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The Organizational Culture Audit: A Model for Hospitality Executives

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Abstract
Development of a compelling organizational culture continues to be an imperative for hospitality executives. Identifying culture deficiencies or gaps is an important step in creating such a culture. The following study links theory with application providing a tool for researchers and practitioners as well. First, a conceptual model of cultural analysis is provided based on past research. Next, a five-step model analyzing ten cultural areas is proposed, and recommendations are provided for implementation in the hospitality environment.
Introduction

As competition increases and customers become more demanding, hospitality executives are faced with the dilemma of creating a sustainable competitive advantage. One method of developing such an advantage is to actively build a compelling organizational culture. This is well known by leading hospitality organizations with rich organizational cultures such as Southwest Airlines, Starbucks and Ritz Carlton, and is supported by some forty years of research (Schein, 1992). Whether termed “corporate” or “organizational” culture, the construct has become a mainstay variable in investigations of organizational development (Leidner and Kayworth, 2006; Schein, 2004; Trefry, 2006).

Past studies have looked extensively at the relationship between culture and important organizational variables including organizational performance (Kotter & Heskett, 1992; LeBlanc & Mills, 1995; Xenikou & Simosi, 2006), effectiveness (Denison & Mishra, 1995; Kemp & Dwyer, 2001), work-related attitudes (Bimbaum & Sommers, 1986) and profitability (Tidball, 1988). In the hospitality environment, service quality is a key factor in organizational success. It is becoming clear that customer treatment is a function of service employee treatment (Elmadag, Ellinger & Franke, 2008). Consequently, perceptions of organization culture should impact customer service behavior and customer satisfaction. Past research supports this notion finding an association with both service orientation (Kilic & Dursun, 2010) and service quality (Trivellas & Dargenidou, 2009).

Since stronger organizational cultures exert greater influence on individual and group behavior (Trefry, 2006), hospitality organizations would do well to develop an effective, customer-oriented organizational culture. At the same time, assessing the reality of the organization’s culture may be a difficult task. It is conceivable that hospitality executives can see their culture as positive and effective in spite of evidence to the contrary. A variety of reasons exist for failing to see contrary components of the organization. First, executives who demonstrate high levels of commitment to the organization and its goals may see themselves as an extension of the organization (Testa, 2001). Subsequently, identifying any negative factors related to the organization can be tantamount to self-criticism. Self-theory suggests that individuals have a basic need to maintain a positive self-image to protect psychological well-being (Snyder & Williams, 1982; Sullivan, 1989). Whether conscious or unconscious, it is understandable that an executive would seek to protect the organization as he may seek to protect himself.

Difficulty in spotting cultural deficiencies is further supported by social identity theory (SIT) (Ashforth & Mael, 1989). Social identity theory can be viewed synonymously with group identification. The theory suggests that individuals classify themselves based on the characteristics of the groups in which they belong (Ashforth & Mael, 1989). Past research indicates that individuals who identify with a particular group (i.e., the organization) feel a strong attraction to the group as a whole (Stets & Burke, 2000). Consequently, individuals will act in concert with the group. In a practical sense, this suggests that executives would tend to avoid acting in a way counter to the organization and its needs. Although failing to see negative components of the organization may be harmful in the long-run, a consequence of SIT can be defense of the group and any negativity that threatens it.

Given the need for a strong, customer-focused organizational culture, the question becomes, what specifically needs to be strengthened? The purpose of the current study is to provide a theoretical foundation for
cultural analysis. A five-step model of ten cultural indicators will be discussed in the context of extant research. Then, taking an applied approach, implementation will be discussed in the hospitality environment. It is hoped the model will provide direction for those seeking to further study cultural analysis as well as a useful tool for practitioners seeking to develop their organizational culture.

