation coefficient. The organisational culture gap follows in discussion in terms of its effect on employee performance and whether or not it differs with regards to selected biographical information pertaining to employees. Finally, the biographical variables are tested for a relationship between the organisational culture as well as the performance of employees in order to ascertain whether there is a difference in responses with regards to the various biographical variables.

## 5.2 Sample composition

### 5.2.1 Response Rate

Table 5.1 illustrates the information related to targeted and effective sample size in the form of response rate achieved for this research. The total population for this research was 100 employees in each of the two hotels under study which included those employees at the selected who could read and write in English, constituting for approximately 200 employees altogether. An extensive effort was made to procure the desired size of sample. However the total questionnaires that were obtained after the fieldwork were 181 in number indicating an overall response rate of about 90.5% which is fairly high. Of these 181 questionnaires, the 55.24% were from hotel 1 and the remaining 44.75% were from hotel 2, with 100% response in hotel-1 and 81% in hotel-2 respectively.

There were 181 questionnaires that were correctly completed while 03 questionnaires were incorrectly completed and therefore un-usable for this research. The effective response rate (the total number of usable responses/ the sample size of the research) was 99% for hotel-1, and the usable response rate (usable responses / the sample size of the research) was 97.5 % for hotel-2

**Table 5.1: The sample summary of the study**

	<b>Selected hotel-1</b>	<b>Selected hotel-2</b>
<b>Population</b>	100	100
<b>Sample/ Total Responses 181</b>	100(55.24%)	81(44.75%)
<b>Usable Responses 178</b>	80	98
<b>Usable Response Rate 178/181=98%</b>	99/100=99%	79/81=97.5%
<b>Total Response Rate181/200=90.5%</b>	Response Rate 100/100=100%	Response Rate 81/100=81%

A response rate of 89% (N =178) is large enough for meaningful statistical analysis and acceptable interpretation (Bryman and Bell, 2007: 244; Welman, Kruger and Mitchell, 2005: 154). A response rate that is lower than 50% represents a minority, which indicates that an entirely incorrect generalisation of the population may be obtained. The response rate of 89% is therefore considered as more than sufficient for the purpose of this research.

### 5.2.2 The demographic profile of respondents

SPSS 20 was used to summarise the demographic profile of employees which is reported in the table. Table 5.2 gives the demographic profile of hotel employees on whom the study was conducted. The table illustrates that 134(75%) of the respondents were male, 44(25%) of the respondents were female.

The tables studies the biographical variables, namely, gender, educational qualification, age of the respondents, level of duties performed, the length of service in the hotel and the department of operation. The parameters chosen for the study for the biographical variables is the representative for the information to be collected for the organizational culture and employee performance survey scores.

**Table-5.2: The demographic profile of hotel employees administered OCTAPACE culture scale**

<b>Variable</b>	<b>Total (%) N=181 (90.5%)</b>
<b><i>Gender</i></b>	
Male	134 (75%)
Female	44 (25%)
<b><i>Educational Qualification</i></b>	
Graduate	36 (20.22%)
Post-graduate	40 (22.47%)
Professionals	102 (57.30%)
<b><i>Age</i></b>	
21-30	16 (9.0%)
31-40	112 (62.9%)
41-50	38 (21.3%)
51 years & older	12 (6.7%)
<b><i>Level of Duties</i></b>	
Executive	80 (44.9%)
Management	44 (24.7%)
Staff	54 (30.3%)
<b><i>Length of Service</i></b>	
Less than 1 year	12 (6.74%)
01 to 05 years	8 (4.49%)
06 to 10 years	24 (13.34%)
Above 10 years	134 (75.28%)
<b><i>Department</i></b>	
Operations	110 (61.80%)
Sales & Marketing	38 (21.35%)
Accounts	22 (12.35%)
Technology & IT	08(4.50%)

The analysis of the table 5.2 states the following information about the demographic variables:

- **Educational Qualification**

Of the 178 respondents, majority 102 (57.30%) of the respondents predominantly had professional qualification, and 40 (22.47%) of the respondents were post graduate whereas 36(20.22%) were graduate.

- **Age profile of respondents**

The majority age group of respondents was between 31 and 40, with 112 (62.9%) of respondents falling into this category. There were 38 (21.3%) respondents that were between the ages 41 and 50; 16 (9%)

respondents who were between 21 and 30; and 12 (6.7%) respondents who were 50 years or older.

- **Level of duties**

The majority of the employees are from the executive grade, accounting to 80 (44.9%), followed by the Staff members from various departments such as front office, housekeeping, operations, etc., is 54(30.3%) and 44 (24.7%) are from the management grade of employees.

- **Length of service**

The length of time that respondents have worked for the hotel is taken into consideration from one year to 10 years and above. The majority of respondents, 134 (75.28%) employees, have worked for the selected hotels for more than 10 years. Only 8 (4.49%) respondents have worked for the hotel for one year to 5 years, 12 (6.74%) have worked for less than a year and 24 (13.4%) for 6 to 10 years.

This information was sought about respondents' number of years of working in the organisation as it will help to show how much the respondents know about the organization and its activities.

- **Department of the respondents**

Out of 178 respondents, there were a total of 110 (61.80%) respondents working in the different Operation Departments such as housekeeping, kitchen, front office, etc, 38 (21.35%) working in the Sales and Marketing Department, 22 (12.35%) working in the Accounts Department, and 08 (4.50%) of the respondents working in the Technology and IT Department.

### **5.3 Reliability of the measuring scales**

The purpose of this section is to report on the reliability of the measuring instruments used in this research. This is important because reliability indicates whether or not an instrument's measures are free from error, therefore yielding consistent results (Collis and Hussey, 2003: 58).

#### **5.3.1 Cronbach's alpha coefficient score for the OCTOPACE scale**

Factor Analysis was done to identify the underlying factors and to group the constructs into manageable factors. Since, the appropriateness of data for factor analysis needs to be established, the sampling adequacy test was performed through Kaiser-Meyer-Olkin (KMO) statistic. Since, KMO values greater than 0.6 is considered as adequate (Kaiser and Rice, 1974), hence, the Kaiser-Meyer-Olkin measure of sampling adequacy with value of 0.801 was acceptable. Barlett's Test of Sphericity (3752.653, df. 276, Sig.0.00) show that the values are significant and hence, acceptable implying that non-zero correlations existed at the significance level of 0.000, it provided an adequate basis for proceeding with the factor analysis.

The Principle Components method for extraction was employed with the Varimax Rotation with Kaiser Normalisation. The rotation converged in six iterations, and factors with Eigen values greater than one were retained (Hair *et al*, 2009). Further, in order to assess the appropriateness of the data for factor analysis, the communalities derived from the factor analysis were reviewed. These were all relatively large (greater than 0.5, falling in the range 0.650 to 0.915), suggesting that the data set is appropriate (Stewart 1981). This final version having forty items was finalised for the scale. To interpret the factors and construct the final version, only those variables having a loading at least 0.55 on a single factor were considered. Factor loadings of 0.55 or greater are "Practically significant" for sample size 100. (Hair *et al*, 2009, Pg 152).

#### **Reliability analysis**

Reliability of the scale was estimated by analysis of internal consistency and Cronbach alpha coefficient (Cronbach 1951).Cronbach's alpha is most often used to test the reliability of a multi-item scale. The cut-off point is generally 0.6 (Hair *et al*., 1992). For a measure to be acceptable, coefficient alpha should be above 0.7 (Nunally 1978). The overall reliability of the scale is 0.80. The reliability coefficient for the subscales ranges in between 0.813 to 0.877914 and all above 0.7 hence, the reliability of the scale comes out to be quite good and the evidence suggested that our scale had adequate measurement properties.

**Table-5.3: Description and reliability analysis of subscales for OCTAPACE Scale**

Scale Reliability(0.80)	Subscale	No. of items	LOW	MEAN	HIGH	SD	Lowest inter-item correlation	Highest inter-item correlation	Average Variance Extracted	Cronbach's Alpha	Construct Reliability
	CONFRONTATION	05	16	20.5169	25	2.48890	.114	.557	0.545	0.877	0.86
	OPENNESS	05	16	21.7174	25	2.65746	.112	.686	0.547	0.855	0.86
	TRUST	05	14	20.4494	25	2.47021	.085	.557	0.538	0.819	0.793
	AUTHENTICITY	05	14	21.2584	25	2.01983	.112	.698	0.662	0.854	0.914
	PROACTION	05	18	21.4854	25	2.08387	.057	.698	0.665	0.856	0.79
	AUTONOMY	05	16	21.7229	25	2.48298	.260	.510	.610	0.823	0.75
	COLLABORATION	05	15	20.7805	25	2.30776	.227	.686	0.593	0.813	0.72
	EXPERIMENTATION	05	16	21.7821	25	2.1881	.126	.652	0.661	0.848	0.70

### Validity analysis

#### Convergent validity

Fornell and Larcker (1981) proposed three procedures to assess the convergent validity of a set of measurement items in relation to their corresponding constructs. These are (1) item reliability of each measure, (2) composite reliability of each construct and (3) the average variance extracted. The item reliability of an item was assessed by its factor loading onto the underlying construct. Hair et al. (2006) suggested that an item is significant if its factor loading is greater than 0.50. The eigen values of all constructs exceeded 1.00 and the percent of cumulative variance explained by these eight constructs was 87.303%. The factor loadings of all the items

in the measure ranged from 0.836 to 0.931. This exceeds the threshold set by Hair et al. (2006) and demonstrates convergent validity at the item level. The composite reliability of each construct was assessed using Cronbach's alpha. Nunally (1978), Robinson et al. (1991) and DeVellis (2003) suggested that an alpha value of .70 should be considered an acceptable measure of reliability. As shown in table 5.4, the reliabilities of all the constructs range from 0.70 to 0.91 and is well within the range suggested by Nunally (1978), Robinson et al. (1991) and DeVellis (2003). The final indicator of convergent validity, average variance extracted, is a more conservative test of convergent validity (Fornell and Larcker, 1981). It measures the amount of variance captured by the construct in relation to the amount of variance attributable to measurement error. Convergent validity is judged to be adequate when average variance extracted equals or exceeds 0.50 (i.e. when the variance captured by the construct exceeds the variance due to measurement error). As shown in Table 5.4, the convergent validity for the proposed constructs of the research model is adequate as the AVE for each of the OCTAPACE sub-scales is more than 0.5, indicating an adequate convergent validity.

