



The influence of corporate culture and workplace relationship quality on the outsourcing success in hotel firms



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ABSTRACT

Although hotel outsourcing research has studied the effect of corporate culture on inter-organizational relationship success, little is known about how it influences the way internal and external workers relate and behave in the workplace. Questionnaire data obtained from 215 internal employees at 14 hotels in Gran Canaria (Spain) on Cameron and Quinn's (1999) Clan, Ad-hoc, Market, and Hierarchy corporate cultures, the relationships of trust, relational and task conflict between internal and outsourced staff, and customer-oriented (COBs) and service sabotage behaviors have been analyzed. Structural equation modeling results indicate that trust and relational conflict are the main relationship outcomes significantly associated with sabotage or customer-oriented behaviors (COBs), and Clan and Adhocracy are the only culture types that reduce relational conflict or increase trust significantly. A practical implication is that explicit attention should be paid by hotel managers who outsource services to the need to integrate the innovative Adhocracy with family-oriented Clan in hotel organization culture.

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1. Introduction

Outsourcing is a frequent strategy in the hospitality sector, where suppliers offer services that cover practically all of the necessary activities for the hotel activity, including catering, laundry, cleaning and maintenance services, among others (Espino-Rodríguez and Padrón-Robaina, 2005). This wide range of activities carried out by hotels, the large variety of associated workers, and the volatile nature of the demand make hotel operations especially suitable for outsourcing (Lamminmaki, 2011). As Guilding (2009) points out, the high variability of hotel demand is apparent throughout an economic cycle, over the course of a year, or even the same day. It is easy to understand, therefore, why outsourcing has been described as “part of the fabric of hotel operations” (Wood, 1999:2).

Although the outsourcing of functions in a hotel is an important strategy with potential benefits, it is not without risks. As such, the literature on outsourcing suggests that hospitality organiza-

tions that outsource can lose control over the outsourced services provided, coming to depend excessively, and at times dysfunctionally, on the service provider. The outsourcing of certain services can also put at risk sensitive information about the organization that can be misused by the provider (Domberger, 1998; Kakabadse and Kakabadse, 2000; Lamminmaki, 2011) and perceived as negative for individual job security (Geishecker, 2008) and employees' health and safety (Mayhew et al., 1997). In spite of these advances in the knowledge about the potential risks and benefits of outsourcing hotel strategies, very few studies have focused primarily on the individual level of analysis to examine the effects of outsourcing on the relations between internal and outsourced employees in hotels, and whether the nature of these relations can affect the outsourcing performance. Kakabadse and Kakabadse (2000) and Lamminmaki (2011) point out this gap by suggesting that when outsourcing is used, the in-house employees may not be able to establish bonds with the outsourced employees, due to a loss of in-house skills and innovative capacity (Lamminmaki, 2011:972). Moreover, Ansley (2000), when listing potential factors impinging on the outsourcing decision, asserts that social costs inhibit a desire to outsource. One factor that appears to be associated with outsourcing is trust. Lamminmaki (2011) states that a lack of trust and cooperation could hinder the success of the outsourcing (see also, Ring and Van de Ven, 1992; Gietzmann, 1996). In addition, Domberger (1998) suggests that inter-organizational cooperation

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and trust are key factors in the success of outsourcing (see also, [Sabherwal, 1999](#)). However, this suggestion has been overlooked by prior outsourcing research when trust is examined at the individual level of analysis, and interpersonal trust may affect the relationships between internal and outsourced staff and their resulting behavior. [Boon and Holmes \(1991:194\)](#) define interpersonal trust as a “state that involves positive and certain expectations about others’ motives toward us in situations of risk.”

This gap seems to widen even more because the previous literature has systematically ignored any model at the individual level of analysis that includes conflict, in addition to trust, as a success factor in outsourcing. [Leeman and Reynolds \(2012\)](#) found that for the outsourcing provider, not only trust, but also benevolence and adequate communication, are vital to developing and maintaining a productive, enduring relationship. An escalation of conflict, by contrast, is a frequent and intense social cost usually produced by the lack of trust and cooperation between employees who work side by side or in teams. [Jehn \(1995, 1997\)](#) distinguishes between task conflict and relational conflict. The former captures the perceptions of disagreement that would exist between internal and outsourced coworkers about the content of their decisions, and it would involve different viewpoints, ideas, and opinions between these two collectives. The latter, relational conflict, is a perception of interpersonal incompatibility that would typically include tension, dislike, and antagonism between internal and outsourced coworkers. A lack of trust and an escalation in conflict (task and relational) between internal employees and their outsourced coworkers are social costs of outsourcing at an individual level that seem to be able to play an important role in the outsourcing functioning and provoke reactions that endanger its success. However, to date, they have only been referred to anecdotally.