**Defining Organizational Culture**

In spite of many attempts, there has been no clear consensus about the definition and measurement of organizational culture among researchers and practitioners (Deshpande & Webster 1989). Indeed, an early study found no less than 164 varying definitions of culture (Kroeber & Kluckhohn, 1952, cited in Leidner and Kayworth, 2006). The ambiguity of culture as a construct is further illustrated by two schools of thought on how to approach culture. Some view the culture as “something the organization has” where others see it as “something the organization is” (Reichers & Schneider, 1990, p. 22; Smirchich, 1983). In the first instance, culture is used as a variable in the study of antecedents and outcomes. This allows comparison of organizations/cultures based on internal and external variables. In the second approach, the organization and the culture are indistinguishable. This “root metaphor” (Smirchich, 1983) approach is more descriptive in nature and identifies the meaning connected with the culture. Using an anthropological approach, the richness of an organizational culture is identified by shared cognition, shared symbols and unconscious processes (Driskill & Brenton, 2005). The current study seeks provide direction based on this school of thought.

Definitions of culture are both numerous and varying. Some definitions simply state the central notion of culture, and others include multiple components. Table 1 provides a summary of the various definitions of culture provided in the research.

Table 1 Definitions of organizational culture

<table>
<thead>
<tr>
<th>Author</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rossi &amp; O’Higgins (1980)</td>
<td>“Culture is a system of shared cognitions or a system of knowledge and beliefs.”</td>
</tr>
<tr>
<td>Hofstede (1980)</td>
<td>“The collective programming of the mind which distinguishes members of one human group from another.”</td>
</tr>
<tr>
<td>Deal &amp; Kennedy (1982)</td>
<td>“the way things get done around here”</td>
</tr>
<tr>
<td>Drennan (1992)</td>
<td>“how things are done around here”</td>
</tr>
<tr>
<td>House, Wright &amp; Aditya (1997)</td>
<td>“distinctive normative systems consisting of modal patterns of shared psychological properties among members of collectivities that result in compelling common affective, attitudinal, and behavioral orientations that are transmitted across generations and that differentiate collectivities from each other.”</td>
</tr>
<tr>
<td>Ogbonna &amp; Lloyd (2002)</td>
<td>“the collective sum of beliefs, values, meanings and assumptions that are shared by a social group and that help to shape the ways in which they respond to each other and to their external environment.”</td>
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</table>

Schein (1992) provides the most commonly cited definition of culture and will provide much of the foundation for the culture audit discussed here. Schein defines culture as:
“a pattern of shared basic assumptions learned by a group as it solved its problems of external adaptation and internal integration which 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.” (p. 12).

This definition identifies “assumptions” as the key component of organizational culture. An important message regarding culture is provided by Pettigrew (1990) in his summary of a collection of essays on climate and culture. The author notes that “climate and culture are complex, multidimensional, and multilevel constructs” (p. 421). As such they must be viewed at varying levels. Schein (2004) agrees providing three levels of culture which flow from the more physical to the more cognitive components as shown in Figure 1.

Figure 1: Culture audit process based on Schein 2004 levels of culture model

At the first level are organizational artifacts. Artifacts refer to the things one might see, hear or feel when confronted with a new environment and are easily identifiable. For example, a standard guest greeting used by hotel employees or sign highlighting the importance of guest service may convey standards of conduct. Similarly, the physical environment, layout or climate may indicate what is acceptable or not acceptable in the work environment. Schein (2004) notes that while easily observable, these artifacts may be difficult to decipher. Put simply, symbols can be ambiguous, and subsequently may send mixed messages to the observer. For example, a new employee viewing a catering manager who follows rules and policies meticulously may only describe him or her as such if past experience allows it. If the employee previously worked at an organization with exceedingly strict rules and policies, he or she may interpret the new environment as lacking. Greater exposure to the culture’s deeper levels and use of a variety of artifacts to craft an accurate depiction becomes important to counter ambiguity.