#### Discriminant validity

Discriminant validity is assessed to measure the extent to which constructs are different. At the item level, Barclay et al. (1995) suggested that discriminant validity is present when an item correlates more highly with items in the construct it intends to measure than with items belonging to other constructs. In this study, an acceptable level of discriminant validity at the item level was found. At the construct level, discriminant validity is considered adequate when the variance shared between a construct and any other construct in the model is less than the variance that construct shares with its measures (Fornell et al., 1982). The variance shared by any two constructs is obtained by squaring the correlation between the two constructs. The variance shared between a construct and its measures corresponds to average variance extracted. Discriminant validity was assessed by comparing the square root of the average variance extracted for a given construct with the correlations between that construct and all other constructs. Table 6 shows the correlation matrix for the constructs. The diagonal elements have been replaced by the square roots of the average variance extracted. For discriminant validity to be judged adequate, these diagonal elements should

be greater than the off-diagonal elements in the corresponding rows and columns. Discriminant validity appears satisfactory at the construct level in the case of all constructs. This indicates that each construct shared more variance with its items than it does with other constructs. Having achieved discriminant validity at both the item and construct levels, the constructs in the proposed research model are deemed to be adequate.

**Table-5.4: Inter-construct correlation matrix\***

TYPE	O	C	T	A	P	A	C	E
O	<b>.739</b>							
C	.368**	<b>.738</b>						
T	.085	.557**	<b>.733</b>					
A	.112	.217**	.386**	<b>.814</b>				
P	.275**	.114*	.237**	.698**	<b>.815</b>			
A	.260**	.470**	.289**	.277**	.237**	<b>.781</b>		
C	.686**	.242**	.227**	.355**	.239**	.360**	<b>.768</b>	
E	.652**	.402**	.353**	.126*	.057	.510**	.452**	<b>.813</b>

\*\* =  $p < 0.01$ ; \* =  $p < 0.05$  implying correlation is significant at stated level of significance. Diagonal in bold: square root of average variance extracted from observed variables (items); Off-diagonal: correlation between constructs.

From the above discussion, it can be deduced that the scales in the OCTAPACE research instrument show respectable reliability and validity in the present context.

### 5.3.2 Cronbach's Alpha coefficient score for the Employee Performance Survey Scale

Factor Analysis was done to identify the underlying factors and to group the constructs into manageable factors. Since, the appropriateness of data for factor analysis needs to be established, the sampling adequacy test was performed through Kaiser-Meyer-Olkin (KMO) statistic. Since, KMO values greater than 0.6 is considered as adequate (Kaiser and Rice, 1974). Barlett's Test of Sphericity show that the values are significant and hence, acceptable implying that non-zero correlations existed at the significance level of 0.000, it provided an adequate basis for proceeding with the factor analysis.

The Principle Components method for extraction was employed with the Varimax Rotation with Kaiser Normalisation. The rotation converged in six iterations, and factors with Eigen values greater than one were retained (Hair *et al*, 2009). Further, in order to assess the appropriateness of the data for factor analysis, the communalities derived from the factor analysis were reviewed. These were all relatively large (greater than 0.5, falling in the range 0.650 to 0.915), suggesting that the data set is appropriate (Stewart 1981). This final version having twenty four items was finalised for the scale. To interpret the factors and construct the final version, only those variables having a loading at least 0.55 on a single factor were considered. Factor loadings of 0.55 or greater are "Practically significant" for sample size 100. (Hair *et al*, 2009, Pg 152).

### Reliability and Validity

Reliability of the Employee Performance Measurement scale and the constituent subscales was estimated by analyses of internal consistency and Cronbach alpha coefficient (Cronbach 1951). The reliability score for the overall Employee Performance Measure was 0.80. Further, the Average Variance Extracted was calculated for ascertaining the convergent validity.

### Convergent validity

Fornell and Larcker (1981) proposed three procedures to assess the convergent validity of a set of measurement items in relation to their corresponding constructs. These are (1) item reliability of each measure, (2) composite reliability of each construct and (3) the average variance extracted. The item reliability of an item was assessed by its factor loading onto the underlying construct. Hair *et al*. (2006) suggested that an item is significant if its factor loading is greater than 0.50. The composite reliability of each construct was assessed using Cronbach's alpha. Robinson *et al*. (1991) and DeVellis (2003) suggested that an alpha value of .70 should be considered acceptable. The final indicator of convergent validity, average variance extracted, is a more conservative test of convergent validity (Fornell and Larcker, 1981). It

measures the amount of variance captured by the construct in relation to the amount of variance attributable to measurement error. Convergent validity is judged to be adequate when average variance extracted equals or exceeds 0.50 (i.e. when the variance captured by the construct exceeds the variance due to measurement error). The convergent validity for the proposed constructs of the research model is adequate.

### **Discriminant validity**

Discriminant validity is assessed to measure the extent to which constructs are different. At the item level, Barclay, Higgins and Thompson (1995) suggested that discriminant validity is present when an item correlates more highly with items in the construct it intends to measure than with items belonging to other constructs. In this study, an acceptable level of discriminant validity at the item level was found. At the construct level, discriminant validity is considered adequate when the variance shared between a construct and any other construct in the model is less than the variance that construct shares with its measures (Fornell et al., 1982). The variance shared by any two constructs is obtained by squaring the correlation between the two constructs. The variance shared between a construct and its measures corresponds to average variance extracted. Discriminant validity was assessed by comparing the square root of the average variance extracted for a given construct with the correlations between that construct and all other constructs. Table 6 shows the correlation matrix for the constructs. The diagonal elements have been replaced by the square roots of the average variance extracted. For discriminant validity to be judged adequate, these diagonal elements should be greater than the off-diagonal elements in the corresponding rows and columns. Discriminant validity appears satisfactory at the construct level in the case of all constructs. This indicates that each construct shared more variance with its items than it does with other constructs. Having achieved discriminant validity at both the item and construct levels, the constructs in the proposed research model are deemed to be adequate.

With regards to the validity of the questionnaire, the researcher subjected the 24 items to a factor analysis. Everitt and Dunn (2001) state that factor analyses assess the validity of a questionnaire. It was found that confirmatory factor analyses support these measures, which therefore means that there is validity in the EPS survey.

From the above, EPS measuring instrument can be seen to have both acceptable reliability and validity and therefore no pilot study was performed for this section of the questionnaire.

## **5.4 Results of testing of Hypotheses**

The analysis was divided into descriptive and inferential analysis. Before using the parametric statistical techniques, the assumption of normality was tested using Shaipro's Wilk's test. The data did not violate the normality assumption. To test the hypotheses of this study, independent samples t-test, ANOVA and linear regression analyses have been used. The analysis is presented in line with the proposed objectives of the study.

### **5.4.1 The Organizational Culture Profile**

This section identifies the profile of the organisational cultures within the selected hotels, as well as ascertaining whether there is a gap between the existing organisational cultures across the selected hotels as perceived by their employees.

#### **5.4.1.1 Testing the first set of hypotheses**

**Objective:** *To understand whether there is any difference between the perceived OCTAPACE organizational culture across the hospitality sector as depicted in the selected units- Hotel-1 and Hotel-2*

The purpose of this section is to achieve the first objective of this research, namely to identify the profile of the organisational cultures within the selected hotels.

**H1.1: There is a significant difference between the perceived organisational culture of company hotel-1 and hotel-2.**

Independent samples t-test was used for comparing the mean scores on the existing overall organisational culture of hotel-1 and hotel-2 and its sub-scales between employees of two hotels. The null hypothesis that there is no difference in the perception of the existing organisational culture of company hotel-1 and hotel-2 was accepted at 0.05% level of significance. There is a no significant difference between the existing

organisational culture of company hotel-1 and hotel-2 as shown in Table 5.5.

**Table-5.5: Comparison of mean scores on organization culture between employees of the two hotels**

Organizational Culture	Mean Value (N=178) Hotel 1 (N=80) <sup>#</sup> Hotel 2 (N=98) <sup>##</sup>	Std. Deviation	Std. Error Mean	t-value	Df	Level of significance (p-value)
Overall	4.02 <sup>#</sup>	1.03	.05	-4.27	176	.840 > .05 (Null Hypothesis Accepted)
	4.38 <sup>##</sup>	.92	.06			

The mean OCTAPACE score for employees of two hotels is 4.16, hinting at a high perceived organizational culture in general for the hospitality sector employees. The mean score for OCTAPACE for Hotel-1 is 4.02 and for Hotel-2 it is 4.38. In this case the hypothesis of no difference between the mean scores of employees of hotel 1 and hotel 2 is not rejected implying that there is no difference in the organizational culture of the two hotels.

