Discussion paper

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

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## ABSTRACT

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

## 1. Introduction

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

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

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

## 2. Research approach

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

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

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

## 3. Theoretical background

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

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

### 3.1. National culture

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

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

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

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

### 3.2. Organisational culture

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

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

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

racy, market and hierarchy (Cameron and Quinn, 2011). Cameron and Quinn (2011) argue that all organisations always have all these four cultures, though in different proportions, and the same organisation can have different proportions at different times. Thus, finding the most appropriate balance between the four culture types is essential for optimal organisational management.

According to CVF, organisational culture is a combination of characteristics such as team working; innovation and risk taking (Tajeddini and Trueman, 2008; Tajeddini and Trueman, 2012); orientation to market responsiveness and customer satisfaction (Deshpande et al., 1993) or having a definite structure of authority with control over work-flows, similar to Weber's ideal-type of bureaucracy (Cameron and Quinn, 2011).

CVF is not merely a classification of organisational cultures but also gives insight into how the culture types interact and combine with each other. Quinn (1988) recommends that organisations that have balanced cultures with a strong presence of all four organisational culture types have an advantage in a rapidly changing environment. A balanced culture provides the organisation with a broad spread of viewpoints and values which enables it to respond to different conditions and changing customer requirements (Gregory et al., 2009). A recent study by Hartnell et al. (2011) indicates that CVF culture types which are diagonally opposite each other in the quadrant do not compete but co-exist and work together (p.687). Therefore, it is important for organisations to have a culture that can accommodate all four culture types. He further argues that successful organisations are ones that can manage these contradictory culture types and create a combined culture that meets their needs.

For these reasons, in this study the organisational culture construct consists of clustering the four CVF organisational culture types and seeing it in terms of balanced organisational culture. The concept of balanced organisational culture assumes that organisations are more responsive to their environments, especially to unexpected changes, if they are able to operate in different combinations of parts of the quadrant as required by changing circumstances (Quinn 1988; Gregory et al., 2009).

### 3.3. Organisational performance

Organisational performance is a significant concern for managers because it allows them to assess the success of elements of the organisational strategy in objective terms. Although scholars tend to use the terms effectiveness and performance interchangeably (eg. Pfeffer and Sutton, 1999; Werther et al., 1995; Sellani, 1994), effectiveness is often used to represent organisational potentials whereas performance measures outcomes. According to Henri (2004) organisational effectiveness and organisational performance have evolved in parallel from the same needs but effectiveness examines the resources and processes from an internal standpoint and performance includes perspectives which a range of stakeholders might find of interest to them.

Performance has come to signify a set of measures of organisational activity that are of interest to a range of stakeholders. In this study it is connected to the use of the term by Kaplan and Norton whose construct was developed as a strategic tool for measuring the success of managerial strategies (Kaplan and Norton, 1996). Prior to the 1990s performance was usually conceived of as purely concerned with accountancy measures (Otely, 2007) but with the growing popularity of stakeholder theory (Freeman, 1984) a different kind of measure was required. Thus, Kaplan and Norton's model of performance includes different perspectives on the organisation and specifically includes the customers' perspective.

Kaplan and Norton (1992) devised and promoted the balanced scorecard as a means for managers to focus on what they need to do to achieve strategic objectives. It is a means of taking a snapshot of indicators of progress. The results of the balanced scorecard have to be interpreted by decision makers in a particular context and according to their perception of causal relationships (Kaplan and Norton, 1996; Lebas and Euske, 2007).

A number of objections have been raised to the balanced scorecard approach. A common objection is that it fails to address the needs of employees and suppliers (Neely et al., 2007). Norreklit (2000) points out that the four different perspectives of the balanced scorecard are assumed to have a mutually causal relationship. It is assumed that: the measures of organisational learning and growth drive the measures of internal business processes which drive the measures of the customer perspective which, in turn, drive the financial measures (Kaplan and Norton, 1996; p.31; Norreklit, 2000). However, these relationships do not necessarily hold. Despite these objections the balanced scorecard continues to be a useful broad measure of performance (Antonsen, 2014; Hoque, 2014).

In this study a simplified version of the balanced scorecard approach is used which leaves out measures of financial performance. This aspect was not included because of the difficulty in collecting this data from employees who would not necessarily have access to it. However, our approach includes organisational members' perceptions of: customers' perception, internal business processes (effectiveness) and learning and growth.

## 4. Conceptual framework and research hypotheses

The conceptual framework shown in Fig. 1 shows the link between well-established constructs of Hofstede's national culture (individualism, power distance, uncertainty avoidance and masculinity) (1980) as measured by Dorfman and Howell (1988), organisational culture as measured by Cameron and Quinn (2011) and organisational performance as measured by Kaplan and Norton's Balanced Scorecard (1996).

The participants in this study work in an industry which forms an international network and personnel are typically mobile often moving from country to country to broaden their experience. For this reason, it was decided to collect data about national culture at the individual level since it would not matter whether or not the individual respondent had been formed by the same national culture as another respondent in the same location (Dorfman and Howell, 1988).

It is assumed that national culture is the context in which organisational culture is created and that organisational culture is the context in which organisational performance is created. Thus, national culture must have an effect on organisational performance and organisational culture mediates the relationship between national culture and organisational performance. The relationships between the three constructs are shown in Fig. 1.