At the next level, Schein (2004) describes collective beliefs or values. Groups learn collectively and begin to create belief systems. For example, if an event manager uses technology to counter a difficult scheduling problem, the group may collectively believe that this is the appropriate way to confront such issues. Over time, these beliefs become ingrained in the culture and become both motivational and restrictive. Beliefs can be motivational in the sense that they can drive behavior, and restrictive because they may prevent a greater range of
choices or options in solving problems. An interesting conflict may emerge at the belief level when there is a disconnect between what the organization says it believes and what it actually does. Stated or espoused values are not always in sync with organizational action. For example, a hotel company that says it values customers, but continues to find ways to provide less personalized service quality or treats service employees poorly, may be out of sync. Similar to artifacts, beliefs can sometimes be so broad as to be ambivalent. A look at the assumptions made by the organization helps to clarify the culture.

At the deepest level, organizations make assumptions about how the world works and how it operates within it. These assumptions are created over time and provide behavioral influence. For example, if it is assumed that customer satisfaction is predominantly determined by the technical components of service (i.e., speed of service, efficiency, etc.), the personal side of service quality may be discounted. Further, programs and plans made to increase organizational effectiveness may be greatly influenced. To the extent those assumptions are no longer valid, it becomes easy to see that poor decisions will result. This may be commonplace in an environment with a predominant “way we do it around here” mentality.

Figure 1 illustrates the linkage among the three levels discussed by Schein (2004). The figure also notes importance of interpretation. Given the influence of self-theory previously discussed, seeing the culture as it truly is becomes paramount. The culture audit is an applied method of assessing the synchronicity of these cultural levels and any inconsistencies that might exist. To that end, the goals of the audit are as follows:

1. To examine cultural artifacts and determine their consistency with espoused values and assumptions
2. To identify conflicts in espoused and actual beliefs and values.
3. To re-examine deeply held assumptions and identify their validity.
4. To develop an action plan for addressing inconsistencies in any of the cultural levels.

**Measuring Organizational Culture**

In addition to ambiguity in defining organizational culture, no clear consensus exists regarding its measurement (Deshpande & Webster 1989). Such measurement can be difficult as Lund (2003) points out because shared assumptions reside beneath the conscious level. A variety of questionnaire measures exist attempting to assess culture such as the Organizational Culture Profile (Orielly et al., 1991) and the Organizational Values Congruence Scale (Enz, 1986), but tend to focus primarily on person-organization fit or compatibility. Furthermore, these measures do not specifically focus on service quality or dimensions that may be important in the service environment. Both Tepeci & Bartlett (2002) and Dawson, Abbott and Shoemaker (In Press) address this issue by providing measures which focus specifically on the hospitality industry, but also use the person-organization fit model. The issue with both groups of studies is that the person-organization fit model reveals individual attitudes towards the organization and does so in a quantitative way. Compatibility with the organization is not the same as a deficiency or failing effort in the organizations culture. Consequently, identification of deficits and actual change that needs to be addressed may be difficult. Going further, some criticism of questionnaire-based culture measures suggests they are too similar to job satisfaction measures (Hofstede, 1998; Johannesson, 1973).
Surprisingly, little direction is provided in the way of conducting a cultural audit, which would counter the limitations of questionnaire research. An early study by Wilkins (1983) provides some direction, but cannot be viewed as a managerial tool. Fletcher and Jones (1992) discuss cultural auditing in terms of measurement, and attempt to provide a quantitative formula for comparison. Driskill and Brenton’s (2005) work is comprehensive and well-done, but takes a qualitative research approach which may not be directly suitable for managers or executives. An assessment that provides a richer analysis of various aspects of the hospitality organizational culture, particularly the service component may be useful. The proposed assessment is designed to be broad enough to include varying segments of the industry such as hotels, restaurants and attractions, but specific enough to differentiate it from other industries. In addition, the assessment is designed to be conducted by executives, given their ability to implement changes that impact the culture.