#### 5.4.1.2 Comparison of mean scores of the organisational culture and its sub-scales

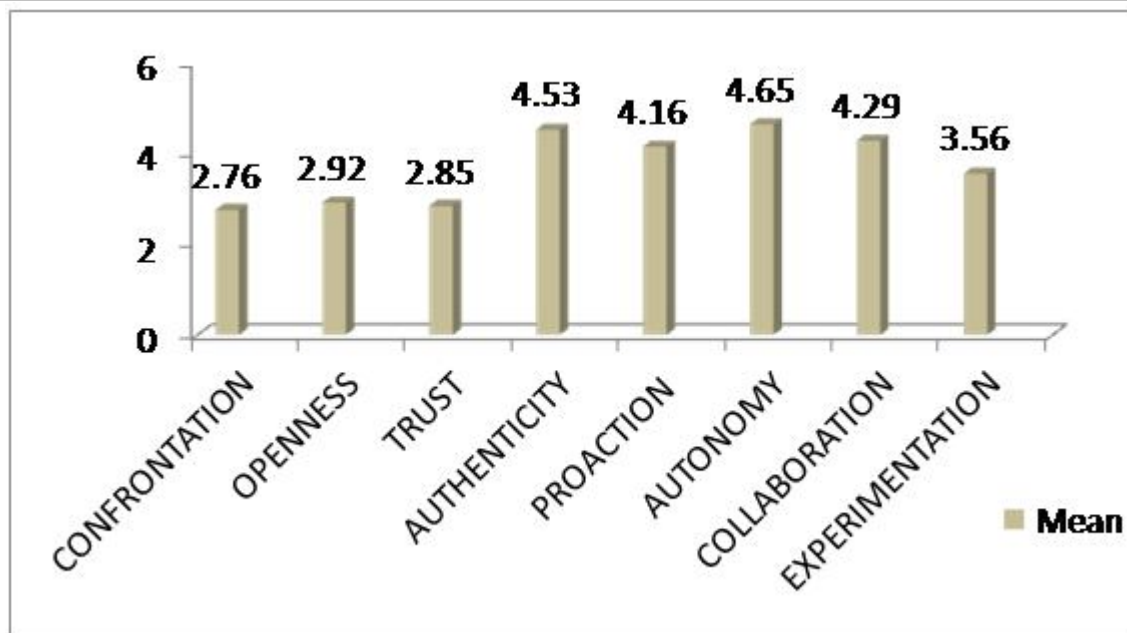
**Objective: To understand the status of the OCTAPACE organisational culture of selected units- Hotel-1 and Hotel-2**

The null hypothesis was broken down further into sub-hypotheses, which were examined for greater insights into factor wise perceptions of the hotel-1 and hotel-2 employees. The sub-scales of openness, confrontation, trust, authenticity, proaction, autonomy, collaboration and experimentation were examined using independent samples t-test to understand the factors which have a greater contribution to maintaining balance between the spheres of work and life of employees of two hotels. The results of the test are shown in table 5.6.

**Table 5.6: Comparison of mean score of the sub-scales of organisational culture**

Sub-scales of Organizational culture	Mean Value (N=178) Hotel 1 (N=80) <sup>#</sup> Hotel 2 (N=98) <sup>##</sup>	Std. Deviation	Std. Error	t-value	Df	Level of significance (p-value)
CONFRONTATION	2.75 <sup>#</sup>	0.675 <sup>#</sup>	0.035 <sup>#</sup>	-.384	176	.701 > .05
	2.77 <sup>##</sup>	0.593 <sup>##</sup>	0.040 <sup>##</sup>			
OPENNESS	2.90 <sup>#</sup>	0.736 <sup>#</sup>	0.038 <sup>#</sup>	-.677	176	.499 > .05
	2.94 <sup>##</sup>	0.718 <sup>##</sup>	0.049 <sup>##</sup>			
TRUST	2.80 <sup>#</sup>	0.986 <sup>#</sup>	0.051 <sup>#</sup>	.100	176	.920 > .05
	2.90 <sup>##</sup>	0.921 <sup>##</sup>	0.063 <sup>##</sup>			
AUTHENTICITY	4.57 <sup>#</sup>	0.985 <sup>#</sup>	0.051 <sup>#</sup>	1.020	176	.308 > .05
	4.49 <sup>##</sup>	0.848 <sup>##</sup>	.058 <sup>##</sup>			
PROACTION	3.95 <sup>#</sup>	1.30 <sup>#</sup>	0.07 <sup>#</sup>	-3.93	176	.490 > .05
	4.37 <sup>##</sup>	1.15 <sup>##</sup>	0.08 <sup>##</sup>			
AUTONOMY	4.39 <sup>#</sup>	1.48 <sup>#</sup>	0.08 <sup>#</sup>	-4.27	176	.060 > .05
	4.92 <sup>##</sup>	1.36 <sup>##</sup>	0.09 <sup>##</sup>			
COLLABORATION	4.28 <sup>#</sup>	0.61 <sup>#</sup>	0.03 <sup>#</sup>	-0.22	176	.828 > .05
	4.29 <sup>##</sup>	0.58 <sup>##</sup>	0.04 <sup>##</sup>			
EXPERIMENTATION	3.47 <sup>#</sup>	0.98 <sup>#</sup>	0.05 <sup>#</sup>	-2.27	176	.240 > .05
	3.65 <sup>##</sup>	0.88 <sup>##</sup>	0.06 <sup>##</sup>			





OCTAPACE Culture subscales

The analysis clearly suggests that autonomy (mean=4.655,  $t=-4.27$ ,  $p=0.060$ ), authenticity (mean=4.53,  $t=1.020$ ,  $p=0.308$ ), collaboration (mean= 4.285,  $t=-0.22$ ,  $p=0.828$ ), proaction (mean=4.16,  $t=-3.93$ ,  $p=0.490$ ) and experimentation (mean=3.56,  $t=-2.27$ ,  $p=0.240$ ) are more visible in the two hotels than openness(mean= 2.92,  $t=-0.677$ ,  $t=0.499$ ), trust(mean= 2.85,  $t=0.100$ ,  $t=.920$ ) and confrontation (mean= 2.76,  $t=-0.384$ ,  $t=0.701$ )

In Hotel 1, the mean score for authenticity (4.57) is the highest and lowest for confrontation (2.75). This implies that there is a high level of congruence between management beliefs, practices and procedures, as per the perception of the employees. Further, it is stated that for Hotel 2, the mean scores for autonomy is highest (4.92) whereas lowest for confrontation (2.90), implying that employees enjoys freedom to plan and act in their own sphere developing willingness to take responsibility as per the sample data. The two hotels vary on the sub-scales predominance for the OCTAPACE culture but on the basis of the mean values of the two hotels (*Hotel-H1 is 4.02 and for Hotel-H2 it is 4.38*), there is no difference between the OCTAPACE culture for the two hotels. *The culture of Hotel 1 is more visible than that that of Hotel 2 on the basis of OCTAPACE scale.*

#### 5.4.2 The employee performance survey profile

**Objective:** *To understand the level of impact of various performance parameters on employees across the hospitality sector as depicted in the selected units- Hotel-1 and Hotel-2*

Independent samples t-test was used for comparing the mean scores on the overall employee performance survey scores for hotel-1 and hotel-2 and its sub-scales between employees of two hotels.

##### 5.4.2.1 Comparison of mean score of employee performance and its sub-scales between Hotel-1 and Hotel-2

The employee performance survey was examined for greater insights into factor wise perceptions of the hotel 1 and hotel 2 employees. The sub-scales of innovation, proactivity, decision making, result oriented, guest service4 orientation and people orientation were examined using independent samples t-test to understand the factors which have a greater contribution to maintaining balance between the employee performance and the culture of the two hotels. The results of the test are shown in table 5.7.

**Table 5.7: Comparison of mean score of the sub-scales of employee performance**

Employee Performance parameters	Mean Value (N=178) Hotel 1 (N=80) <sup>#</sup> Hotel 2 (N=98) <sup>##</sup>	Std. Deviation	Std. Error Mean	t-value	Df	Level of significance (p-value)
<b>Innovation</b>	4.02 <sup>#</sup>	1.03	0.05	-4.27	176	0.000 < .05
	4.38 <sup>##</sup>	0.92	0.06			
<b>Proactivity</b>	3.58 <sup>#</sup>	9.097 <sup>#</sup>	0.479 <sup>#</sup>	2.412	176	0.016 < .05
	3.51 <sup>##</sup>	9.497 <sup>##</sup>	0.651 <sup>##</sup>			
<b>Decision Making</b>	2.95 <sup>#</sup>	0.646 <sup>#</sup>	0.034 <sup>#</sup>	-.528	176	0.598 > .05
	2.98 <sup>##</sup>	0.550 <sup>##</sup>	0.037 <sup>##</sup>			
<b>Result oriented</b>	4.23 <sup>#</sup>	1.352 <sup>#</sup>	0.071 <sup>#</sup>	3.591	176	0.000 < .05
	3.84 <sup>##</sup>	1.190 <sup>##</sup>	0.081 <sup>##</sup>			
<b>Guest service orientation</b>	4.03 <sup>#</sup>	1.289 <sup>#</sup>	0.067 <sup>#</sup>	2.647	176	0.008 < .05
<b>People Orientation</b>	4.54 <sup>#</sup>	0.985 <sup>#</sup>	0.051 <sup>#</sup>	1.020	176	0.305 > .05
	4.46 <sup>##</sup>	0.848 <sup>##</sup>	0.058 <sup>##</sup>			

The results indicate that there is significant difference between the average employee performance scores between the two hotels overall as well as on a few parameters. Hotels-1 and Hotel-2 under study differ significantly in their employee performance score for all the employees. The analysis clearly states that innovation, proactivity, result oriented and guest service orientation parameters of employee performance have a significant impact on the employee performance, in comparison to decision making and people orientation parameters.

In Hotel 1, the mean scores for result orientation (4.23) is the highest and lowest for proactivity (3.51). This implies that there is a high level of congruence between the result orientation parameter and thus emphasis on the performance driven culture, as per the perception of the employees. Further, it is stated that for Hotel 2, the mean scores for innovation is highest (4.38) whereas lowest for proactivity (3.51), implying that employees enjoys freedom to plan and find out innovative solution to the problem for a performance driven culture as per the sample data. The two hotels vary on the sub-scales predominance for the employee performance survey score.

On the basis of the mean values of the two hotels (**Hotel-H1 is 4.02 and for Hotel-H2 it is 4.38**), the **parameters for indicating employee performance used in the study have significant impact on the employees and are valid as per the sample data.**

#### **5.4.3 The Relationship between organization culture and employee performance**

**Objective: To find the influence of organizational culture on employee performance in the hospitality sector as depicted in the selected units.**

The existence of a significant relationship between the organisational culture and employee performance was investigated in order to assess whether organizational culture has an impact on the employee performance and to statistically analyse the relationship between them at the selected hotels.

To understand whether there is a relationship between organizational culture and employee performance, pearson's product-moment correlation was calculated as depicted in table 5.8.

