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RETHINKING HOSPITALITY; THE NEED FOR A NEW ORGANIZATIONAL CULTURE IN THE HOTEL SECTOR

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ABSTRACT

The study examines the effect of the hotel sector on the creation of a new organizational culture. The aim of the study is to check the hotel industry initiatives to ensure the creation of a new total quality management focused organizational culture. Hotel industry of Pakistan needs to create new quality focused organizational culture wherein the aim is to have customer satisfaction, continuous improvement, and total employee commitment. The study adopts quantitative methodology to collect data through adapted questionnaire. Population was 15 hotels of Lahore, Islamabad, and Peshawar wherein 304 respondents were taken as sample from hotel industry of Pakistan. Data was analyzed through SPSS and Smart-PLS latest versions. Data revealed that there is a positive significant direct relationship between hotels and the creation of new organizational culture. Based on the findings, it is suggested that the management may work out

policies for raising the innovative reforms concerning quality and reducing resistance to change.

Limitations of the study and future calls are also part of the study.

Key Words: Hotel industry, organizational culture, Culture change

INTRODUCTION

In this changing and challenging business environment every organization strives to remain competitive. They adopt strategies which keep them alive and successful in the marketplace (Salman & Al-Omari, 2022). Organizations need to remain responsive to external environment for accepting strategic and technological changes, to keep themselves in the race. Smart organizations bring changes according to the calls of environment (Isensee, Teuteberg, Griese, & Topi, 2020). Adaptability and responsiveness are key to success. Those organizations who do not make changes embraces failure. The basic element of the company's responsiveness and adaptability begins with organizational culture. Organizational culture assists organizations to remain adoptable. It takes dictation from the marketplace and reconfigures itself around the needs of the environment and customers (Azeem, Ahmed, Haider, & Sajjad, 2021). Strong organizational culture companies, recover more quickly than those having weak organization culture. The creation of new organizational culture is basically the transformation of old existing culture into new quality focused culture where people encourage transformed culture rather than resisting it (Sabuhari, Sudiro, Irawanto, & Rahayu, 2020).

Pakistan being an under-developed country need to focus on its hotel industry as it helps in strengthening economy of the country (Saleem & Raja, 2014). Pakistan hotel industry is flourishing at fast rate and helping in providing employment opportunities in the country

(Abbasi, Khalid, Azam, & Riaz, 2010). It is also contributing towards GDP of the country (Ali, 2010). The hotel industry will contribute more to the GDP of the country when it takes few measures to focus on customer satisfaction. The expectations of customers need to be prioritized if hotels want to survive and achieve success in the market. This needs the shift from old culture to new transformed culture wherein focus is on customer satisfaction and continuous improvement (Kazmi & Shah, 2020).

The objective of the study is to measure the effect of hotels on the creation of new organizational culture which is less researched area in hotel industry. Does hotels support new culture which strive to achieve quality focused measures for improved products and services thus resulting customers' satisfaction. This study has practical significance for policy makers and hotel industry for understanding the importance of transformed organizational culture focused on total quality management philosophies. The implication of the study will assist rationalization of theory and practice.

LITERATURE REVIEW

The important feature associated with the organizational work force is organizational culture. Since 1980, this area has remained appealing to the researchers around the globe (Al-Swidi, Gelaidan, & Saleh, 2021; Bagga, Gera, & Haque, 2023; Isensee et al., 2020). Organizational culture is the outcome of social interaction, individual cannot make it solely. To guide the behavior of employees in certain direction, organizations have their unique culture (Khan, Khan, & Hussain, 2020). Organizational culture consists of working patterns, values and norms of an organization. It is a pattern of sharing fundamental beliefs nurtured by set of people encouraging internal cohesion and amalgamation and considered valid for new members so that they can

adjust themselves in the existing values, norms and beliefs. In more deeper context, it is somehow intangible phenomenon which gives direction to people's behavior (Arif, 2019; Bellot, 2011; Marker, 2009; Zakka, 2019).

Leaders use organizational culture as a tool through which they develop a dynamic and an effective organization where the leaders disseminate their vision and philosophies to fresh appointees of an organization (Madu, 2012). It does influence employee's commitment in a positive or in negative manner as it is responsible for influencing employees attitude and behavior (Khan et al., 2020; Ramdhani, Ramdhani, & Ainissyifa, 2017). Any culture which receives input from the environment and remain responsive to the surroundings always remain effective as it remains adaptable to positive changes. Organizations have either a strong or weak culture. The strong culture is based on has solid principles that influence the conduct and attitudes of workforce, on the other hand weak culture's nature is more individualistic, rarely influence the conduct and attitude of their staff members. The common notions of weak cultures are low consumer focus, less group work, high attrition, poor decision making, lack of transparency, and defective policies.

