

Can Organizational Culture Make Impact on the Growth of Customer Base in Hospitality Industry? An Evaluation with Special Reference to Trincomalee District

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Introduction

Organizational culture refers to a system of shared meaning held by members that distinguish organization from other organizations (Stephen and Timothy, 2009). According to Stephen and Timothy (2009), there are seven primary characteristics of the organizational culture. They include innovation and risk taking, attention to detail, outcome orientation, people orientation, team orientation, aggressiveness and stability.

In the last few decades, Sri Lanka has attained a significant growth in the service sector and its contribution to the Gross Domestic Product (GDP) and employment has risen in a considerable manner during the period from 1980 to 2007.

As far as the tourism industry in Sri Lanka is concerned it is getting more significant developments in recent years (Central bank Report, 2009). Consequently, hotel industry has taken a new entrance and considered as a mode of foreign income. However, the customers find difficulties when the organization changes the organization frequently and that might cause to lower the customer loyalty. Customer loyalty and growth of the customer base are the most important challenges faced by most of chief executive officers across the world (Ball, 2004).

Accordingly, this research aimed to identify the nature of the organizational culture and the growth of the customer base of the hotel industry and to identify the relationship between the characteristics of organizational culture and growth of the customer base in hotel industry with special reference to Trincomalee District.

Methodology

The sample of the study comprised 15 hotels situated in Trincomalee district and the sample was selected based on simple random sampling method. Data was gathered by using questionnaire method and interview method. In case of analyzing data, Carl Pearson product moment correlation and a multiple regression analysis were used. The following regression model was tested.

$$\text{Growth of customer base} = a + \beta_1 \text{ innovation and risk taking} + \beta_2 \text{ attention to detail} + \beta_3 \text{ outcome orientation} + \beta_4 \text{ people orientation} + \beta_5 \text{ Team orientation} + \beta_6 \text{ Aggressiveness} + \beta_7 \text{ stability} + \epsilon$$

Results and discussion

According to the results, it was clear that the organizational culture is highly correlated with growth of customer base as the Pearson correlation coefficient was 0.723. Therefore, it is of paramount importance that organizational culture enhances the existing customers' satisfaction and acquires new customers. Moreover the regression model is also statistically significant at the significance level of $P < 0.05$. Accordingly, the fitted model can be expressed as follows.

Growth of customer base = $-73.2 + 3.45 \text{ innovation and risk taking} + 1.77 \text{ attention to detail} + 0.663 \text{ outcome orientation} + 3.73 \text{ people orientation} + 1.00 \text{ Team orientation} + 11.7 \text{ Aggressiveness} + 8.24 \text{ stability} + \epsilon$

According to the multiple regression model, aggressiveness has the highest influence on the growth of customer base when compared to other characteristics. The term of aggressiveness in means the level of engagement to be competitive in their work place. Aggressiveness or competitiveness is important because, customers are seeking for meaning of quality products or services in essence customers compare the services with their competitors. They become regular customers if they are satisfied with the services. Employees should perform their duties in an effective way as the customers are expecting a quality service on time. The employees are expected not only to be competitive each other but also to be aware of the external competitors.

Organizational culture also includes the employees of the hotels and sometimes the dress code of the employees is also needed to consider as that becomes a signal of the organizational culture. Organizational policies should be people oriented as it is essential to motivate the employees and a negative feedback of an employee would harm the organizational culture.

Conclusion

All in all what makes clear is that there should not be an imbalance between organizational culture and growth of the customer base. In order to stabilize the organizational activities, it is needed to introduce planned change to the organization.

However, it is also to be noted that growth of customer is not totally depended on organizational culture and hence, the policy implementation should not be done only by adjusting the organizational culture. Therefore, the tools such as advertisements, promotions, service quality, brand, price, reputations, customer relationship management, corporate social responsibility and incremental innovations etc can be used. Moreover, it is important to develop an organization culture which promotes training programs, self directed teams, motivational activities, and practicing of the green concepts.

References

Stephen P.R. and A.J. Timothy 2009, Organizational behavior, 13th edition, 585-586.
Central Bank Annual Report, 2009, <http://www.cbsl.gov.lk/>