The correlation analysis is the first step to explore if organizational culture and employee performance are related or not. Existence of positive significant correlation implies that as measures of improving the organizational culture are incorporated in the organization it leads to enhancement in employee performance. The results of this study revealed that employees' perceptions of organizational culture were significant and positively related to employees' performance.

**Table 5.8: Correlation between Organizational Culture and Employee Performance of hotel employees**

		OC	EPS
OC	Pearson Correlation	1	.697**
	Sig. (2-tailed)		.000
	N	178	178
EPS	Pearson Correlation	.697**	1
	Sig. (2-tailed)	.000	
	N	178	178

\*\* Correlation is significant at the 0.01 level (2-tailed).

There was a moderately high, positive significant correlation ( $r = .697$ ,  $n = 178$ ,  $P < .0005$ ) between organizational culture and employee performance. It can be stated that there is a positive relationship between organizational culture and employee performance, as the pearson correlation is significant at the 0.01 level (2-tailed).

Further regression analysis is run to understand the nature of relationship between organizational culture and employee performance.

**Table-5.9: Correlation between Organizational Culture and Employee Performance perception of hotel-1 and hotel-2**

Hotel type			OC	EPS
Hotel 1	OC	Pearson Correlation	1	.715**
		Sig. (2-tailed)		.000
		N	80	80
	EPS	Pearson Correlation	.715**	1
		Sig. (2-tailed)	.000	
		N	80	80
Hotel 2	OC	Pearson Correlation	1	.693**
		Sig. (2-tailed)		.000
		N	98	98
	EPS	Pearson Correlation	.693**	1
		Sig. (2-tailed)	.000	
		N	98	98

\*\* Correlation is significant at the 0.01 level (2-tailed).

The result as per the table 5.9 revealed that in both the cases, there was a moderate, positive correlation between organizational culture and employee performance. However, the hotel-1 employees had a higher correlation value ( $r = .715$ ,  $n = 80$ ,  $P < .0005$ ) compared to that of the hotel-2 employees ( $r = .693$ ,  $n = 98$ ,  $P < .0005$ ). This implies that the culture of hotel 1 is more performance driven in comparison to hotel-2.

#### 5.4.3.1 Testing of the second set of hypotheses

**Objective:** To analyse the level of influence of organisational culture on employee performance in the hospitality industry as depicted in the selected units- Hotel-1 & Hotel-2 and also to identify organizational culture factors those have an impact on Employee Performance.

**H2.1:** There is a significant relationship between the perceived organisational culture of hotel-1 and its employee performance.

**H3.1:** There is a significant relationship between the perceived organisational culture of hotel-2 and its employee performance.

Regression analysis was run to identify factors pertaining to organization culture which may have a significant impact on Employee Performance. The results revealed that Trust, Authenticity, Proaction, Collaboration, Confrontation, Openness, have a significant impact on the Employee Performance of the hotel-1 and hotel-2 employees together.

**Table 5.10 : Regression analysis for organizational culture for hotel 1 and hotel 2**

R	R <sup>2</sup>	Adjusted R <sup>2</sup>	Std. Error of the estimates	R square change	F change	df1	df2	Sig F change	Durbin-watson
0.877a	0.769	0.765	0.48620	0.769	186.717	10	562	0.000	1.574

**Predictors:** Constant, Trust, Authenticity, Proaction, Autonomy, Collaboration, Experimentation, Confrontation, Openness

**Table-5.11: Regression analysis for sub-scales of organizational culture for hotel 1 and hotel 2**

	Unstandardized coefficients		Standardised coefficient		
Model	B	Std. error	Beta	T	Sig
1 Constant	6.566	.523		12.566	.000**
Trust	.181	.038	.132	4.750	.000**
Authenticity	.140	.050	.135	2.792	.005**
Proaction	.280	.026	.366	10.721	.000**
Autonomy	.061	.026	.057	2.367	.018
Collaboration	.254	.029	.312	18.654	.000**
Experimentation	.145	.061	.122	2.384	.017
Confrontation	.081	.025	.077	3.228	.001**
Openness	.192	.022	.230	8.909	.000**

dependent variable: EPS

\*\* significant predictors,  $p < 0.01$

On the basis of the above table, it can be stated that the organizational culture factors that have a significant relationship with employee performance are Openness ( $\beta$ -value=0.230,  $t=8.909$ ,  $p=0.000$ ), Confrontation ( $\beta$ -value=0.077,  $t=3.228$ ,  $p=0.001$ ), Trust ( $\beta$ -value=0.132,  $t=4.750$ ,  $p=0.000$ ), Authenticity ( $\beta$ -value=0.135,  $t=2.792$ ,  $p=0.005$ ), Proaction ( $\beta$ -value=0.366,  $t=10.721$ ,  $p=0.000$ ) and Collaboration ( $\beta$ -value=0.312,  $t=18.654$ ,  $p=0.00$ ) whereas employee performance does not have significant relationship with Autonomy and Experimentation. This implies that the employees are not provided with the freedom to innovative approached to solve problems leading to usage of traditional, tried and tested ways of dealing with problems, as per the sample data.

Adjusted  $R^2 = .765$ ;  $F_{8,170} = 186.717$ ,  $p < 0.0005$  (using the enter method). Regression was a good fit describing 76.5% of the variance in employee performance (Adjusted  $R^2 = 76.5\%$  and the overall relationship was statistically significant ( $F_{8,170} = 186.72$ ,  $p < 0.05$ )).

The regression equation can be written as follows:

$$\text{EPS score} = 6.566 + 0.181(\text{Trust}) + 0.140(\text{Authenticity}) + 0.280(\text{Proaction}) + 0.061(\text{Autonomy}) + 0.254(\text{Collaboration}) + 0.145(\text{Experimentation}) + 0.081(\text{Confrontation}) + 0.192(\text{Openness})$$

Or it can be stated as

$$\text{EPS score} = 6.566 + 0.181(\text{Trust}) + 0.140(\text{Authenticity}) + 0.280(\text{Proaction}) + 0.061(\text{Autonomy}) + 0.254(\text{Collaboration}) + 0.145(\text{Experimentation}) + 0.081(\text{Confrontation}) + 0.192(\text{Openness})$$

Proaction has the maximum impact on the EPS score, is followed closely by collaboration, then openness, trust, authenticity and the least impact is from confrontation.

(In standardised form)

Post checking for all the hotel employees, regression was run separately for hotel-1 and hotel-2 employees to check whether there were any differences between the factors have a significant impact on the EPS of the respective employees. The results are given in Table 5.12 a and 5.12 b.

**Hotel-1 employees**

Adjusted R square = 0.642;  $F_{8,72} = 93.127$ ,  $p < 0.0005$  (using the enter method).

Significant variables are shown below.

**Table 5.12 a: Result of regression analysis for organizational culture of Hotel – 1**

Predictor Variable	Standardised Beta	<i>p</i>
Trust	0.246	$p < 0.0005$
Authenticity	0.090	$p = 0.031$
Collaboration	0.456	$p < 0.0005$
Confrontation	0.189	$p < 0.0005$
Openness	0.317	$p < 0.0005$

(Proaction, Autonomy and Experimentation were not a significant predictor in this model.)

**Hotel-2 employees**

Adjusted R square = 0.588;  $F_{8,90} = 44.257$ ,  $p < 0.0005$  (using the enter method).

Significant variables are shown below.

**Table 5.12 b: Result of regression analysis for organizational culture of Hotel –2**

Predictor Variable	Standardised Beta	<i>p</i>
Trust	0.211	$p < 0.0005$
Proaction	0.476	$p < 0.0005$
Openness	0.275	$p < 0.0005$

(Confrontation, Authenticity, Autonomy, Collaboration and Experimentation were not a significant predictor in this model.)

Thus, the regression equations for hotel-1 and hotel-2 employees' EPS scores can be written as given below:

The **regression equation for hotel-1** can be written as follows:

EPS score =  $3.414 + 0.518(\text{Collaboration}) + 0.513(\text{Proaction}) + 0.378(\text{Confrontation}) + 0.294(\text{Experimentation}) + 0.213(\text{Openness}) + 0.152(\text{Authenticity}) + 0.140(\text{Autonomy}) + 0.082(\text{Trust})$

The **regression equation for hotel-2** can be written as follows:

EPS score =  $0.615 + 0.534(\text{Collaboration}) + 0.392(\text{Proaction}) + 0.334(\text{Confrontation}) + 0.146(\text{Openness}) + 0.126(\text{Authenticity}) + 0.067(\text{Experimentation}) + 0.012(\text{Trust}) + 0.003(\text{Autonomy})$

On running separate regression analysis for **hotel-1** and **hotel-2** employees, it was seen that there was a significant contribution of Collaboration, Proaction and Confrontation. In case of the hotel-1 employees, the next organization culture scale which had a significant contribution was Experimentation and the least was of Trust. Further, it was noticed that the hotel-2 employees were impacted by openness at the fourth place and autonomy scored the least exhibiting the least impact on the culture of the hotel from the eight scales of organization culture. In both the cases the contribution of organizational culture was positive in nature.

The statistical calculation indicates that there is a significant relationship between the organisational culture scales and the employee performance. It can be thus stated that, the alternative hypothesis H2.0 and H3.0 are rejected, and hypothesis H2.1 and H3.1 are accepted. This indicates that there is a positive relationship between organizational culture and employee job performance for both the hotels- hotel-1 and hotel-2 and thus hospitality sector.

**5.4.3.2 The relationship between the organisational culture gap and the employee performance**

**Objective:** To ascertain the organization culture gap between the two hotels and its impact on the employee performance.

H4.1: There is a significant relationship between the organizational culture gap (difference between perceived organisational culture of hotel-1 and hotel-2) and employee performance.

Independent samples t-test was used for comparing the mean scores on the existing organisational culture of Hotel-1 and Hotel-2. The null hypothesis that there is no difference in the perception of the existing organisational culture of hotel-1 and hotel-2 was accepted at 0.05% level of significance. There is a no significant difference between the perceived organisational culture of hotel-1 and hotel-2 (Table 5.5).