**The Culture Audit**

The proposed culture audit will include the following steps:

1. Identification of the organization’s vision, mission, values, and strategic goals
2. A brief narrative on the desired culture
3. Selection of the audit team
4. Data collection
5. Interpretation and reporting

**Step 1: Vision, Mission, Values and Strategic Goals**

The first step in the audit process is to clearly state where the organization is going and how it plans to get there. Clearly articulating vision, mission, values and goals will identify any inconsistencies at the strategic level. Further, statement of these important concepts will provide some direction for the type of culture necessary for their accomplishment. For example, an organization desiring to provide the highest levels of customer service, and value employees and customers, must have a culture that supports these notions.

**Step 2: Culture Narrative**

The focus of the culture audit is to identify disparities in the organizational culture. That is, to identify areas that not in sync with the desired culture. Therefore, an initial step must be a clear description of the desired culture. Questions to consider in this step are as follows:

1. How do you want your employees to view the organization?
2. How do you want guests to view the organization?
3. What “feeling” do you want to permeate throughout organization?
4. What stories best represent what this organization stands for?
5. Who are the legendary leaders in this organization and what do they represent?

The narrative should be long enough to convey important values and beliefs, but short enough that stakeholders can grasp the most important components of the culture.

**Step 3: Selection of the Audit Team**
To identify cultural deficits, using a team of executives or managers from varying areas of the organization would be ideal. The goal of the audit is to search for the meaning behind the artifacts, symbols, policies, practices, etc., that make up the organizational culture. Given the limitations of self-theory as previously discussed, implementing methods to ensure objectivity becomes critical. Using leaders from accounting, operations, HR, sales and marketing, etc., may be useful by allowing for multiple view points and prevent the emergence of groupthink. Similarly, using a group of both new and long-tenured stakeholders may be valuable.

**Step 4: Data Collection**

A variety of methods focusing on a variety of areas should be used to collect the data for the culture audit. Taking a patchwork approach, leaders should not rely on one or two pieces of information to assess the culture, but should examine multiple aspects over multiple instances from multiples sources. This could include employee interviews, manager interviews, guest interviews and focus groups. To assess the physical artifacts of the culture, focused walk-throughs and physical plant reviews would be useful. To capture deeper components of the culture, observation of employee-employee, employee-guest, and employee-leader interactions would be revealing. Finally viewing various documents such as training manuals, orientation manuals, standard operating procedures may provide insight.

In the current model, ten areas of culture analysis are recommended. Table 2 provides a comprehensive list of the culture areas, questions to ask and specific aspects to review.

Table 2. Areas of cultural analysis

<table>
<thead>
<tr>
<th>Culture Category and Questions</th>
<th>What to Look For</th>
</tr>
</thead>
</table>
| **1** Physical Characteristics and General Environment (F-O-H Vs. B-O-H)  
What do the physical components of the organization say about the culture?  
Is there consistency behind the scenes?  
How does it feel?  
Are employee and customer needs considered in the planning? Layout? Design? |  
- Signage (quantity and style)  
- Furniture and accessories  
- Tradition vs. Modern  
- Colors  
- Symbols & logos  
- Lighting  
- Sounds, level and type  
- Uniforms  
- Cleanliness and organization |
| **2** Customs & Norms  
What regular behaviors and expectations are in place that affect the culture?  
What impact do these have on the culture?  
Are guest needs a norm?  
Is facilitation of employee needs a norm? |  
- Greetings  
- Language & phrases  
- Expectations set by leadership  
- Common employee interactions  
- Common leader-employee interactions  
- Common leader/employee-guest interactions  
- Unspoken rules  
- Uniforms norms |
| **3** Ceremonies & Events  
What is systematically celebrated and recognized at this organization?  
Are service champions recognized?  
What impact does this have on the culture? |  
- Regular staff events held  
- Birthdays  
- Tenure celebrations  
- Service quality acknowledgement  
- Certifications  
- Holiday parties  
- Quarterly celebrations |
<table>
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<tr>
<th>4</th>
<th>Rules &amp; Policies</th>
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</table>
| **How formalized is organization?**
  - Is the culture more rule-based or empowering?
  - Does it strike a balance?
  - Are rules and policies absolutes or guidelines?
  - Are guest/employee needs balanced with policies? |
| **What is prohibited Vs. what is permitted**
  - Number of rules or policies
  - Formal vs. informal rules
  - Depth of manuals
  - Rule signage
  - Number of SOPs
  - Amount of training on policies and procedures
  - Employee perceptions of formalization
  - Leader perceptions of their role and function (rules vs. empowerment vs. balance) |

