

# **The Effect of Inter-functional Coordination on Organizational Commitment in the Hotel Industry**

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## **ABSTRACT**

*This study is centered on inter-functional coordination in relation to organizational commitment in the hotel industry. Inter-functional coordination is defined in this study as the communication and sharing of information and resources, and integration and collaboration of different functional areas/departments. Organizational commitment is a psychological state that characterizes the employee's relationship with the organization. It consists of three components: affective, continuance, and normative commitment. Using a sample of 300 non-supervisory employees from 15 hotels, this study investigates the effect of inter-functional coordination on the three dimensions of organizational commitment. Data will be examined using confirmatory factor analysis, ANOVA, and correlation analysis.*

**Keywords:** *inter-functional coordination, organizational commitment, hotel industry.*

## **INTRODUCTION**

Everyone has to work with people. It is especially true in the hotel industry, where employees are encountering people everyday, both people from the external environment, including customers and suppliers, and people from other functional areas within the hotel. The hotel business is often a complex business with a variety of departments interacting with each other to meet both corporate performance goals and the expectations of the guest. The multi-function characteristic of hotel industry makes managers and researchers aware of the critical role of Inter-functional Coordination (IFC).

IFC originally stems from the market orientation concept, which advocates that marketing is not only the responsibility of a marketing department (Kohli & Jaworski, 1990), but requires the coordinated efforts of different departments to create superior value for customers (Narver & Slater, 1990). Born in the external marketing concept, IFC is also attracting researchers' attention in the internal marketing literature. It is identified as one of the five criteria of internal marketing (Rafiq & Ahmed, 2000). Employees are no longer people who provide goods and services to customers (Farzard et al., 2008). Internal marketing views all employees as internal customers, suggesting that internal customers be

satisfied not only with the organization's human resource management practices but also with the internal services and coordination they receive from coworkers (Kusluvan et al., 2010). In this study, IFC is treated as a combination of external and internal marketing concepts.

Data show that hospitality industry, in which hotel industry is a major sector, had the highest turnover rate in 2007<sup>1</sup>. A paycheck may keep an employee physically on the job, but may not keep the employee emotionally on the job. In the examination of employee behavior, Organizational Commitment (OC) becomes an important issue. It has been defined as an employee's psychological attachment to the organization, which has an important impact on turnover rate (Shore & Martin, 1989). Recognizing the importance of human capital and the critical role IFC plays in employees' relationship with the organization, this study proposes that IFC can affect an employee's OC to the hotel. The purpose of this study is therefore to examine the effect of IFC on OC in a hotel setting. It helps us understand employee's psychological attachment to the job and to the organization, so as to better understand employee behaviors such as turnover intentions in the hotel industry. The findings will shed light on employee behavior and will also have practical implications for hotel managers to deal with the important human resource management issues of cooperation and commitment.

## **LITERATURE REVIEW**

The definition of OC has gone through several stages, with different focuses on side-bets, attributions, and congruence of individual/organizational goal (Reichers, 1985). Porter et al. (1974) defined OC in terms of the strength of an individual's identification with and involvement in a particular organization. The 15-item Organizational Commitment Questionnaire (OCQ) developed by Porter et al. (1974) was still being utilized. It reflects an individual's willingness to work towards and accept organizational goals. OC can also be defined as an employee's psychological attachment to the organization and an important attitudinal predictor of employee behavior and intentions (Shore & Martin, 1989). The most popular conceptualization of organizational commitment is Meyer & Allen (1990)'s three-component model, the three components being affective commitment (emotional attachment), continuance (perceived cost), and normative commitment (feeling of obligation). Based on previous versions of scales, Meyer & Allen (1990) generated a pool of 51 items to measure OC, in which the 15-item OCQ (Porter et al., 1974) was included. A final questionnaire consisting of 24 items (eight for each component of OC) was developed. The model was empirically tested using school nurses (Meyer et al., 1993).

The term IFC appeared, from the perspective of external marketing, as one of the three components of market orientation concept. Narver & Slater (1990) inferred from previous literature three behavioral components of market orientation: customer orientation, competitor orientation, and IFC orientation. The purpose was to point out that, besides the understanding of customer and competitor information, marketing requires inter-departmental cooperation and sharing of information and resources. IFC was defined as the coordinated utilization of company resources in creating superior value for target customers (Narver &

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<sup>1</sup> Source: [http://compforce.typepad.com/compensation\\_force/2008/02/2007-turnover-r.html](http://compforce.typepad.com/compensation_force/2008/02/2007-turnover-r.html)

Slater, 1990). Then there was the concept of interdepartmental dynamics, which consists of two dimensions: interdepartmental conflict and interdepartmental connectedness (Kohli & Jaworski, 1990; Jaworski & Kohli, 1993). Based on the examination of its measurements, interdepartmental connectedness can be viewed as similar to IFC. Tay & Tay (2007) referred to IFC as the degree of co-operation between the different functions/departments within the organization.