### 4.1. National culture dimensions and organisational culture

Studies of organisational culture in hotel management have investigated its effect on different aspects of the industry. Hemmington and King (2000) looked at issues such as how to match organisational culture with operational proximity, or how adopting a mix of service and project management culture could improve hotel efficiency (Sinclair and Sinclair, 2009). Brownell and Jameson (1996) found that organisational culture affects employees' understanding of the service concept. Organisational culture can be a major driver for hotel management strategy formation which ultimately has an impact on organisational performance (Kemp and Dwyer, 2001).

Organisation scholars have investigated how national culture impacts different aspects of organisations. Hofstede et al. (2010)
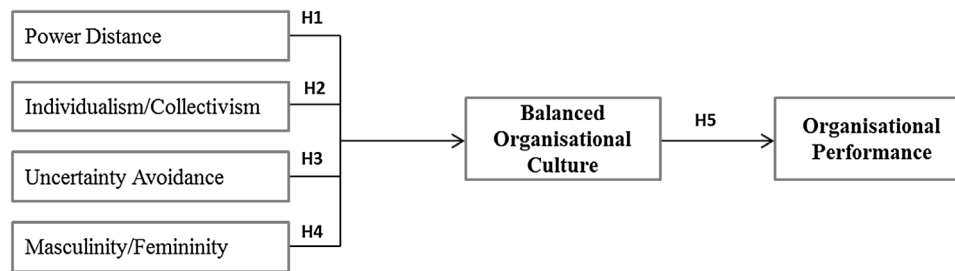
**Fig. 1.** The relationship between the three constructs.

argues that national culture is stable and mainly concerned with basic values whereas organisational culture is related to practices that are shared by members and therefore it is easier to change and manage them. Kilduff (1993) demonstrates that members of an organisation who have a different nationality to the organisation modify the existing cultural patterns to create a specific cultural routine that aligns with their own culture. This clearly indicates that people with cultural differences would understand and, therefore, react to the same organisational problem in different ways according to their interpretation of it. This difference sometimes means that they ignore, modify, or even bend, some rules and procedures (Jermier et al., 1991) which can sometimes create conflict and a negative impact if they are evaluated according to the organisation's original cultural values (Gregory, 1983). In the study of Iranian private sector organisations Nazarian et al. (2014) found that there was a significant relationship between national culture dimensions and market culture in medium sized organisations whereas in large sized organisations national culture dimensions have a relationship with hierarchy culture. According to Chen et al. (2012), due to differences in national cultures, and with the influence of globalisation on people's travel habits, preferences and working behaviour, it is essential that cultural studies moves towards a global approach and investigates the impact of national culture on organisational cultures.

Therefore, based on what has been discussed these hypotheses are proposed:

**H1.** There is a relationship between the individualistic dimension of national culture and balanced organisational culture

**H2.** There is a relationship between power distance and balanced organisational culture

**H3.** There is a relationship between uncertainly avoidance and balanced organisational culture

**H4.** There is a relationship between masculinity and balanced organisational culture

### 4.2. Organisational culture and performance in hotel management

A number of studies have used different versions of organisational culture and organisational performance to investigate the relationship between the two. The studies by Gordon and DiTomaso (1992) and Denison and Mishra (1995) found that having a strong culture is positively associated with short-term financial performance. On the other hand, Kotter and Heskett (1992) found that having an "adaptive values" culture can significantly improve performance in the long-run compared to the short-term. Lee and Yu (2004) investigated the relationships between the organisational culture types of Singaporean organisations and found that the cultural strength of organisations was often related to organisational performance. They also found that those cultural elements that distinguish organisations from each other have a positive impact on

organisational performance. Furthermore, in a study of 96 businesses in the Swiss hotel industry, Tajeddini and Trueman (2012), found that the national cultural dimensions adopted for that study (power distance, long-term orientation and individualism) were positively associated with innovation and customer orientation as well as both innovation and customer orientation having positive association with organisational performance. They also found that, similar to Chen's (2011) studies of the Taiwanese hotel industry, having the customer as the main focus helps to achieve long-term profitability. Their results are aligned with previous studies that view customer orientation as part of overall organisational culture and argue that in order to achieve long-term organisational performance there is a need for establishing market culture which requires recruiting a well-qualified and experienced workforce (Deshpande et al., 1993).

Additionally, a number of studies have used CVF to investigate the relationship between organisational culture and performance. Deshpande et al. (1993) studied the impact of organisational culture, innovation and customer orientation on organisational performance in 50 Japanese firms, using organisational culture types derived from CVF, and found that market culture has a major impact on organisational performance creating the best results because of its emphasis on competitive advantage and market superiority, whereas hierarchy culture contributes to unsatisfactory organisational performance because it emphasises bureaucracy. Furthermore, they argue that because adhocracy emphasises innovation and risk taking it is normally expected to provide better organisational performance compared with clan culture. In a recent study on the relationship between organisational culture and organisational performance, Prajogo and McDermott (2011) examined a sample of 194 middle and senior managers of Australian firms and found that among all four cultural types only adhocracy (developmental) culture was a strong predicator of performance.