<table>
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<tr>
<th>5</th>
<th>Measurement &amp; Accountability</th>
</tr>
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</table>
| **What gets measured in this organization?**
  - What measures are most important?
  - Is there accountability?
  - Are measurements consistent with vision, mission, values?
  - Are guest and employee needs central to measurement? |
| **Types of measures used**
  - How senior leaders, supervisors and employees are evaluated
  - Measures vs. espoused Values
  - Promotion criteria
  - Dismissal criteria
  - Discipline system |

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<tr>
<th>6</th>
<th>Leader Behavior</th>
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</table>
| **What do leaders make a priority here?**
  - Are leaders at varying levels role models?
  - Do these leaders role model guest service behaviors?
  - Which leaders are most respected here and why?
  - How does this impact the culture? |
| **Leader focus... task vs. people**
  - Leader-employee interactions
  - Leader-guest interactions
  - Employee perceptions of leadership
  - Legendary leaders
  - Outlaw leaders |

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<tr>
<th>7</th>
<th>Rewards &amp; Recognition</th>
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</thead>
</table>
| **What gets rewarded in this park/attraction?**
  - How are employees recognized for their efforts?
  - How does this impact the culture? |
| **Types and quantity of rewards provided**
  - Formal Vs. informal rewards
  - Employee perception of reward value
  - Amount of encouragement provided
  - Are leaders genuine in their praise?
  - Programs planned |

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<tr>
<th>8</th>
<th>Training &amp; Development</th>
</tr>
</thead>
</table>
| **What efforts are made to invest in human resources?**
  - What impact do these efforts have on the culture?
  - Does the discipline system promote guest and employee needs? |
| **Amount and types of training**
  - Certifications
  - On-the-job Vs. formal
  - Orientation processes
  - Service quality vs. rule based efforts/technical
  - Leadership development programs
  - Succession planning |

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<thead>
<tr>
<th>9</th>
<th>Communication</th>
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</table>
| **How are messages, both formal and informal communicated?**
  - What is the impact on the culture?
  - What do stories told in this organization reveal?
  - Are guests/employees valued or criticized in the stories told. |
| **How do employees find things out?**
  - Email vs. memos vs. signage vs. face-to-face
  - Number and type of meetings
  - Senior leader communication
  - Are the methods effective?
  - Are the methods appropriate?
  - Is confidentiality ensured
  - How much do employees find out through the grapevine?
  - Metaphors used |

<table>
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<tr>
<th>10</th>
<th>Structure and Culture Development Efforts</th>
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</table>
| **How is the organization structured?**
  - Does the organizational structure (hierarchy) impact the culture?
  - How are decisions made?
  - Are employees empowered to solve guest problems? |
| **Layers on the organizational chart**
  - Formal are the chains of command
  - Disconnects between the top and bottom of the structure
  - Communication barriers |
Each area of analysis listed is a common element of an organizational culture as described in past research (Driskill & Brenton, 2005; Kotter & Heskett, 1992; Schein, 2004). Similarly, each area has been focused on components important in the service setting as described in past study (Bitner, 1992; Heskett et al., 1997; Cheng, Hsu, & Huang, 2011; Schneider et al., 1998; Zeithaml et al., 1988). Each area of the analysis is the foundation of a gaps analysis between the stated or desired organizational culture (i.e., the narrative) and the actual organizational culture. Through a variety of observations, leaders are able to compare the two, and draw conclusions regarding the actual state of the organizational culture.

