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Will generations experience a culture clash in hotels

An exploratory study

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ABSTRACT

This research explores how Baby Boomers (1945 –1964), Generation X (1965–1980), and Generation Y (1981–1995) perceive organisational culture in an international hotel chain, using Quinn's competing values model. The sample consisted of 181 employees (response 72%). The four orientations that constitute organisational culture (support, innovation, rules, and goal) range between 3.7 and 4.0, indicating a predominantly formal mechanistic culture. We found no significant differences between the three generations, between labels under the main hotel brand, or between regional and city hotels. Gender shows significant but small differences. We may conclude that all three generations perceive organisational culture alike, thus allowing comparison between intergenerational expectations regarding organisational culture, the next step in this research.

Key words: generation, generational differences, organisational culture

Introduction

Large hotels have expanded globally over the last thirty years. To manage this expansive growth, many of these chains have chosen for strong hierarchical structures and uniform corporate values to warrant consistent consumer experiences. This has also resulted in very structured work procedures for hotel staff, which can be seen in the proliferation of Standard Operating Procedures and streamlining of procedures.

Turnover in hospitality industry is high and has long been a concern. Voluntary employee turnover averages 60% in North America and Europe (Wasmuth & Davis, 1983; Woods & MacCauley, 1991), and is even higher in food and beverage, front office, and house keeping. Around 50% of the hotels in The Netherlands are short of staff, especially at operational level (Van Spronsen, Verschoor, Rietveld, Timmermans & Termote, 2006). Blomme, Tromp and Van Rheede (2007), and Lub et al (2001) have shown that within 6 years after graduation, about 70% of all graduates have left the hospitality industry. In other words, it is a short-staffed industry with a constantly high employee turnover. This is a costly matter, as Hinkin and Tracey (2000) have shown that the costs for employee turnover are substantial, even for entry-level positions for relatively simple jobs. Based on their turnover model, they calculated that cost of recruitment and training amount to approximately one third of the annual salary in the case of a front office employee. Others name even higher figures (Weaver, 2009). In summary: turnover requires substantive investments. This could even be an underestimation, according to Hinkin and Tracey (2000). They also argue "that often the people who leave are those who are most talented". They name quality of supervision, inadequate compensation, and poor work environment as main causes for this voluntary turnover. Blomme, Tromp and Van Rheede (2007), Lub et al (2003, 2008) and Barron (2008) also name salary and anti-social working hours as a strong predictor for employee turnover.

Given the departments with the highest turnover, and the average retention of staff after graduation, one might argue that the hotel industry is not appealing (enough) for the youngest generation in the workforce, Generation Y. This Generation, together with Generation X and the Baby Boomers, forms the hospitality work force at the moment. The concept of 'generations' are schemata used to characterize cohorts that have shared similar experiences in their so-called formative period (roughly from 17 – 25 years; Mannheim, 1972).
As a result of shared experiences during their formative period, generations develop certain characteristic values, attitudes, preferences, and behaviours. These (generalized) characteristics influence e.g. preferred organizational culture and attitude towards work, authority and leadership. These generational characteristics may shift when people enter new phases in life. Although some researchers argue that at any moment in time, differences between generations can be explained by life phase (e.g. Lunt & Livingstone, 1992; Aro et al., 2005), many authors claim that 'generation' and 'life phase' are complementary constructs (Howe and Strauss, 2007).
Looking at the age distribution in the hospitality industry, three generations are present: Baby Boomers (1945 – 1965), Generation X (1966 – 1980) and Generation Y (1981 – 1995). This means that employees and their manager(s) may be from the same or a different generation.
Table 1 shows a brief description of these three generations, based on Eisner (2005) and Dries, Pepermans& de Kerpel (2008).

Table 1.