Continuous improvement in all organizational aspects is the philosophy of total quality management. This philosophy capitalizes on the notion that to leave old ways of undertaking business and adapting new organizational culture that is supporting and encouraging measures which nurture transformed ways of doing business. Transformation of existing culture occurs when the goal is to devise a system which automatically ensures quality, eradicates defects and evade defects not to detect. To serve the cause of total quality management the advent of a new organizational culture is vital. However, changing organizational culture is not that simple. It

creates huge difficulties when changes. In some cases, it is almost impossible. because it is away from the grip of the management (Alvesson & Sveningsson, 2015). Because people are not comfortable with change and resist to change (Ott, 1995). But change in culture takes place due to openness and responsiveness attributes of cultures. Positive changes posed by environment are accepted by successful cultures and transformation is the result. Building teamwork, enhancing collective learning and improving organizations consistently, new organizational culture creation is initiated when employee empowerment is in place. The philosophy behind the new culture is error-free approach on which total quality management building stands (Armenakis, Brown, & Mehta, 2011; Cekuls, 2015; Frontiera, 2010; Juran, 1998; Koehler & Pankowski, 1996). The new culture also ensures customer satisfaction as well as continuous organizational improvement. To serve the strategic intent, organizational culture change takes place in time under the influence of internal and external factors for responding any situation favorably (Adler & Gundersen, 2001).

Smart organizations when diagnose future demands takes harmonization changes. To align organizations with future success and sustainability, organizations always remain in the hunt for culture change. To keep your organization compatible with future, harmonization changes are made. When modification in status quo occurs or improvement in culture is indispensable, adaptation changes are made. It gives way to adaptation changes in culture. When external stimuli dictate organizations to make changes at strategic level to keep themselves in the run, is termed as re-orientation changes. Re-conception changes are necessary when organizations want to influence environment and bring strategic level shift, this paves way to culture change (Adler & Gundersen, 2001). Inclusive work environment is adapted to remain in run with stiff competition, organizational culture change are imminent (Young, 2007).

Culture change or transformation does not take place only with ideas, concepts and formal training. Firm actions, formal modifications and organization change are the recipe. Organizations need to make changes for adaptation of new values and make an environment which is conducive for positive changes. To transform the culture which supports total quality management principles and philosophies, integrated approach from top to bottom and all-inclusive approach are pre-requisite. When organizations bring culture change, often the neglected areas are ethical and moral aspects. They must be considered by the change agents so that change is accepted wholeheartedly by the workforce. Communication channels are the most important factor that supports cultural and organizational change. Communication should flow at all levels and all tiers of employees are kept involve so that cultural and organizational change take place in a smooth manner (Moldovan & Macarie, 2014).

METHODOLOGY

Methodology used in this study is quantitative in nature. Adapted questionnaire was employed for data collection from three stratum of hotel staff including top, middle and lower management using stratified random sampling techniques from 15 star rated hotels, three from each category, comprising of five, four, three, two and one-star hotels. Validity and reliability of the research instrument were ensured. Data was analyzed through SPSS and Smart-PLS latest version.

DATA ANALYSIS AND RESULTS

The study intends to find the effect of hotels on the creation of new organizational culture in hotel industry of Pakistan.

Evaluation of Measurement Model

To assess the quality of constructs which includes reliability and validity, researchers use measurement model. In measurement model we calculate outer loadings, construct validity and reliability, discriminant and convergent validity, model fit including R^2 and F^2 . The values of outer loadings are above 0.60 which is the threshold for loadings (Henseler, Ringle, & Sarstedt, 2015). Measurement model is validated through convergent and discriminant validity. To determine Convergent Validity; Average Variance Extracted (AVE), factor loadings and Composite Reliability were employed. The study confirms cut off values of acceptable level which are 0.50, 0.60 and 0.70 respectively. Cronbach alpha was used to check internal consistency. The acceptable value for Cronbach alpha is 0.70 but Shin et al. (2004) are of the opinion that value above 0.50 is reliable. For Cronbach alpha all the values in the study are above acceptable level. All the values of Cronbach alpha, factor loadings, average variance extracted, and composite reliability are presented in table 1.

Table. 1: Measurement Model Evaluation

	Cronbach's alpha	Composite reliability (rho_a)	Composite reliability (rho_c)	Average variance extracted (AVE)
CNOC	0.959	0.96	0.97	0.891
HSRIT	0.928	0.949	0.949	0.825
HSRT	0.925	0.932	0.944	0.772

The sub type of Construct validity is discriminant validity. It is measured through Fornell-Larcker Criterion (FLC) and HTMT ratio. When we take square root of average variance extracted and the value should be greater than all the columns and rows, it gives us the values of

Fornell-Larcker Criterion. The cut off value for HTMT is ≤ 0.85 (Roemer, Schuberth, & Henseler, 2021). Both the values of FLC and HTMT are presented in Table 2 and 3.