As the literature on internal marketing is rapidly growing, IFC is also viewed as an important criterion of internal marketing. Rafiq & Ahmed (1993, p. 229) defined the boundary between marketing and human resources management while arguing that organizations need to “look at ways of increasing cross-functional coordination”. Though mentioned as early as in 1993, IFC was not “officially” identified as one of the criteria of internal marketing until in 2000, when Rafiq & Ahmed proposed a comprehensive definition of internal marketing. Rafiq & Ahmed (2000) reviewed conceptual and empirical literature on the definition of internal marketing and identified IFC as one of the five main criteria of internal marketing, the other four being employee motivation and satisfaction, customer orientation and customer satisfaction, marketing-like approach to the above, and implementation of specific corporate or functional strategies. Auh & Menguc (2005, p. 252) viewed IFC as “a key form of internal social capital” and described IFC as the ability of different functional areas to accommodate disparate views and work around conflicting perspectives and mental models. In a recent study examining the effect of internal marketing on OC in Iranian banks, IFC was specified as “rapid and synchronized flow of information” and “adoption between structure and strategy” (Farzard et al., 2008, p. 1483).

Combining internal marketing and market orientation concept, Bouranta et al. (2005, p. 358) argued that “internal marketing exerts a positive influence on market orientation”. This provides us with some evidence that internal marketing and market orientation should be functioning in the same direction. Hence it is reasonable to borrow the ideas of IFC from both internal marketing and market orientation sides. This study integrates the definitions of IFC from both external and internal marketing points of view while identifying two dimensions of IFC: (1) the integration and collaboration of different functional areas/departments; (2) the communication and sharing of information and resources.

Several studies have linked IFC with OC. Jaworski & Kohli (1993), using bank managers, investigated the indirect relationship between IFC and OC, putting market orientation in between. The results showed that IFC has a positive impact on market orientation, and market orientation is positively related to OC. From the perspective of internal marketing, Caruana & Calleya (1998), collected data from marketing executives, examined the relationship between internal marketing and OC. They utilized Meyer & Allen’s (1990) three-component model and confirmed the important role of internal marketing in fostering affective commitment. Though internal marketing was examined as a whole, it is still reasonable to hypothesize the importance role of IFC on OC, since IFC is a critical component of internal marketing. Farzad et al. (2008) studied the effect of the five criteria of IM on OC in Iranian banks. The results showed that managers consider inter-functional coordination and integration to have the most importance on OC. Though

considering OC as an integrated perspective of affective, continuance, and normative commitment, they did not distinguish among the three components when testing the model. Based on Farzad et al.'s (2008) study, this study is examining the effect of IFC on the three components of OC respectively.

## METHODOLOGY

### Hypotheses

H<sub>1</sub>: IFC has a positive effect on affective commitment.

H<sub>2</sub>: IFC has a positive effect on continuance commitment.

H<sub>3</sub>: IFC has a positive effect on normative commitment.

### Data collection and analysis

The study utilizes a self-administered survey among non-supervisory employees from hotels in a Midwestern city of the United States. 300 employees will be randomly selected from 15 heterogeneous hotels so that the sample comes from a wider range and are more representative. Questionnaires will be distributed during staff meeting. Survey participants will place the completed questionnaires in an envelope. The envelope will be sealed and returned to the researcher.

The questionnaire consists of two parts. The first part asks participants to self-report their demographics: age, gender, level of education, years of experience in the hotel industry, and which department of the hotel the respondent comes from. The second part includes items that measure IFC and OC, using a five-point Likert scale. Tay & Tay (2007)'s six items will be used to measure IFC. Meyer & Allen (1990)'s twenty-four items will be used to measure OC. Confirmatory factor analysis will be used to validate measures. Descriptive statistics will be gathered to describe the subjects and analysis of variance will be used to compare departments and demographic groups. Correlation analysis will be applied to examine relationships within the collected data. The mean score of each item and each dimension will be collected and correlation coefficients will be computed.

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