The studies to date indicate that none of the organisational culture types alone is likely to provide organisations with all the values and approaches that they need to respond to their dynamic environment and achieve high performance. Therefore, this hypothesis is proposed:

**H5.** Balanced organisational culture is positively associated with organisational performance in hotel management.

## 5. Methods

A questionnaire was designed containing 61 items. There is an initial section containing 5 items concerning the demographic and background data of the respondent. The next section contains 22 items concerned with national culture and these were taken directly from Dorfman and Howell's (1988) instrument. The following section contains 24 items concerned with balanced organisational culture which is a modified version of Cameron and Quinn's (2011) instrument. The final section contains 10 items con-

**Table 1**
Demographic profile (UK N = 236).

| Age | N | % |
|---|---|---|
| Under 25 | 32 | 13.6 |
| 25–34 | 74 | 31.4 |
| 35–44 | 58 | 24.6 |
| 45–54 | 50 | 21.2 |
| 55 and Over | 22 | 9.3 |
| **Gender** | | |
| Female | 163 | 69.1 |
| Male | 73 | 30.9 |
| **Company size (No. of Employees)** | | |
| 1–9 Employees | 9 | 3.8 |
| 10–49 Employees | 14 | 5.9 |
| 50–249 Employees | 39 | 16.5 |
| 250 Plus Employees | 174 | 73.7 |
| **Current Position** | | |
| Chief Executive | 1 | 0.4 |
| Senior Manager | 18 | 7.6 |
| Middle Manager | 34 | 14.4 |
| Junior Manager | 68 | 28.8 |
| Professional (no management) | 115 | 48.7 |

cerned with organisational performance and these were adopted from Kaplan and Norton's (1996) concept of the balanced scorecard.

### 5.1. Data collection

The formulated hypotheses were examined via a sample of hotel employees and managers from London, UK. The study was conducted using convenience sampling (McDaniel and Gates, 2006). This data was collected between August 2015 and January 2016. 980 questionnaires were sent to employee and manager participants from which 236 usable questionnaires were returned and analysed.

The survey consisted of questions referring to managers and employees' perceptions of the impact of the national culture and organisation culture on organisational performance. The data were collected by email and the face-to-face method, and, to increase the sample size and to make sure that the sample included the most knowledgeable informants, non-probability 'snowballing' was used as a distribution method by asking initial informants to suggest others who could offer further insights (Goodman, 1961).

A summary of the demographic characteristics are shown in Table 1. The majority of the respondents were female (69.1%), the largest age group was between 25 and 34 (31.4%) and a high proportion were professionals (48%). 73% of the data were collected from hotels with more than 250 employees.

### 5.2. Measurement

Measurement for the constructs of interest was based on established scales from previous research, proven to be statistically sound (Churchill, 1999; Hair et al., 2006). The questionnaire contains four sections, 1) demographics, 2) national culture, 3) organisational culture, and 4) organisational performance.

National culture was measured through four constructs: (i) power distance, (ii) individualism/collectivism, (iii) uncertainty avoidance, and masculinity/femininity using Dorfman and Howell's (1988) scale. The balanced organisational culture scale was adopted from CVF (Cameron and Quinn, 2011; Quinn and Spreitzer, 1991) which was tested by four constructs (clan culture, adhocracy culture, market culture, hierarchy culture). Kalliath et al. (1999) tested this instrument to check whether there is any social desirability bias

related to it and found that there is a "little or no social desirability bias" (p.1182). In order to create a scale for each domain an initial reliability test was carried out and then items of the CVF domain were averaged to create a scale score. National and balanced organisational culture were measured by using seven-point Likert-type scale ranging from (1) strongly disagree to (7) strongly agree.

The instrument for measuring organisational performance was adapted from Kaplan and Norton's (1996) balanced scorecard. In this study the authors decided to ignore the financial performance aspect for three reasons 1) it was not possible to get any hard financial data, 2) the respondents may not have access to this information and (3) the authors believe that a question regarding financial performance would not provide valuable information on the reality of the financial status of the company. Since Kaplan and Norton see the financial measures of the balanced scorecard as being at the end of the causal chain where one of the four perspectives drives the next (Kaplan and Norton, 1996), it was assumed that a coherent and accurate representation could be gained without this information.

Therefore, the 10 questions that measured the organisational performance were based on the three constructs of Kaplan and Norton (1996): 1) customer orientation, 2) organisational effectiveness and 3) learning and growth. Organisational performance was measured using a five-point Likert rating scale ranging from (1) "entirely unfulfilled" to (5) "entirely fulfilled". Table 2 shows the domain of the construct in extant literature.

### 5.3. Construct validity

The preliminary measures were subjected to a series of factor and reliability analyses as preliminary tests of their performance within the entire sample. The Anderson and Gerbing (1988) two-stage procedure was followed. First, exploratory factor analyses were run for each set of constructs which attained the theoretically expected factor solutions. At this stage, the preliminary measures were subjected to a series of factor and reliability analyses as preliminary examinations of their performance within the entire sample. Table 3 provides descriptive information for the constructs of interest. We examined composite reliability or construct reliability, which measures the internal consistency of the indicators, showing the extent to which they indicate the common latent construct. Composite reliability of all measures exceeded 0.94 and suggested a satisfactory level of reliability (Bagozzi and Yi, 1988; Hair et al., 2006). The scales were well above the commonly accepted requirements for reliability tests (0.707 through 806 > 0.70) (Hair et al., 2006 Nunnally, 1978). Therefore, composite reliability (rho) can be the better coefficient because it is based on a congeneric assumption.