The mean OCTAPACE score for employees of two hotels is 4.16, hinting at a moderate organizational culture in general for the hospitality sector employees. The mean score for OCTAPACE for Hotel-1 is 4.02 and for Hotel-2 it is 4.38. In this case the hypothesis of no difference between the mean scores of employees of hotel 1 and hotel 2 is not rejected implying that there is no difference in the organizational culture of the two hotels.

#### 5.4.4 The relationship between the biographical variables and the organisational culture

This section attempts to explore the relationship between biographical variables and the organizational culture of the selected hotels.

##### 5.4.4.1 Testing the Third set of hypotheses

**Objective:** *To study the association between the biographical variables and organizational culture scores in the hospitality industry as depicted in the selected units.*

H5.1: There is a significant relationship between age group and the employee's perception of organizational culture in the organization.

H6.1: There is a significant relationship between gender and the employee's perception of organizational culture in the organization.

H7.1: There is a significant relationship between educational qualification and the employee's perception of organizational culture in the organization.

H8.1: There is a significant relationship between department and the employee's perception of organizational culture in the organization.

H9.1: There is a significant relationship between designation and the employee's perception of organizational culture in the organization.

H10.1: There is a significant relationship between number of years in service and the employee's perception of organizational culture in the organization.

This section gives effect to the third objective of this research, namely to identify the association between the biographical variables and the organisational culture scores. The biographical variable items were used in order to determine whether they had an effect on respondents' perceptions regarding the OCTAPACE organizational culture. The statistical significance of biographical variables for the organizational culture scores was tested using t-test (in case of two categories) and ANOVA (in case of more than two categories). The results are reported in tables 5.13a and b. It was revealed that gender, age, length of service, nature of duties and department of personnel, all had significant impact on the organizational culture scores, while educational qualification was the only factor which did not show a significant relation with organizational Culture scores.

**Table-5.13a: Comparison of mean Organizational Culture scores across different age groups, educational qualification, length of service, designation, department of hotel employees**

Hypothesis	Total sample	
	F value	'p' value
Age	12.528	0.000*
Department of Personnel	33.322	0.000*
Length of Service	12.076	0.000*
Nature of duties	4.506	0.011*
Educational qualification	1.841	0.139

\* Significant at 0.05% level of significance

**Table-5.13b: Significance of gender for Organizational Culture (independent samples t-test results)**

Hypothesis	Category	Mean OC score	Std. Deviation	Total sample	
				t – value	'p' value
Gender	Male = 134	4.096	1.026	2.315	.021*
	Female = 44	4.313	.919		

\* Significant at 0.05% level of significance

Table 5.13b illustrates one of the individual biographical variables, gender. The gender frequency table, illustrates that the male and female responses have been tabulated against the existing organisational cultures to show the distribution of results, and also the statistical significance of gender ( $p=.021$ ) for the organizational culture scores.

The study conducted on hotel employees, shows a significant difference in the organizational culture scores for different departmental groups,  $F(3, 174) = 33.322$ ,  $p = .000$ . The current study, too, indicates that there are significant differences in the organizational culture perception based on the age of the employee,  $F(3, 174) = 12.528$ ,  $p=.000$  and service tenure of the employee,  $F(3, 174) = 12.076$ ,  $p = .000$ . Scheffe's test revealed that there are significant differences between employees with service tenure of 0-1 years and employees have longer service tenures of 6-10 and above 10 years respectively. However, there is no difference in the perception of organizational culture of those with service tenure between 1-5 years. The reason behind this could be the management norms, values and practices and hence the related work practices become a difficult task.

The statistical analysis states that the association between the various educational qualification groups of respondents and the organisational culture is insignificant ( $f=1.841$ ,  $p=0.139$ ). With regards to Pearson's chi-square test, the acceptance level of significance is 95% ( $p<0.05$ ). Therefore, one could acknowledge that the educational qualification of respondents has an insignificant effect on the organisational culture at the 5% level of significance.

The statistical calculation indicates that age, gender, department of personnel, length of service and nature of duties, have a significant relationship with organisational culture scales. It can be thus stated that, **the hypothesis H5.1, H6.1, H8.1, H9.1, H10.1 and the alternative hypothesis H7.0 is accepted.**

#### **5.4.5 The relationship between the biographical variables and employee performance**

**Objective: To study the association of biographical variables and perceived employee performance in the hospitality sector as depicted in the selected hotel units**

##### **5.4.5.1 Testing the Fourth set of hypotheses**

H11.1: There is a significant relationship between age group and the employee's performance.

H12.1: There is a significant relationship between gender and the employee performance.

H13.1: There is a significant relationship between educational qualification and the employee's performance.

H14.1: There is a significant relationship between department and the employee's performance.

H15.1: There is a significant relationship between designation and the employee's performance.

H16.1: There is a significant relationship between number of years in service and the employee's performance.

The impact of demographic variables on the Employee Performance was tested for all employees of the two hotels (table 5.14 a and b). The results revealed that there was no significant difference in the employee performance as perceived by either gender. Even in the case of age groups, departments and level of duties performed by the employees, there were no significant differences between the respective groups. The length of service an employee has served the hotel and the educational qualification has a significant impact on the performance of employee in the hospitality sector.

**Table-5.14a: Comparison of mean Employee Performance scores on qualification, age, level of duties, length of service and department of employees of hotel employees**

Hypothesis	Total Sample	
	F value	'p' value
Age	0.496	.685
Department	1.443	.229
Length of Service	5.976	.001*
Educational qualification	10.592	.000*
Level of duties	1.090	.337

\* Significant at 0.05% level of significance

**Table 5.14 b: Comparison of mean Employee Performance scores on gender**

Hypothesis	Category	Mean score	Std. Deviation	Total sample	
				t – value	'p' value
Gender	Male =134	3.569	.330	1.398	.163
	Female = 44	3.522	.420		

\* Significant at 0.05% level of significance

Table 5.14a indicates that there are two significant relationships, namely between the length of service in the hotel in which respondents work, as well as their education qualification and the respondents' perceptions of the employee performance. The statistical values for employee performance according to the various age groups of respondents is  $t=1.398$ ,  $p=0.685$ ; level of duties performed by the employees is  $t=1.090$ ,  $p=0.337$  and for the departments where employee work is  $t=1.443$ ,  $p=0.229$ . With regards to Pearson's chi-square test, the acceptance level of significance is 95% where  $p<0.05$ . Therefore the relationship between the age groups of respondents, level of duties and department with the employee performance is insignificant, and highly visible. Therefore, one could acknowledge that the age of respondents has a large, yet insignificant effect on the performance of respondents at the 5% level of significance.

Table 5.14b has the mean scores for employee performance for gender is 3.55,  $t=1.398$  and  $p\text{-value}=0.163$ . As the  $p\text{-value}$  is greater than 0.05, the relationships between the gender of respondents and employee performance is not significant.

The statistical calculation indicates that length of service and educational qualification have a significant relationship with employee performance scales and. age, gender, department of personnel and nature of duties have an insignificant relationship with employee performance scale. It can be thus stated that, the hypothesis H13.1, H16.1 and the alternative hypothesis H11.0, H12.0, H14.0 and H15.0 are accepted.

### 5.5 Findings on the open question

Objective: To identify the other factors that influence organisational culture and employee performance in the hospitality industry as depicted in the selected units- Hotel-1 & Hotel-2.

Responses were obtained from the respondents on the open question dealing with "general comments". The respondents offered their opinion, and the main points can be summarised as follows:

- **Communication:** Respondents noted that the communication within all levels of the selected hotels was non-existent. It was more visible and frequent at higher levels of hierarchy. The opinion was the selected hotels needs to work harder on the communication between the departments and at all levels of the hotel because communication is the key to success.. The respondents believed that the relationship between organizational culture and communication lies in the fact that a good network of communication within an organization helps create a strong corporate culture and will have a direct influence on the employee performance.
- **Leadership:** The subject of leadership within the selected hotels was also raised by respondents. Respondents generally noted that there was a lack of consistent leadership and leadership skills within the hotels. The frequent transfer between the different units of the hotels lead to the change in leader, and thus influencing the culture. Respondents also stated that leaders need to manage and make decisions with an unbiased and unprejudiced attitude.



- **Modern Cultural Aspect at Work :** The study revealed that there were significant differences between type of organization and preference for modern versus traditional aspects of culture. As the hotels for study were into existence for decades and delivering world class services to the clientele, there transformation from traditional practices to modern aspect of culture is comparatively slow. The respondents stated that for the hospitality industry to grow it should become more professional in its management. Organizations need to create an informal environment that can support creativity and competitiveness. Responsibility with defined roles will enable the employees to grow and sustain itself in the long run. The industry as a whole should develop policies for employee rewards and recognitions to create a strong and modern organizational culture.

## 5.6 Summary

The empirical results of this research were clearly presented and discussed in this chapter. Firstly, the response rate was identified. Secondly, the descriptive statistics regarding selected biographical variables was examined. The reliability of the research was tested for the two measuring instruments, through the use of the Cronbach's alpha coefficient. The fourth stage of this chapter was the testing and discussing of the hypotheses.

The first hypothesis was examined and discussed through descriptive statistics, and then was tested and discussed. Independent samples t-test was used for comparing the mean scores on the OCTAPACE organisational culture of Hotel-1 and Hotel-2, and its sub-scales between employees of two hotels. The null hypothesis that there is no difference in the perception of the perceived organisational culture of Hotel-1 and Hotel-2 was accepted at 0.05% level of significance. There is a no significant difference between the perceived organisational culture of Hotel-1 and Hotel-2.

The second set of hypotheses was tested by using regression analysis to identify factors pertaining to organization culture which had a significant impact on employee performance. The results revealed that Trust, Authenticity, Proaction, Collaboration, Confrontation, Openness, have a significant impact on the employee performance of the hotel-1 and hotel-2 employees together.