Another way the success of outsourcing can be endangered is if it produces greater individual employee inefficiency. As [Kakabadse and Kakabadse \(2000\)](#) and [Lamminmaki \(2011\)](#) pointed out, “in further research, consideration could be given to examining the significance of the following considerations in the outsourcing decision: [...] a quest for enhanced customer satisfaction and loyalty” ([Lamminmaki, 2011:972](#)). [Rao \(2015\)](#) studies the performance of global outsourcing teams, suggesting that the lack of trust and cooperation between the internal and outsourced personnel could have a negative impact on hotel guests. Thus, service sabotage is a counterproductive behavior that may be performed by internal employees and threaten the outsourcing efficiency. Service sabotage behavior is defined as “organizational member behaviors that are intentionally designed to negatively affect service” ([Harris and Ogbonna, 2002:166](#)). More than 85% of customer-contact employees have admitted to performing some type of service sabotage behavior, and more than 90% (including some general managers) say it is an everyday occurrence ([Harris and Ogbonna, 2002](#)). On the other hand, in-house employees can also harm outsourcing efficiency by withholding their customer-oriented behavior (COBs), that is, conventional organizational citizenship behavior (OCB) ([Organ, 1988](#)), but specifically directed toward guests. In this case, employees can leave guests alone to solve their own problems, abandoning them to their fate, or they can fail to take steps to foment guests’ well-being in the hotel.

A major factor that might affect the occurrence of trust, conflict, and the aforementioned behaviors, to a greater or lesser extent, is the corporate culture of the hotel as perceived by each employee individually. Various studies on hotel outsourcing have shown a growing interest in the cultural factor ([Espino-Rodríguez and Gil-Padilla, 2005](#); [Espino-Rodríguez and Padrón-Robaina, 2004, 2005](#); [Hemmington and King, 2000](#); [Lam and Han, 2005](#)). As such, some previous literature has studied the impact of corporate culture (e.g., [Rao, 2013](#); [Hemmington and King, 2000](#); [Langfield-Smith and Smith, 2001, 2003](#)) on the success of inter-organizational relation-

ships in the context of hotel outsourcing. However, the studies have been carried out exclusively on overall outsourcing relationships between hotels and their outsourced service providers from a macro-social perspective. They thus overlooking whether certain individual perceptions of organizational culture, compared to others, could lead outsourcing workers to produce different individual outcomes in the outsourcing framework, such as lack of trust and a possible escalation of task and relational conflict between internal and outsourced employees. Consequently, examining different types of corporate culture in hotels with ongoing outsourcing activity could be a helpful tool to attenuate potential mistrust between internal employees and outsourced staff, and the relational and task conflict risks derived from the outsourcing functioning.

In summary, first this paper plans to justify and formulate hypotheses based on the theory and research discussed above. Next, using structural equation modeling (SEM), we will carry out a confirmatory factorial analysis (CFA) that provides empirical evidence about whether the variables studied represent separate constructs. The paper will also examine the hypotheses formulated, by considering a whole SEM model that incorporates all the variables under study. Finally, the managerial implications of the results will be discussed.

2. Literature review and hypotheses

2.1. Corporate culture and outsourcing

Corporate culture is defined as a pattern of shared values and beliefs, helping individuals to understand organizational functioning ([Deshpande and Webster, 1989](#); [Kotter and Heskett, 1992](#)). For [Shein \(1985\)](#), corporate culture comprises basic assumptions that a given group has invented, discovered or developed while learning to manage the outsourcing adaptation and internal integration problems. For more than 30 years, many researchers have studied the possible link between corporate culture and certain variables associated with efficiency or efficacy (for a review, see [Hartnell et al., 2011](#)). According to [Pascale \(1990\)](#), the corporate culture could predict organizations’ capacity to survive certain changes imposed by the environment.

A critical part of the role that corporate culture can play in organizations is its influence on employees’ attitudes and behaviors ([Smircich, 1983](#)). Encouraging employees to either act against the hotel’s interests or guide their actions to its advantage ([Doran et al., 2003](#)), corporate culture is conceptualized by [Deal and Kennedy \(1982\)](#) as the underlying values and attitudes that affect the way things are done in an organization, i.e., the ‘style’ of ‘the way things are done around here.’ Thus, extensive prior research refers to organizational culture as a factor to take into account in trying to achieve successful outsourcing and organizational effectiveness from an individual level perspective (e.g., [Hartnell et al., 2011](#); [Hemmington and King, 2000](#); [Langfield-Smith and Smith, 2001, 2003](#)). [Langfield-Smith and Smith \(2001\)](#) establish, for example, that culture clash in organizations is a factor that weakens the control over the outsourcing processes. [Espino-Rodríguez and Gil-Padilla \(2005\)](#) also indicate the benefits obtained when the employees of external service providers understand a hotel’s culture.

Because the outsourcing of services in a hotel is an important strategy with potential benefits for the hotel’s performance, outsourcing may be positively viewed by the hotel staff. When employees experience outsourcing on a day-to-day basis, by overcoming their possible resistances and prejudices against outsourcing, they are likely to become aware of its benefits. As [Amiti and Wei \(2005:338\)](#) indicate, there is “a body of evidence that suggests that neither aspect of the anxiety [of employees about service outsourcing] is well supported by the data.” [Fox’s \(1966\)](#) unitarism

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