Exploratory factor analysis (EFA) was employed to analyse interrelationships between large numbers of variables, and to define such variables in terms of their common underlying factors (Hair et al., 2006). Initially, 56 items relating to the research constructs were examined using EFA to contribute to nine theoretically established constructs. Cronbach's alpha measures the consistency of each component with its relevant items (Nunnally, 1978) and the results for each factor (0.824 through 0.944) confirmed that the items in each factor were internally consistent (Nunnally, 1978).

Tabachnick and Fidell (2007) recommend that the use of EFA to determine the factor structure of measures, examine internal reliability and discover underlying structures in relatively large sets of variables. EFA was run separately for the two sets of questionnaires. EFA analysis determines the dimensionality of a set of variables to specifically test whether one factor can account for the bulk of the common variance in a set (Tabachnick and Fidell 2007). KMO's measure of sampling adequacy (0.780 > 0.6) suggests that the relationship between items is statistically significant and is suitable for

**Table 2**
The domain and items of construct in extant literature.

| National Culture | | |
|---|---|---|
| Power Distance (PDI) | | Dorfman and Howell (1988); Hofstede (2001) |
| PDI1 | It is important to have job requirements and instructions spelled out in detail so that employees always know what they are expected to do. | |
| PDI2 | Managers expect employees to closely follow instructions and procedures. | |
| PDI3 | Rules and regulations are important because they inform employees what the organisation expects of them. | |
| PDI4 | Standard operating procedures are helpful to employees on the job. | |
| PDI5 | Instructions for operations are important for employees on the job. | |
| PDI6 | Group welfare is more important than individual rewards. | |
| **Individualism/Collectivism (IDV)** | | |
| IDV1 | Group success is more important than individual success. | |
| IDV2 | Being accepted by the members of your workgroup is very important. | |
| IDV3 | Employees should only pursue their goals after considering the welfare of the group. | |
| IDV4 | Managers should encourage group loyalty even if individual goals suffer. | |
| IDV5 | Individuals may be expected to give up their goals in order to benefit group success. | |
| **Uncertainty Avoidance (UAI)** | | |
| UAI 1 | Managers should make most decisions without consulting subordinates. | |
| UAI 2 | It is frequently necessary for a manager to use authority and power when dealing with subordinates. | |
| UAI 3 | Managers should seldom ask for the opinions of employees. | |
| UAI 4 | Managers should avoid off-the-job social contacts with employees. | |
| UAI 5 | Employees should not disagree with management decisions. | |
| **Masculinity/Femininity (MAS)** | | |
| MAS1 | Managers should not delegate important tasks to employees. | |
| MAS2 | Meetings are usually run more effectively when they are chaired by a man. | |
| MAS3 | It is more important for men to have a professional career than it is for women to have a professional career. | |
| MAS4 | Men usually solve problems with logical analysis; women usually solve problems with intuition. | |
| MAS5 | Solving organisational problems usually requires an active forcible approach which is typical of men. | |
| MAS6 | It is preferable to have a man in a high level position rather than a woman. | |

| Organisational Culture | | |
|---|---|---|
| CLA 1 | The company is a personal place, it is like an extended family, People seem to share a lot of themselves. | Cameron and Quinn (2011); Kalliath et al. (1999); Quinn and Spreitzer (1991) |
| CLA 2 | The leadership in the company is generally considered to exemplify mentoring, facilitating, or nurturing. | |
| CLA 3 | The management style in the company is characterized by teamwork, consensus and participation. | |
| CLA 4 | The 'glue' that holds the company together is loyalty and mutual trust. Commitment to the company runs high. | |
| CLA 5 | The company emphasises human development. High trust, openness and participation persist. | |
| CLA 6 | The company defines success on the basis of the development of human resources, teamwork, employee commitment and concern for people. | |
| Adhoc 1 | The company is a dynamic entrepreneurial place. People are willing to stick their necks out and take risks. | |
| Adhoc 2 | The leadership in the company is generally considered to exemplify entrepreneurship, innovating, or risk-taking. | |
| Adhoc3 | The management style in the company is characterized by individual risk-taking, innovation, freedom and uniqueness. | |
| Adhoc 4 | The 'glue' that holds the company together is commitment to innovation and development. There is an emphasis on being on the cutting edge. | |
| Adhoc 5 | The company emphasises acquiring new resources and creating new challenges. Trying new things and prospecting for opportunities are valued. | |
| Adhoc 6 | The company defines success on the basis of having unique, or the newest, products. It is a product leader and innovator. | |
| Mark 1 | The company is results orientated. A major concern is with getting the job done. People are very competitive and achievement orientated. | |
| Mark 2 | The leadership in the company is generally considered to exemplify a no-nonsense, aggressive, results-orientated focus. | |
| Mark 3 | The management style in the company is characterized by hard-driving competitiveness, high demands and achievement. | |
| Mark 4 | The 'glue' that holds the company together is the emphasis on achievement and goal accomplishment. | |
| Mark 5 | The company emphasises competitive actions and achievement. Hitting stretch targets and winning in the marketplace are dominant. | |
| Mark 6 | The company defines success on the basis of winning in the marketplace and outpacing the competition. Competitive market leadership is the key. | |
| Hierar 1 | The company is a controlled and structured place. Formal procedures generally govern what people do. | |
| Hierar2 | The leadership in the company is generally considered to exemplify co-coordinating, organizing, and smooth-running efficiency. | |
| Hierar 3 | The management style in the company is characterized by security of employment, conformity, predictability and stability in relationships. | |
| Hierar 4 | The 'glue' that holds the company together is formal rules and policies. Maintaining a smooth-running company is important. | |
| Hierar 5 | The company emphasises permanence and stability. Efficiency, control and smooth operations are important. | |
| Hierar6 | The company defines success on the basis of efficiency. Dependable delivery, smooth scheduling and low-cost production are critical. | |