The third set of hypotheses was tested to identify the relationship between the biographical variables and the organisational cultures. The biographical variable items were used in order to determine whether they had an effect on respondents' perceptions regarding the OCTAPACE organizational culture. The statistical significance of demographic variables for the organizational culture scores was tested using t-test (in case of two categories) and ANOVA (in case of more than two categories). It was revealed that gender, age, length of service, nature of duties and department of personnel, all had significant impact on the organizational culture scores, while educational qualification was the only factor which did not show a significant relation with organizational Culture scores.

The fourth set of hypothesis was tested to analyse the impact of demographic variables on the employee performance for all employees of the two hotels. The results revealed that there was no significant difference in the employee performance as perceived by gender, age, nature of duties and department of personnel. The length of service an employee has served the hotel and the educational qualification has a significant impact on the performance of employee in the hospitality sector.

The open questions regarding the "general comments" which respondents gave their opinions for were also mentioned. The main themes of the comments were identified and discussed in accordance with the perceptions of the respondents.

### 5.8.1 Summary of Hypothesis

The findings from the mentioned analysis can be summarized as shown in Table 5.15.

**Table-5.15: Summary of Hypothesis**

Hypothesis	Status
<b>H1.1:</b> There is a significant difference between the perceived organisational culture of hotel-1 and hotel-2.	Rejected
<b>H2.1:</b> There is a significant relationship between the perceived organisational	Accepted

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culture of hotel-1 and its employee performance.	
<b>H3.1:</b> There is a significant relationship between the perceived organisational culture of hotel-2 and its employee performance.	Accepted
<b>H4.1:</b> There is a significant relationship between the organisational culture gap (difference between perceived organisational culture of hotel-1 and hotel-2) and employee performance.	Rejected
<b>H5.1:</b> There is a significant relationship between age group and the employee's perception of organizational culture in the organization.	Accepted
<b>H6.1:</b> There is a significant relationship between gender and the employee's perception of organizational culture in the organization.	Accepted
<b>H7.1:</b> There is a significant relationship between educational qualification and the employee's perception of organizational culture in the organization.	Rejected
<b>H8.1:</b> There is a significant relationship between department and the employee's perception of organizational culture in the organization.	Accepted
<b>H9.1:</b> There is a significant relationship between designation and the employee's perception of organizational culture in the organization.	Accepted
<b>H10.1:</b> There is a significant relationship between number of years in service and the employee's perception of organizational culture in the organization.	Accepted
<b>H11.1:</b> There is a significant difference in the perceived employee's performance across different employee age group.	Rejected
<b>H12.1:</b> There is a significant difference in the perceived employee's performance across employee gender.	Rejected
<b>H13.1:</b> There is a significant difference in the perceived employee's performance across different levels of employee educational qualification.	Accepted
<b>H14.1:</b> There is a significant difference in the perceived employee's performance across different department.	Rejected
<b>H15.1:</b> There is a significant difference in the perceived employee's performance across different employee's designation.	Rejected
<b>H16.1:</b> There is a significant difference in the perceived employee's performance across the number of years in service.	Accepted

*CHAPTER - 6*

***SUMMARY, CONCLUSIONS  
AND RECOMMENDATIONS***

## **6.1 Introduction**

The main goal of this research was to determine whether the OCTAPACE organizational culture has an impact on the performance of the employees in the hospitality industry. In this chapter the results are discussed, conclusions will be drawn, an implication for theory and management and recommendations will be given for future research.

## **6.2 Brief synopsis of the research**

Organizational cultures can have varying impacts on employee performance and motivation levels. Oftentimes, employees work harder to achieve organizational goals if they consider themselves to be part of the corporate culture. Different cultures operating in one company can also impact employee performance. For example, if the organization maintains a reserved “talk when necessary” culture, employees may work accordingly; however, if the organization allows one area, say the sales team, to be outspoken and socially active, the organization may experience rivalries among areas. Thus, allowing an area to set up their own culture can affect the performance of the employees deployed elsewhere in the company. The organisational culture of an organisation can be seen to have an effect on the performance of the employees, therefore the proper fit between the organisational culture and employees will positively affect the performance.

The primary objective of this research was therefore to assess the relationship between organisational culture and the performance of employees in the hospitality sector. The first step in achieving this objective was an in-depth theoretical study. The second step was an empirical survey that was conducted to canvas the opinions of employees at the selected hotels.

A concise chapter by chapter overview of the manner in which the purpose and objectives of this research was met is presented below.

Chapter one served as the introduction and orientation to the research, and therefore introduced the concepts that were discussed in the research. It comprised of the need and importance of the research. A demarcation of the research was included in this chapter, followed by the structure of the thesis.

Chapter two served information related to the hospitality sector and the company profile of hotels studied. The hotels chosen were formed with a philosophy of service excellence which entails providing consistently high levels of personalized service and innovative means of improving service quality. The chapter examined the hospitality sector, trends and challenges for understanding the importance and the contribution of the hospitality sector to Indian economy. This chapter studied the journey of how the two hotels emerged as a leading hotel chain in India since its inception. It also discusses the various organization and employee related issues which are responsible for high performance culture.

Chapter three consisted of the literature review for organization culture and employee performance. Literature will be examined based on organisational culture, followed by a discussion about organisational culture typologies, or frameworks. Finally, the determinants of organisational culture were assessed, as well as the organisational culture's effect on the employee performance at various levels. The chapter also elaborated the theoretical overview of employee performance with specific focus on indicators of employee performance conceptualized to measure performance in hospitality sector. The chapter also discussed employee performance in relation to service delivery, as well as the importance of having a committed and innovative workforce. Attention was also paid to study the impact of organisational culture on employee performance. It also discusses the various organization and employee related issues which are responsible for high performance culture.

Chapter four included an overview of the research methodology of the research. This chapter focused on the research method, design, data collection, and a short explanation of the statistical analysis that was conducted. The research paradigm was described in detail, as well as a brief discussion regarding the statistical tools used in the research was also conducted. Lastly, ethical considerations pertinent to this research were also commented on.

Chapter five focused on the empirical findings and discussion of the research. The data received from the questionnaires was analysed and discussed with reference to the literature in chapters three. The research instruments were also checked for their validity and reliability. The purpose of the chapter was discussed

in context to the findings with regards to the stated hypotheses. The hypotheses were either rejected or not rejected once compared to the statistical data.

Chapter six contained the conclusions, limitations and recommendations of the research. This chapter summarised the thesis, comments on the limitations that the researcher experienced while conducting the research, and recommendations were made as to how the unit can manage the organisational culture in order to increase performance of employees and the service delivery in the hospitality sector.

### **6.3 Discussion and conclusion of the findings**

Organizational culture influences the performance of the employee and the success of an organization and is highly valued. Human resources are said to be the greatest asset of an organization. That being the case than the commitment of human resources should be seen as the organizations competitive advantage. To sustain that competitive advantage, organizations need to develop a relationship with their employees and organization culture acts as a glue to bind the employees for high performance.

The main research question of this research was formulated as follows: “What is the impact of organizational culture on the employee performance in the hospitality sector?”

The conclusions with regards to the empirical findings are highlighted in the following order:

#### **6.3.1 The organisational culture profile**

The organisational culture of the hospitality sector as depicted by the selected hotels was diagnosed through the use of OCTAPACE culture questionnaire. The organisational culture was assessed according to how respondents interpret the organisation’s organisational culture. The employees within the selected hotels identified that there is no difference between the organizational cultures of the two hotels and there is no organizational culture gap implying that the OCTAPACE culture of the hospitality industry is more or less same. The culture components that are more visible and impactful on the organization culture in the hospitality sector are authenticity, autonomy, collaboration, proaction and experimentation.

The analysis clearly states out of the eight parameters of organization culture, authenticity, autonomy, collaboration, proaction and experimentation are more visible in the hospitality sector than openness, confrontation and trust as per the employees perception of the selected units for the study.

The high authenticity scores imply that there is a high level of congruence between management beliefs, practices and procedures, as per the perception of the employees. The significant relationship of authenticity shows that it is given a high value in the organization. Parameters like “Congruity between feelings and expressed behavior”, “Telling a polite lie preferable to telling the unpleasant truth” and “People generally are what they appear to be” are beliefs that are given a fairly high value. The sector exhibit a very high level of authenticity implying that what it says, it means and what it means, it says. Accepting people at their face value and trusting their words and approach in the true spirit promotes authenticity.

The study indicates that culture with Collaboration and Autonomy values influences employee’s performance. This may be probably working together and in team (collaboration) helps in addressing business problems more effectively and may be enjoyable also and this may probably develops emotional attachment with their colleagues and organization. Similarly people, who work independently (autonomy), feel valued and consider it as a reward (intrinsic satisfaction) and this may increase employee’s performance. The autonomy scores communicates that employees enjoys freedom to plan and act in their own sphere developing willingness to take responsibility as per the sample data. Autonomy was found to be the positively related in creating a performance driven culture with high level of employee commitment (Karim, 2010). Self-Determination theory asserts that autonomy is one of the individual’s basic psychological needs which are able to activate self-determined behavior. Thus having the opportunity of responsibility and freedom to develop own work activities, can encourage the sense of identification and attachment to work that in turn increases employee’s performance.

Proaction dimension of OCTAPACE culture was also found to be the predictor of organizational culture in the study as derived from the perception of the employees. The proactive culture is characterized as taking the initiative, preplanning and taking preventive action and calculating the payoffs of an alternative course before taking action. In Proactive culture, employees invest their knowledge, skills; abilities etc. for taking

initiatives, preplanning etc. and this investment make them probably to perform effectively in the organization.

Experimenting values exhibits that the organization in average encourages its employees towards innovative approaches to solve problems, using the feedback for improving and taking a fresh look at things for finding solutions. Thus, it can be stated as per the employees perception that it encourages creativity.

The hospitality sector scores high on the above five parameters of organizational culture depicting that the sector has a strong cultural norms and practices with positive relations, better opportunity for innovation and performance.

The empirical evidence exhibits that the three components of OCTAPACE culture which is less visible and the hospitality sector needs to work upon are openness, confrontation and trust. This implies that there is a low freedom of expression, low level of communication and less transparency.