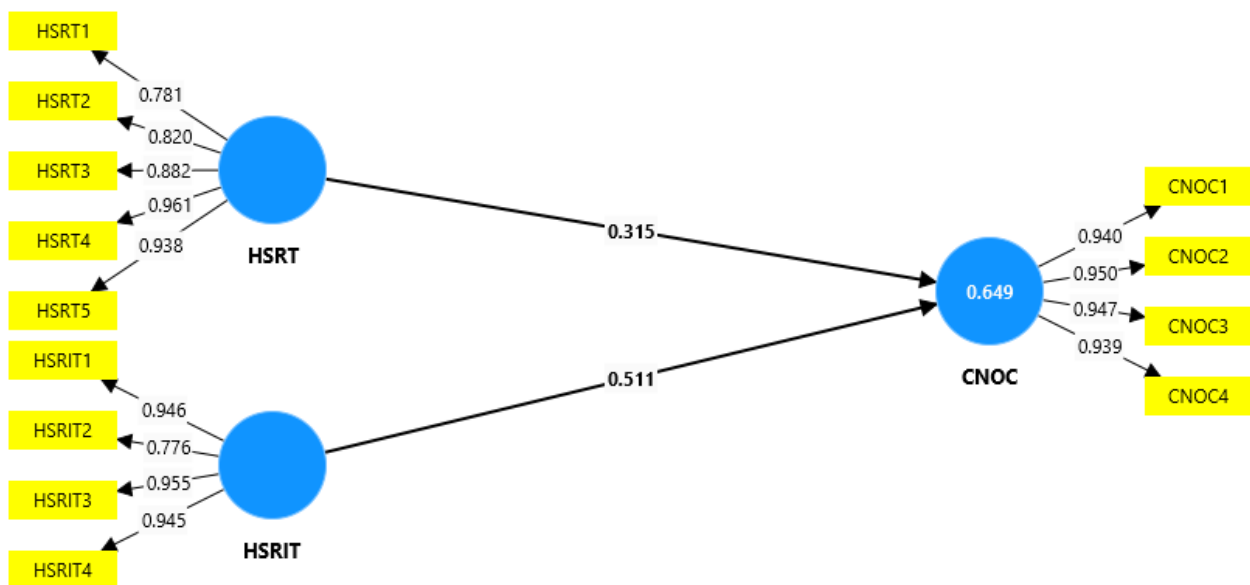
Table 2. Fornell-Larcker Criterion

	CNOC	HSRIT	HSRT
CNOC	0.944		
HSRIT	0.793	0.908	
HSRT	0.772	0.874	0.899

Table 3. HTMT

	CNOC	HSRIT	HSRT
CNOC			
HSRIT	0.831		
HSRT	0.818	0.876	

Figure 1. Measurement Model



Evaluation of Structural Model

After confirmation of constructs measurement's reliability and validity, the next step is the evaluation of structural model outcomes. Though, there are mathematical and statistical models but still there is shortage of techniques through which quality of the models can be assessed (Alexander, Tropsha, & Winkler, 2015). Goodness of fit technique is used to check how good and suitable a model employed is for analysis. In regression analysis other various techniques are used but the most common is coefficient of determination which is denoted with R^2 . The threshold for R^2 is 0.75 strong, 0.50 moderate and 0.25 weak (Joe, Page, & Brunsveld, 2019). Effect size shows how meaningful is the association between variables. Effect size was also assessed in the study. The cutoff value for f^2 is 0.35 strong, 0.15 moderate and 0.02 small. To check predictive relevance of model Q^2 was used. It establishes the predictive relevance of dependent constructs. If the value of Q^2 is greater than zero, it confirms that the model has predictive relevance. To check R^2 , f^2 and Q^2 Smart-PLS was employed by using Blindfolding technique to find values for coefficient of determination, effect size and predictive relevance of model. All the value are above acceptable level. Presented in the following tables.

Table: 4

Coefficient of Determination (R^2)