| Organisational Performance (OP) | | |
|---|---|---|
| OP1 | Customer orientation | Kaplan and Norton (1996) |
| OP2 | Customer retention | |
| OP3 | Market share | |
| OP4 | Predicting future | |
| OP5 | Evaluating alternatives based on more relevant information | |
| OP6 | Avoiding problem areas | |
| OP7 | Improving short term performance | |
| OP8 | Improving long term performance | |
| OP9 | Introduction of new products | |
| OP10 | Manufacturing learning | |

EFA to provide a parsimonious set of factors (Tabachnick and Fidell, 2007). Following Hair et al.'s (2006) recommendations, Bartlett's test of Sphericity indicates that the correlation among the measurement items is higher than 0.3 and are suitable for EFA. Table 5 reveals the rotated component matrix of the scale for which the results show that the items loaded on nine factors (0.706 through 0.875) satisfied the minimum criteria for factor loadings (Hair et al.,

2006). The results of EFA illustrate that the items fit within the theoretical factor structures.

The confirmatory factor analysis (CFA) was conducted to allow a stricter assessment of construct uni-dimensionality; the examination of each subset of items was internally consistent and validated the constructs on the basis of the measurement models (Anderson and Gerbing, 1988). In a series of analyses, the correlation between each pair of latent variables was constrained to 1. In every case, the

**Table 3**
Factor loadings, descriptive statistics and reliabilities.

UK

| Constructs | Items | Factor loading | Mean | Std Dev | |
|---|---|---|---|---|---|
| **Power Distance** | | | | | Cronbach's alpha @ 0.898 |
| | PDI1 | 0.832 | 2.31 | 1.186 | Construct reliability 0.805 |
| | PDI3 | 0.812 | 2.01 | 1.263 | AVE 0.831 |
| | PDI4 | 0.765 | 2.36 | 1.161 | **Item deleted** |
| | PDI5 | 0.863 | 2.19 | 1.126 | (PDI2) low reliability |
| | PDI6 | 0.859 | 2.03 | 1.143 | |
| **Individualism/Collectivism** | | | | | Cronbach's alpha @ 0.824 |
| | IDV1 | 0.802 | 3.52 | 0.961 | Construct reliability 0.759 |
| | IDV2 | 0.870 | 3.62 | 0.962 | AVE 0.623 |
| | IDV4 | 0.718 | 3.17 | 1.053 | **Item deleted** (IDV3) Cross-loaded and low |
| | IDV5 | 0.760 | 2.98 | 1.113 | reliability |
| **Uncertainty Avoidance** | | | | | Cronbach's alpha @ 0.916 |
| | UAI1 | 0.831 | 4.59 | 0.730 | Construct reliability 0.804 |
| | UAI2 | 0.829 | 4.33 | 0.827 | AVE 0.671 |
| | UAI3 | 0.832 | 4.33 | 0.846 | |
| | UAI4 | 0.792 | 4.44 | 0.851 | |
| | UAI5 | 0.810 | 4.19 | 0.884 | |
| **Masculinity/Femininity** | | | | | Cronbach's alpha @ 0.944 |
| | MAS1 | 0.875 | 1.67 | 1.271 | Construct reliability 0.806 |
| | MAS2 | 0.799 | 1.51 | 1.154 | AVE 0.694 |
| | MAS3 | 0.814 | 1.94 | 1.194 | **Item deleted** (MAS6) low reliability |
| | MAS4 | 0.828 | 1.94 | 1.158 | |
| | MAS5 | 0.848 | 1.81 | 1.225 | |
| **Clan Culture** | | | | | Cronbach's alpha @ 0.856 |
| | Cla3 | 0.841 | 4.77 | 1.502 | Construct reliability 0.707 |
| | Cla4 | 0.829 | 4.75 | 1.625 | AVE 0.650 |
| | Cla5 | 0.746 | 4.46 | 1.580 | **Items deleted** (Clan1, Clan2, Clan6) |
| | | | | | Cross-loaded and low reliability |
| **Adhocracy Culture** | | | | | Cronbach's alpha @ 0.882 |
| | Adhocracy1 | 0.820 | 4.00 | 1.469 | Construct reliability 0.762 |
| | Adhocracy2 | 0.789 | 4.31 | 1.408 | AVE 0.640 |
| | Adhocracy3 | 0.838 | 4.13 | 1.431 | **Items deleted** (Adhocracy5, Adhocracy6) |
| | Adhocracy4 | 0.751 | 4.24 | 1.344 | Cross-loaded |
| **Market Culture** | | | | | Cronbach's alpha @ 0.834 |
| | Market1 | 0.753 | 4.89 | 1.400 | Construct reliability 0.754 |
| | Market2 | 0.800 | 4.04 | 1.433 | AVE 0.090 |
| | Market3 | 0.798 | 4.44 | 1.384 | **Items deleted** (Market5, Market6) low |
| | Market4 | 0.706 | 4.71 | 1.360 | reliability |
| **Hierarchy Culture** | | | | | Cronbach's alpha @ 0.849 |
| | Hierarchy1 | 0.801 | 4.53 | 1.430 | Construct reliability 0.754 |
| | Hierarchy2 | 0.717 | 4.48 | 1.348 | AVE 0.757 |
| | Hierarchy4 | 0.781 | 4.49 | 1.404 | **Items deleted** (Hierarchy3, Hierarchy6) low |
| | Hierarchy5 | 0.759 | 4.59 | 1.335 | reliability |
| **Organisational Performance** | | | | | Cronbach's alpha @ 0.921 |
| | OP4 | 0.838 | 3.24 | 1.058 | Construct reliability 0.801 |
| | OP5 | 0.856 | 3.21 | 1.005 | AVE 0.812 |
| | OP6 | 0.834 | 3.06 | 1.084 | **Items deleted** (OP2, OP10) low reliability and |
| | OP7 | 0.804 | 3.39 | 1.060 | (OP1, OP3) Cross-loaded Hierarchy3, |
| | OP8 | 0.826 | 3.19 | 1.075 | Hierarchy6 |
| | OP9 | 0.715 | 3.35 | 1.141 | |