**Step 5: Interpretation and Reporting**

The final step in the audit process is to interpret the data collected. At face value, this may seem a direct process. However, given the potential bias that can result during such a process (see Woodman and Wayne, 1985 for a review), care must be taken in drawing conclusions regarding the results. First, results of the observation can be placed into summary worksheets. Figure 2 provides an example of such a worksheet.

Figure 2. Audit summary sheet example

<table>
<thead>
<tr>
<th>Culture Category</th>
<th>What to Look For</th>
<th>Gaps</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1</strong> Physical Characteristics and General Environment (F-O-H Vs. B-O-H)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>What do the physical components of the organization say about the culture?</td>
<td>• Signage (quantity and style)</td>
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<td>Is there consistency behind the scenes?</td>
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<td></td>
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<td></td>
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<tr>
<td></td>
<td>• Cleanliness and organization</td>
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</tbody>
</table>

**Actions to Be Taken:**
| 2 | **Customs & Norms**  
What regular behaviors and expectations are in place that affect the culture?  
What impact do these have on the culture?  
Are guest needs a norm?  
Is facilitation of employee needs a norm? | • Greetings  
• Language & phrases  
• Expectations set by leadership  
• Common employee interactions  
• Common leader-employee interactions  
• Common leader/employee-guest interactions  
• Unspoken rules  
• Uniforms norms |

**Actions to Be Taken:**

The goal of the analysis is to draw down on values and assumptions that are revealed through the process. That is, the meaning behind the observations is the important factor rather than the observations themselves. To ensure objective and thorough results, several factors should be considered:

1. Use combinations of observed elements to form consistent themes. Rather than focusing on a single observation or example, use multiple examples from various sources to identify patterns in the culture. These patterns or themes provide the basis for identifying beliefs and assumptions.

2. Include both positive and negative observations to form themes. Often, negative examples can be more revealing than positive examples.

3. Discuss these themes in a group setting with no judgments. Members of the audit team must be able to honestly reveal their interpretation with no threat of criticism or retaliation. A group dialogue that allows for connections among the observers is desirable.

4. Tell stories rather than revealing facts. Stories help to provide linkages in a thorough and compelling way. In addition, stories help to reveal deep dimensions of the culture.

5. Identify conflicts between artifacts and beliefs, as well as conflicts between espoused values and actual organizational action. These conflicts can form the basis of actions that should be taken to strengthen the culture.

6. Identify values and assumptions that are revealed by the themes that emerge. The ability to take the analysis to the root level as discussed by Schein (1992) will be a measure of the success of the audit. In addition, the validity of these assumptions should be questioned. Are the assumptions still valid or have they been negated by innovation or changes in the marketplace.

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7. Use the findings to take action. Once the results have been discussed and deciphered, the critical next step is to act based on the findings. The categories used in the culture analysis can also be used as a model for action planning.

Conclusion

The purpose of this study was to provide a theoretical foundation for conducting an organizational culture audit in the hospitality environment. It seems clear that a strong customer-focused culture would be beneficial in gaining competitive advantage. In an effort to craft such a culture, an applied model is proposed which should allow hospitality executives and their executive committees to conduct a thorough assessment of their culture. By identifying deficiencies or gaps, action may be taken to strengthen the culture. It is hoped the direction provided here is useful for researchers and practitioners, however several limitations exist.

First, cultural auditing can be a very complex task and one that requires careful application. This model may simplify the process, but caution must be used in both that data collection and the interpretation. Next, while many areas of organizational culture are provided here, the model may not be useful for all organizations as is. Every culture is different there may be additional areas of analysis that should be included. This study should however provide an adequate starting point for varying types of organizations. Finally, the literature on organizational culture is vast. While mainstay authors and studies have been included, an expanded version of this paper can pay greater attention to components of culture assessment that could not be addressed here.
References


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