	R-square	R-square adjusted
CNOC	0.649	0.647

Table: 5

F² Values

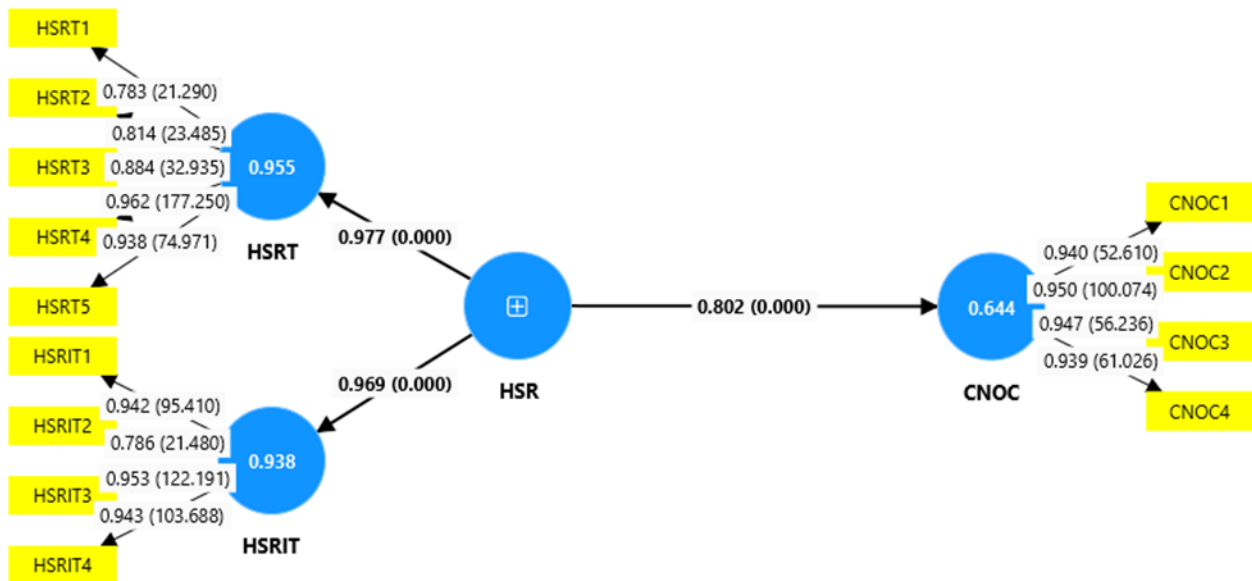
	CNOC	HSRIT	HSRT
CNOC			
HSRIT	0.35		
HSRT	0.57		

Table:6

Q² Value

	Q ² Predict
CNOC	0.646

Figure 2. Structural Model



The impact of hotels on the creation of new organizational culture were measured through bootstrapping in Smart-PLS. The values are presented in Table 7. Wherein values of mean, standard deviation, t and p are presented. The findings revealed that there is a strong positive

impact of hotels on the creation of new organizational culture ($\beta = 0.802$, $t = 26.335$ and $p < 0.000$).

Thus, data supports that there is significant positive effect of hotels on the creation of new organizational culture.

Table: 7

Path Coefficients

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (O/STDEV)	P values
HSR -> CNOC	0.802	0.801	0.03	26.335	0
HSR -> HSRIT	0.969	0.968	0.004	220.19	0
HSR -> HSRT	0.977	0.977	0.004	275.104	0

DISCUSSION AND CONCLUSION

This study examines the effect of hotels having star ratings on creation of new total quality focused organizational culture. The data revealed that hotels always bring positive changes in their culture to remain responsive to the external environment. This responsiveness keeps them on the run and most of the time they remain ahead in competition. The transformation of the culture occurs for the purpose of having a system where quality automatically takes place. The leadership tool which they use for making an organization dynamic is organizational culture. In the hospitality sector changes are continuously taking place in product, services, tastes of people, working patterns, technology and in overall system. Organizations will remain responsive and will adjust their culture according to the need of an hour. They will adopt proactive approach to diagnose any situation and adapt strategies through which they can get maximum benefits from the phenomenon in hand. And at the same time, they will change their culture to avoid possible damage to the organization. To create new organizational culture for increased productivity, increased customer satisfaction, high level of innovation, enhanced employees' engagement,

increased communication levels among management, employees, and customers, improves employees' health and wellbeing and to reduce absenteeism and turnover rates.

It is concluded from the study that hotels change their organizational culture as it is the right strategy to remain in business run and to remain competitive in the marketplace. To achieve success, hotels may remain flexible and adaptable in their organizational strategies. Those organizations remain successful whose culture is adaptable, innovative and open to change. Culture change encourages a better work environment, enhanced work performance and productivity, business efficiency and improved organization agility. Organizational culture transformation takes time, effort and thorough planning. If the present culture hinders development and organizational objectives, then change is inevitable. Culture transformation is not just about executing policies and strategies; it's about nurturing a mindset that respects individuals, enhances collaboration, and enables employees to contribute to the organization's success.

The data was collected at one point of time, would have been more appropriate if it had been collected at regular time intervals. Quantitative techniques were used for data collection. Qualitative data collection technique will give more in-depth understanding of the phenomenon in hand. In this study one dimension of total quality management practices was selected for evaluation, future studies can take other dimensions like empowerment, leadership, customer satisfaction, employee involvement and benchmarking. Researchers may add moderators and mediators to the model to know the effect of these additional variables.

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