**Table 4**
Correlation matrix for the constructs.

| | UAI | IDV | PDI | MAS | OC | OP | Age | Gender | Company Size | Current Position |
|---|---|---|---|---|---|---|---|---|---|---|
| Uncertainty Avoidance (UAI) | 1 | | | | | | | | | |
| Individualism/Collectivism (IDV) | 0.236** | 1 | | | | | | | | |
| Power Distance (PDI) | 0.018 | 0.267** | 1 | | | | | | | |
| Masculinity/Femininity (MAS) | 0.342** | 0.210** | 0.350** | 1 | | | | | | |
| Balanced Organisational Culture (OC) | 0.353** | 0.127* | −0.038 | 0.179** | 1 | | | | | |
| Organisational Performance (OP) | 0.389** | 0.173** | 0.102 | 0.504** | 0.222* | 1 | | | | |
| Gender | 0.010 | 0.155* | 0.050 | 0.299** | 0.006 | 0.190** | 1 | | | |
| Age | 0.057 | −0.010 | 0.101 | −0.157* | 0.110 | −0.199** | −0.088 | 1 | | |
| Company Size | −0.027 | −0.112 | −0.203** | −0.245** | 0.054 | −0.114 | 0.037 | 0.221** | 1 | |
| Current Position | −0.007 | −0.007 | 0.064 | −0.016 | 0.005 | 0.101 | 0.032 | −0.067 | 0.089 | 1 |

** Correlation is significant at the 0.01 level (1-tailed).
* Correlation is significant at the 0.05 level (1-tailed).

**Table 5**
Results of hypothesis testing.

| HYPOTHESES RELATIONSHIPS | | | | Estimate | S.E | C.R | p |
|---|---|---|---|---|---|---|---|
| H1 | Power Distance | --> | Org. Culture | 0.362 | 0.097 | 3.732 | *** |
| H2 | Individualism/Collectivism | --> | Org. Culture | 0.511 | 0.189 | 2.700 | 0.007 |
| H3 | Uncertainty avoidance | --> | Org. Culture | 0.778 | 0.131 | 5.936 | *** |
| H4 | Masculinity/Femininity | --> | Org. Culture | −0.122 | 0.075 | −1.638 | 0.101 |
| H5 | Org. Culture | --> | Org. Performance | 0.140 | 0.050 | 2.773 | 0.006 |

constraint significantly worsened the model fit (Dx 2. 10; df 1–4 1; p 1–4 0:01) (Anderson and Gerbing, 1988). In addition, the variance extracted for each construct was compared to the square of each off-diagonal value within the Phi-matrix for that construct (Fornell and Larcker, 1981). In all cases, the variance extracted exceeded the Phi estimates, suggesting that each set of items represents a distinct underlying concept. This research applied Pearson's correlations matrix at the 0.01 significance level (2-tailed) to determine the linearity and multi-collinearity of the constructs; it found that the majority of the independent variables considerably positively correlated to the dependent variables (Table 4) and the majority of variables were linear with each other.

Following that step, the structural model fit through goodness-of-fit indices was tested by application of analysis of moment structure using AMOS 16.0 for Windows software to run the model to test the hypotheses by using all available observations. The model fit was evaluated for overall fitness by referring to the fit indices (Byrne, 2001; Tabachnick and Fidell, 2007; Hair et al., 2006). Therefore, the CFI and RMSEA provide sufficient unique information to evaluate a model (Hair et al., 2006). Based on the criteria, Garver and Mentzer (1999) recommend that the comparative fit index (CFI) (0.900 > 0.90) indicates good fit and the root mean squared approximation of error (RMSEA) 0.061 < 0.08 is an incremental index that evaluates the fit of a model with the null baseline model (Hair et al., 2006). CFI is considered as an improved version of the NFI index (Hair et al., 2006; Tabachnick and Fidell, 2007). The Tucker-Lewis index (TLI), also known as the non-normed fit index (NNFI), compares the $\chi^2$ value of the model with that of the independent model and takes degrees of freedom for the model into consideration (Byrne, 2001; Hair et al., 2006; Tabachnick and Fidell, 2007). So, the measurement model of these three factors was nomologically valid (Steenkamp and van Trijp, 1991). Additionally, the incremental fit index (IFI), and Tucker-Lewis index (TLI) were 0.901 and 0.901 respectively, greater than the suggested threshold of 0.90 (Hair et al., 2006), and each criteria of fit thus indicated that the proposed measurement model's fit was acceptable Since these measures mean it is difficult to provide a favourable fit for the model, these results can only be additional information.