The low scores of communication parameter of the OCTAPACE culture in the study depicts that the management should promote and imbibe culture among the employees to feel free to discuss their ideas, activities and feelings about the area of their operations related to their job description. The management should encourage their subordinates to confront problems bravely without searching escape routes. The employees should be given training in developing confrontation abilities and approaches for the creative problem solving.

Trust helps organizations with innovation and creativity (Bibb & Kourdi, 2004), competitive advantage, self-regulation, efficiency, inspired performance (Ciancutti & Steding, 2001), and contribution (De Cremer, Snyder & Dewitte 2001) and helps people engage in opportunities to develop social intelligence (Yamagishi & Midori, 1994) because it is “the foundation of all human interaction and the cornerstone upon which high performing organizational cultures are built” (Bodnarczuk, 2008, p. 1). A culture that promotes achievement, self-actualizing, humanistic-encouraging, and affiliative behaviors would help instill a culture of trust in which the organization can implement self-steering teams and build trust. Trying to implement self-steering teams and build trust without the cultural norms that “promote higher-order satisfaction needs of members” (Szumal, 2003, p. 8) will limit the organization’s change efforts.

Thus, the management should work for developing a conducive organisational culture that requires the culture of openness, collaboration, trust, pro-activity, autonomy, authenticity, confrontation and experimentation. The present research findings are almost in line with the observation of work culture made by Sinha (1990).

The findings of the study support the assertion that OCTAPACE culture influences employee performance significantly. It may be possibly that OCTAPACE culture works as a psychological force that helps in generating employee’s commitment towards their organization. Culture refers to values and belief systems of the organization and if the same is in sync with the employee’s values and belief systems, then probably it results in employee’s engagement and high level of performance. Thus culture not only affects employee’s job behaviour but also their mindset. It appears as if organizational culture tends to influence employees’ performance directly through cultural values (Black, 1999).

### **6.3.2 The employee performance profile**

The employee performance survey was examined for greater insights into factor wise perceptions of the employees of the hospitality sector as depicted by the hotel-1 and hotel-2 employees. The sub-scales of innovation, proactivity, decision making, result oriented, guest service orientation and people orientation were examined to understand the factors which have a greater contribution to maintaining balance between the employee performance and the culture of the hospitality sector.

The empirical findings indicated that the hotels under study differ significantly in their employee performance score for all the employees. The analysis clearly states that innovation, proactivity, result oriented and guest service orientation parameters of employee performance have a significant impact on the employee performance, than decision making and people orientation parameters.

The analysis stated that innovation is one of the important parameter for analyzing the performance of the employees implying that employees enjoys freedom to plan and find out innovative solution to the problem

for a performance driven culture as per the sample data.

The findings implies that the culture of the hospitality industry supports the practices for trying out innovative ways of solving problems, encouraging employees to take fresh look at doing things precisely, thinking out of the box and doing things and genuine attempts to enhance performance. Members have high expectation towards the company's culture, which inculcates more confidence, optimism, vigour and zeal among members that help them to excel into a enriched job and get ahead in professional and personal life.

The mean scores for result orientation also scored high, implying that there is a high level of congruence between the result orientation parameter and thus emphasis on the performance driven culture, as per the perception of the employees.

The findings stress the need to monitor organizational culture and to evolve better HRM practices so that good employee's performance is consistently maintained at an optimal level. In other words, these findings have potential practical implications for managers and consultants of management development programs. The findings could also form the basis for prescribed action to drive good human resource management practice through a positive organizational culture that contributes to higher employee's performance in the organization.

The emphasis needs to give to a culture which build upon the decision making power of the employees and which is more employee centric responding to the members basic needs, turning to understand their needs and wants of the employees, that make the difference in their attitude towards work and work efficiency, supporting the growth and advancement of the employees.

A culture that encapsulates decision making and people orientation parameters needs to be exhibited for driving performance from the employees and delivering results as the hospitality sector is a service oriented industry.

### **6.3.3 The relationship between organisational culture and employee performance**

The existence of a significant relationship between the organisational culture and employee performance was investigated in order to assess whether there is a statistically significant relationship between them at the hospitality sector. It can be concluded that there is a positive relationship between organizational culture and employee performance, as the pearson correlation is significant at the 0.01 level(2-tailed). Thus the result led to the acceptance that organizational culture has a significant impact on employee performance. This finding concurs with that of Deshpandé, and Farley, (2004) who attest that culture can influence employee motivation; employee morale and goodwill; productivity and efficiency; the quality of work; innovation and creativity and the attitude of employees at the workplace. Similarly, Denison's (1990) research indicates that organizational culture influences organizational performance directly and also employee job performance. An organization whose organizational culture is propagated extensively and profoundly, and practiced in management decision, enjoys much better repayments in terms of investment and sale than organizations that do not popularize organizational culture. Therefore, studies prove that cultural factors can lead to the realization of a lot of the organization's value achievements, and it may be the extreme crucial factor for the success of organizations and enhancing employee performance (Denison, 1990).

The results of this study revealed that employees' perceptions of organizational culture were significant and positively related to employees' performance. Fostering the cultural elements can act as a catalyst in enabling the employee to show results towards their job and organization which in turn can positively influence their performance.

On the basis of the findings, it can be stated that the organizational culture factors that have a significant relationship with employee performance are Openness, Confrontation, Trust, Authenticity, Proaction and Collaboration whereas employee performance does not have significant relationship with Autonomy and Experimentation. This implies that the employees are not provided with the freedom to innovative approached to solve problems leading to usage of traditional, tried and tested ways of dealing with problems, as per the sample data.

From all the eight dimensions of OCTAPACE culture, proaction has the maximum impact on the employee performance survey score, followed closely by collaboration, then openness, trust, authenticity and the least

impact is from confrontation.

The performance of all the employees depends on free and frank open communication and sharing of ideas and feelings by the members at various levels. Lack of open and free interaction at various levels in the organization is the basic root of many of the complex problems. It develops better understanding between superiors and subordinates and leads to congenial human relations with performance excellence.

Trust is the most important value for the organization to flourish. The low scores for trust factor between management and members within the organization is related to unmet “related needs” and lack of strong beliefs and assumptions. Only in the culture of trust, people are willing to strive for the slightly impossible task and processes.

A culture of authenticity means members having high attitude towards congruity between feelings and expressed behaviour, shows credibility and reliability in sharing of information and management’s saying and doing. Low authenticity scores implies that the policies and its practices differ significantly and thus having a negative impact on employee behaviour and thus performance of the employees.

Low confrontation scores imply that members of the organization have low attitude towards facing challenges, surfacing problems and finding effective solutions. The sector needs to build upon the confrontation score by encouraging members to identify problems, take up challenges, going deeper level analysis, generating alternative solutions, selecting best solution, planning and implementing the solution and evaluation of the solutions.

The statistical calculations indicated that there is a significant positive relationship between the organisational culture scales and the employee performance in the hospitality sector in totality.

### **6.3.4 The association between the biographical variables and the organisational culture and employee performance**

#### **6.3.4.1 Significance of demographic variables for Organizational culture scores**

The study identified the relationship between the biographical variables and the organisational cultures. The biographical variable items were used in order to determine whether they had an effect on respondents’ perceptions regarding the OCTAPACE organizational culture. The results of the analysis revealed that gender, age, length of service, nature of duties and department of personnel, all had significant impact on the organizational culture scores, while educational qualification was the only factor which did not show a significant relation with organizational culture scores in the empirical finding of the study.

Stoddard and Madsen (2007) study shows that educational qualifications do not have a predictive value for the organizational culture of an individual. A study on Ayurvedic practitioners in Kerala by Mathew and Panchanatham (2011) reported significant differences in organizational culture scores based on educational qualifications.

#### **6.3.4.2 Significance of demographic variables for Employee Performance scores**

The impact of demographic variables on the Employee Performance was tested for all employees of the two hotels. The results revealed that there was no significant difference in the employee performance as perceived by either gender. Even in the case of age groups, departments and level of duties, there were no significant differences between the respective groups. The length of service an employee has served the hotel and the educational qualification has a significant impact on the performance of employee in the hospitality sector.

### **6.3.5 The open ended question**

Responses were obtained from the respondents on the open question dealing with “general comments”. The respondents offered their opinion, and the main points can be summarised as follows:

- **Communication:** Respondents noted that the communication within all levels of the selected hotels was non-existent. The opinion was the selected hotels needs to work harder on the communication between the departments and at all levels of the hotel because communication is the key to success.. The respondents believed that the relationship between organizational culture and communication lies in the fact that a good network of communication within an organization helps create a strong corporate culture.



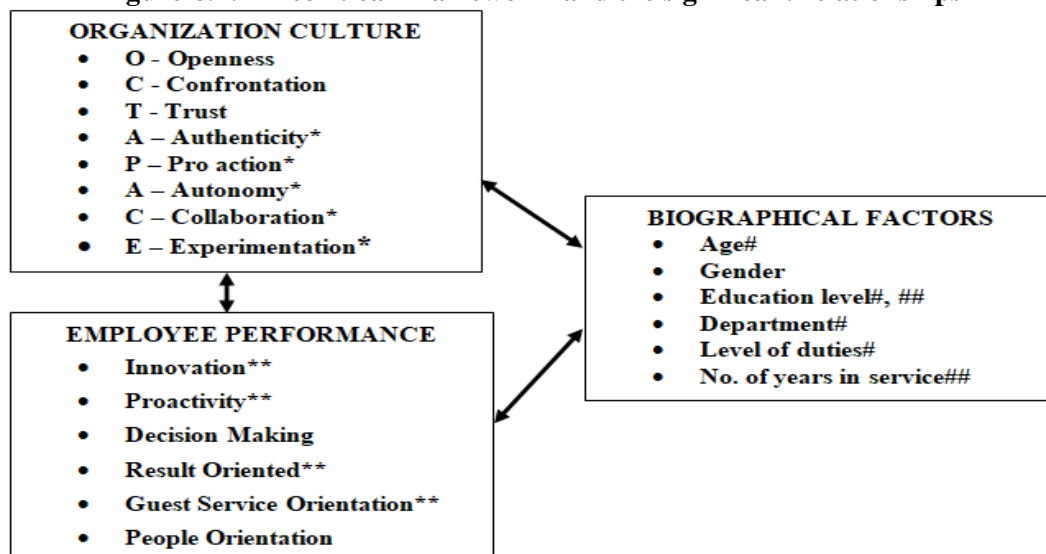
A more open communication and environment was required for a performance driven culture.