### 5.4. Hypothesis testing

Hypotheses 1–4 are concerned with the relationships between the four national culture dimensions and balanced organisational culture. In summary, the correlation coefficients, presented in Table 4, suggest that the national culture dimensions, apart from power distance, show positive correlation with organisational culture; however, the regression path analysis shows that there is a relationship between power distance and balanced organisational culture but it shows no relationship between masculinity and organisational culture.

Hypothesis 1 is concerned with the relationship between power distance and balanced organisational culture. According to the standardised parameter estimates, which are shown in Table 5, the regression path between power distance and organisation cul-

ture shows a significant relationship between these two variables ($\beta = 0.362$, $t = 3.732$). So, this hypothesis is fully supported.

Hypothesis 2 is concerned with the relationship between individualism/collectivism and balanced organisational culture. According to Table 5, the regression path between individualism/collectivism and organisation culture shows a significant relationship between these two variables ($\beta = 0.511$, $t = 2.700$). So, this hypothesis is fully supported.

Hypothesis 3 is concerned with the relationship between uncertainty avoidance and balanced organisational culture. According to Table 5, the regression path between uncertainty avoidance and organisation culture shows a significant relationship between these two variables ($\beta = 0.778$, $t = 5.936$). So, this hypothesis is fully supported.

Hypothesis 4 is concerned with the relationship between masculinity/femininity and balanced organisational culture. According to Table 5, the regression path between masculinity/femininity and organisation culture shows no significant relationship between these two variables ($\beta = 0-0.122$, $t = -1.638$, $p = 0.101$). So, this hypothesis is rejected.

Hypothesis 5 is concerned with the relationship between balanced organisational culture and performance. Our findings show that balanced organisational culture positively correlates with organisational performance, which is consistent with the extant literature. The regression path analysis in Table 5 shows that the effect of organisation culture on organisation performance is statistically significant ($\beta = 0.140$, $t = 2.773$) and, therefore, this hypothesis is fully supported (Fig. 2).

## 6. Discussion and implication

The hospitality industry has become globalised and it is experiencing the same challenges as other globalised industries. For its managers not least among these challenges is to understand the impact of national culture and organisational culture on the performance of the organisation. Since the UK is one the major tourist destinations of the world, the UK hotel industry can provide a rich understanding of this phenomenon. This study examines these relationships in the UK context and reveals some expected and some unexpected results.

The aim of this research is to investigate the impact of Hofstede's four national culture dimensions on balanced organisational culture and the impact of balanced organisational culture on performance in the hotel industry in the UK. Our findings indicate that three of the four dimensions of national culture that were tested do have an effect on balanced organisational culture, but masculinity does not. This generally indicates the importance of the impact of national culture on organisational culture and, in turn on, organisational performance. This result was expected from previous studies (Hofstede, 2001). However, according to Hofstede the UK has a national culture which has a moderately high score on masculinity leading to the expectation that British people tend to be competitive and driven by achievement (Hofstede et al., 2010). So the lack of a relationship between masculinity and organisation culture in the UK hotel industry is unexpected. There is no obvious explanation for
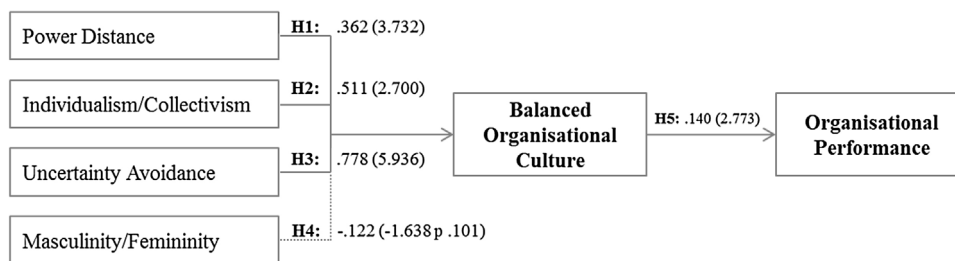
**Fig. 2.** Validated structural model.

this finding and it requires further research to gain understanding of it.

According to previous studies (Tajeddini and Trueman, 2012; Deshpandé and Webster, 1989), the hotel industry believes in putting customers' needs and wants first in order to achieve high organisational performance and we would expect this to be true of the UK as well. Because the hotel industry is very competitive, companies are successful when they are able to meet their customers' needs based on an understanding of those needs. However, our findings suggest that hotel managers also need to consider employee's values and beliefs and their contribution to higher performance. Therefore, the importance of employees on the front line that are dealing with customers becomes evident (Chen, 2011). In a study of Swiss hotel management, Tajeddini and Trueman (2012) found that there is a strong relationship between the national culture dimensions (uncertainty avoidance, individualism, short-term/long-term orientation) and the organisational culture elements of innovativeness and market orientation and performance. Therefore, involving employees in decision making by empowering them, which is consistent with UK national culture characterized by high individualism, low uncertainly avoidance and low power distance, could be the major factor for successfully enhancing organisational performance in this context.