- **Leadership:** Finally, the subject of leadership within the selected hotels was also raised by respondents. Respondents generally noted that there was a lack of consistent leadership and leadership skills within the hotels. Every time the leader changed, the culture was influenced. Respondents also stated that leaders need to manage and make decisions with an unbiased and unprejudiced attitude.
- **Modern Cultural Aspect at Work :** The study revealed that there were significant differences between type of organization and preference for modern versus traditional aspects of culture. The respondents stated that for the hospitality industry the management needs to be more professional in its practices. An informal environment that can support creativity and competitiveness is the need of the hour.

Organizational culture contributes to the organizations wellbeing and self-renewing capabilities resulting in increasing the enabling capabilities of individuals, team and the entire organization, and thus enhanced performance at all levels.

### 6.3.6 Diagramatic Representation

Figure-6.1: Theoretical Framework and the significant relationships



- \*Significant parameters of OCTAPACE culture in the hospitality sector
- \*\* Significant parameters of employee performance in the hospitality sector
- # Significant biographical factors having an impact on OCTAPACE culture in the hospitality sector
- ## Significant biographical factors having an impact on employee performance in the hospitality sector

Source: Researcher's own construction

### 6.4 Impact of organizational culture on employee performance

Denison (1984) used data from 34 American firms on cultural performance over a period of five years and scrutinized the characteristics of organizational culture and tracked the performance over time in these firms. The claim that organizational culture is attached to performance is initiated on the apparent role that culture can play in caused competitive advantage. At the end the results shows that there is a positive and significant relation between culture and employees performance. Lim, 1995 also researched that there is a link between culture and performance. Theorists also argue that sustainable competitive advantage arises from the formation of organizational competencies which are both superior and incorrectly imitable by competitors (Saa-Pe're and Garcia-Falcon, 2002). Practitioners and academics suggested that the performance of an organization is dependent on the degree to which the values of the culture are comprehensively shared (Denison, 1990).

According to Saffold (1998), firstly, culture can give a shape to the organizational processes which again helps to create and modify culture. Secondly, it is likely that culture's contribution to performance is significantly less undemanding than many studies involve. Most of writers and successful managers suggest that strong organization culture is very essential for business because of three important functions:

First, organizational culture is extremely fixed with the social control that may cause to make influence on the employee's decisions and behavior.

Second, organizational culture works as social glue to bond the employees together and make them feel a strong part of the corporate experience, which is useful to attract new staff and retain the best performers.

Third, organizational culture is very useful to assist the sense making process, helps the employees to understand the organizational events and objectives, which enhance the efficiency and effectiveness of the employees.

Strong culture has almost considered as a driven force to improve the performance of the employees. It enhances self confidence and commitment of employees and reduces job stress and improves the ethical behavior of the employees (Saffold, 1998). Further he states that mostly studies on culture tend to emphasize on a single organizational culture. But in the Deal and Kennedy's (1982), point of view both strong and weak culture have a great impact on the organizational behavior but in the strong culture, employee's goals are side with the goal of management and helpful to increase the overall organizational performance.

Culture is being investigated to impact miscellany of organizational process. Organizational culture has a deep impact on the performance of employees that can cause to improve in the productivity and enhance the organizational performance. More than 60 research studies was conducted between 1990 and 2007, which cover more than 7600 small business units and companies to find out the cultural impact on the organizational and employee performance (Gallagher, 2008). Results of these studies mostly show positive association between strong culture and performance improvement.

On the basis of this study we can conclude that organizational culture has a positive impact on the employee's performance in the hospitality industry. Researches shows that every individual in the organization has different culture and he/she first try to adjust him with the norms and values of the organization. The adoption of culture of the organization is helpful for the employees to do their work efficiently and effectively. According to the study of Gallagher 2008, performance of the employees caused the increase in net profit of the organization.

Positive development is easier to achieve when everyone is on a common path in the organization. It is viewed in this particular study that strong organizational culture is very helpful for the employees to understand the role of organizational culture in enhancing the employee performance and thus gaining a competitive advantage.

## **6.5 Recommendations**

### **6.5.1 Recommendations for the hospitality Sector**

- From the findings it is evident that the openness, confrontation and trust parameters of the OCTAPACE culture are at the lower level. Hence the management must provide adequate opportunities for the employees to enhance an open, interactive and proactive culture for the development of the employees and the organization.
- Thus, the following recommendations are made for a performance driven culture:
- The top management should promote and imbibe culture among the employees to feel free to discuss their ideas, activities and feelings about the area of their operations related to their job description. The management should implement training programs based on improving communication at all levels within the hotel in order for communication to flow more efficiently.
- The management should encourage their subordinates to confront problems bravely without searching escape routes. Adequate training should be imparted to the employees in developing confrontation abilities and approaches for the creative problem solving.

- Management must imbibe culture within the employees by empowering and encouraging them to participate in decision making as this will improve the participation of the employees and belongingness towards the job.
- Employees should be sent on decision making training programs that teach employees the decision making process thereby enabling them to make rapid decisions.
- Employee satisfaction survey must be done at regular intervals to get the actual picture of work culture and also to find out the changing attitude among the employees.
- Supervisors and management should exhibit trust in the integrity and dedication of team members so that employees feel they are able to ask for assistance when they are unsure about the work they are completing.
- Achievable and concrete goals should be put in place in order to promote a good “people person” environment that is based on relationships, trust and cooperation between employees within the hotel in order to sustain a performance driven culture.

Thus, the management should work for developing a conducive organisational culture that requires the culture of openness, collaboration, trust, pro-activity, autonomy, authenticity, confrontation and experimentation, which is interconnected and essential for every organization for its development and enhancing employee performance.

#### **6.5.2 Recommendation for the stakeholders**

(a) Create a unique culture: Each organization should work towards creating its own unique culture instead of copying another organization’s culture. While inspiration and ideas may be drawn from other organizations, culture cannot be borrowed wholesale from a specific organization. Instead, the right cultural elements must be selected, blended and fine-tuned over time to fulfill the unique requirements of one’s organization. The creation of culture need not come from the top, but it could also come from the grassroots. Therefore, organizations must get all employees and other stakeholders involved in culture creation, whether formally or informally. An example of how this may be executed is by engaging employees in reflecting upon their company core values, work processes and best practices during team building sessions, training programs or company retreats.

(b) Link organizational culture to HRM practice: Some leaders extol a certain culture, but yet when it comes to incentives, employees who practice the extolled culture are not recognized for their efforts, simply because the organization’s HRM function does not have a system in place. Instead, organizations should consciously map key cultural elements to their HRM function to motivate employees to partake in the culture that the management has endorsed. This may be achieved by customizing an existing HR system in the market.

(c) Leaders must adequately mentor their staff on organizational culture: For organizations that are already getting their managers or leaders to mentor subordinates, they should also ensure that the managers or leaders deal specifically with organizational culture, and mentor their staff according to the intentions of certain cultural practices especially those that the staff find hard to comprehend or appreciate. This may be done, for example, during formal coaching or mentoring sessions, or during orientation programs for not only new employees of the organization, but also to employees who are joining a new department.

#### **6.5.3 Recommendations for future research**

- The study focuses on the OCTAPACE culture and limited performance parameters for the hospitality sectors. While, it could be interesting to conduct a study on more areas of culture and performance factors which will give a more comprehensive understanding and overview of the relationship in organizational culture and performance of employees so that a higher level of employee performance can be extracted.
- Since the organization culture is pervasive to different departments, and even to different organization related topics like organizational commitment, organizational climate, organizational stress, organizational efficiency, organizational reward system, organization communication system, etc would be interesting to study.

- The present research can be extended to other hotels and the sample size can be enlarged for a better understanding of organizational culture and the employee performance.

#### **6.6 Limitations of this research**

- As this present study focuses solely on two hotels, future studies may consider either extending the scope of research or verifying the goodness-of-fit of companies in various other industries, so as to find out if the goodness-of-fit varies among industries in the same model.
- Given the limited amount of research resources such as financial and time constraints, this study adopted the non-probability, sampling method for convenience purposes, with the samples selected only on “proximity” and “easy-to-measure” bases, that resulted however, in a substantial sampling bias and a reduced reliability.
- The findings are based on the use of self-reported survey data, which may be affected by response bias.

In conclusion, organisational culture is a powerful tool which management can utilize to enhance performance and influence the degree of organisational and employee efficiency and effectiveness.

“We will either be a victim or a successful result of our culture”

- O’Rielly (1989: 467)

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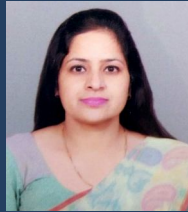
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## ABOUT BOOK

This book is designed to identify how organizational culture has affected employee's performance in Hospitality Sector, as culture is viewed as the prime driver of organizational and employee performance. The main aim of this book is to measure and identify the influence of OCTAPACE culture on the performance of employees in the Hospitality Sector.

The book explores the OCTAPACE organization culture and provides in-depth coverage of the issues and challenges faced by the Indian Hospitality Sector in managing productive work culture and the efficiency of employees. An in-depth theoretical study and an empirical survey was conducted to understand how the various components of OCTAPACE culture – an acronym for Openness, Confrontation, Trust, Authenticity, Proaction, Autonomy, Collaboration, and Experimentation influenced employee performance parameters- innovation, proactivity, decision making, result oriented, guest service orientation and people orientation.

Besides students, practicing managers will also find this book highly useful for its application in improving organization culture for enhanced employee performance.



**Empyreal Publishing House**