However, in the correlation analysis it is significant that the results contradict the regression analysis in that power distance shows no correlation with organisational culture. This result is not consistent with expectations for the UK which is a country that scores low on power distance (Hofstede, 1980). It could be explained, at the organisational level, if there is a high degree of power distance internally among managers and employees there may be a failure to create a balanced organisational culture. Such a situation would have a negative impact on organisational performance (Yilmaz et al., 2005) because, in order to achieve higher performance, organisations need both informal and formal communication, whereas organisations with a high degree of power distance normally suffer from a lack of informal communication. The results of our study are consistent with the results of a study by Ayoun and Moreo (2008) of the impact of power distance on the business strategy development of top hotel organisations in four countries (Malaysia, Thailand, Turkey and USA) which found that, despite the expectation that countries with low scores on power distance would have a participative approach to management, it found the reverse: that countries with high power distance have a more participative approach. These contradictory findings need further investigation to understand the inconsistency and to gain deeper insight into the nature of power distance and other dimensions of national culture in the UK context, perhaps with a larger sample and with data from other industries.

There are a number of particular pressures in this industry that create the need for a flexible organisational culture: (1) as well as customers from different backgrounds the employees also come from different backgrounds; (2) they have to be responsive to external stakeholders, including their customers, and internal

stakeholders, and (3) they also have to be responsive to rapid changes in the market place (Giorgi et al., 2015; Laesser et al., 2014). Therefore, for organisations to succeed in the hotel industry they need a balanced organisational culture which is adaptable and responsive to a changing environment (Gregory et al., 2009). These findings confirm previous studies of organisational culture and performance in different countries, such as Switzerland, that indicate the impact of market and customer orientation, as elements of organisational culture, on organisational performance (Kessapidou and Varsakelis, 2002; Tajeddini and Trueman, 2012).

The UK national culture, according to Hofstede's profile (1980), might be expected to produce a conducive context for good organisational performance: it scores low on power distance, which empowers employees and encourages involvement giving them a feeling of belonging; it scores high on individualism, which encourages individual responsibility and innovation; it also scores high on masculinity/femininity, which indicates a high level of commitment to work and drive for success and, it scores low on uncertainty avoidance, indicating that employees will be more likely to try new ideas rather than insisting on traditional procedures thus potentially making the organisation more market orientated (Hofstede et al., 2010). So, this combination of national culture scores could be expected to produce a balanced organisational culture which is competitive and innovative (Gregory et al., 2009; Cameron and Quinn, 2011) and contribute to organisational performance (Tajeddini and Trueman, 2012).

Our findings confirm that there is a relationship between balanced organisational culture and performance. This is consistent with Gregory et al. (2009) which suggests that an organisation requires not only a strong organisational culture but also one that has a balance of all four culture types which allows flexibility in thinking. In the hotel industry being responsive to a changing environment requires managers to be flexible, innovative and customer orientated (Deshpande et al., 1993; Yilmaz et al., 2005). Thus, our findings indicate that if hospitality managers implement a balanced organisational culture which creates a flexible environment that may be readily modified to meet changing customer needs, a sustainable competitive advantage may be achieved which, in turn, enhances organisational performance (Ottenbacher, 2007; Orfila-Sintes and Mattssona, 2009).

It is also a factor in the hotel industry that it is dealing with a globalised market for customers and employees so hotel managers must be aware of the effects of national culture on their organisations. This study shows that national culture impacts the balanced organisational culture which, in turn, impacts performance. Thus, hotel managers must take this factor into account when trying to manage the organisational culture.

Thus, this research adds to existing knowledge in two ways, firstly, by demonstrating the effect of national culture on balanced organisational culture and, secondly, by demonstrating the effect of balanced organisational culture on performance in the hotel industry. Although, the effect of balanced organisational culture on other organisational factors has been investigated by Quinn (1988), no

previous investigation has been undertaken of the factors affecting balanced organisational culture. Our study of the hotel industry is consistent with the results of Gregory et al. (2009) which examined the relationship between organisational culture and performance in general and introduces balanced organisational culture as a significant factor into the discussion of this relationship.

## 7. Limitations and further study

This study was conducted using 96 hotels and 236 respondents. Reliability of the results would be improved by having a larger sample size. Additionally, with a wider range of hotels included in the survey comparisons could be made between results from different categories of hotel, for example, size or chain compared with independents.

This study shows that there is a relationship between the three constructs examined but the data was only gathered in one location. To further study these relationships other locations, nationally and internationally, should be included and comparisons made between the data from different locations. Comparisons between data gathered in different countries potentially would be informative.

Our study shows an unexpected lack of correlation between the power distance dimension of national culture and balanced organisational culture. Ayoun and Moreo (2008) also found that the relationship between power distance and business strategy was unexpected which indicates that this dimension is problematic in some way and further research should be carried out to investigate it.

Our study also shows a surprising lack of effect of masculinity on balanced organisational culture. According to Hofstede et al. (2010), a moderate to high level of masculinity makes for a tendency to competitiveness which would be expected to enhance performance. Further study should be undertaken in different locations to discover if this result is peculiar to the location of our study and to gain deeper insight into this relationship.

Additional further study should include research on the direct impact of national culture on organisational performance. This knowledge would be of immediate benefit to hotel managers.

Another area that was beyond the scope of this study is a comparison between national culture and performance for managers and employees. It is possible that the two groups may show different results.

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