Descriptions of Generations (Eisner, 2005; Dries, Pepermans & de Kerpel, 2008)

Generation (years after Eisner, 2005)	Formative experience	General values/qualities	Work values
Baby Boomers 1945–1964	Post-war prosperity Largest generation Anything is possible, prosperity	Loyal, tolerant, creative, self-absorbed, optimistic, want it all, idealistic	Workaholic, innovative, advancement, materialism
Generation X 1965–1980	Globalization, economic crisis, latchkey kids, divorces, downsizing	Sceptical, individualistic, less loyal, entrepreneurial, flexible	Materialism, balance, self-supporting, work-life balance, fun, want constant feedback and rewards
Generation Y Later than 1980	Prosperity, uncertainty, terrorism, structured life/live at home, internet, strong social pressure	Balance, collectivism, confidence, civic mindedness, learning, shared norms	Passion, demand respect, work to live, work together, structure, challenge, look to have an impact, want even instant feedback and rewards

Research in health care stresses the importance of insight in intergenerational issues (Kupperschmidt, 2000). Piper (2008) states that the survivability of health care organizations will be compromised, unless leadership will be able to grab hold of this new Generation Y. The sector is characterized by a high degree of direct customer contact, shortage of nurses, emphasis on team-work, and a high-stress environment (Weingarten, 2009), not unlike the hospitality sector. Differences between generations with respect to organizational culture are reported (Cordeniz,2002; Piper, 2008). Schein's research on career anchors supports the shift in work values from generation to generation (Schein, 1996).

Organisational culture can be characterized using the competing values approach (CVA) suggested by Cameron and Freeman (1991). Its value dimensions are derived from general organizational theory. CVA proposes two predominant dimensions, namely informal/formal (preferences about the importance of organizational structure; the familiar distinction between organic and mechanistic forms of organization) and internal/external dimension (maintenance of the internal socio-technical system or improvement of the competitive position within the external environment; sustaining vs. competing). The four resulting cultures are 'Adhocracy', 'Market', 'Hierarchy' and 'Clan' (Table 2, based on Van Muijen et al 1999).

Table 2

Characteristics of the four orientations of organizational culture (Van Muijen et al 1999)

Adhocracy	*Market*	*Hierarchy*	*Clan*
Creativity, openness to change, commitment and involvement of employees expected	Rationality, performance orientation, accountability, contingent reward	Formal authority, rationality of procedures, division of work, top down communication	Participation, people-based, mutual trust, team spirit, informal communication

To ascertain to what extent the prevailing organizational culture in hospitality industry influences employee retention, the perceived organisational culture in (e.g.) needs to be determined, not in general, but for each generation of employees. Once this has been established, insight in preferred culture, linked to generation, may provide valuable information that can be used to influence staff turnover.

Purpose of the study

This study discusses whether perception of organizational culture in a major international hotel chain differs between generations.

Methods

The study was conducted in a major international hotel chain, in hotels in the economy and luxury segment. Perceived organisational culture was measured using a self-administered validated questionnaire, based on the competing values approach (FOCUS, Van Muijen et al., 1999). The first section of the questionnaire contained general questions about age, gender, job level (operational, middle management, top management), and number of years with the organisation. The second section contained 25 6-point Likert scale items (never – always) on perceived organisational culture, namely 8 items for 'support orientation', 6 for 'innovative orientation', 4 items for 'rules orientation', and 7 items for 'goal orientation'.

Over a period of four weeks from December 2008-January 2009 interviewers visited a total of 6 hotels in the economy and luxury segment to hand out questionnaires. Three of the hotels were located in the greater area of Amsterdam and the other three were located in smaller cities in the eastern part of the country. With consent of the General Managers, 250 staff members were asked to participate and given time to fill in the questionnaire during work hours, in the presence of a research assistant in a private area of the hotel. All data was collected anonymously.

Data was analyzed using SPSS, versions 15.0 and 17.0. Statements were analyzed with one-way Anova, comparing for generations. Significant results were further analyzed using Post-Hoc analysis (LSD) to filter out differences between specific generations.

Results

A sample of 181 valid responses was collected from the six hotels, representing a 72% response rate. The respondents are described in Table 3. The sample has a balanced representation of men and women (45 % and 54%, respectively) and generations (34% Baby Boomers, 32% Generation X and 34% Generation Y). The mean age of the respondents is 36 years (SD = 12, range 17–59), and the average number of years of employment is 8 (SD = 8.7, range 0–33 years). The distribution of the years of employment show that 25% is employed less than one year, 19% is employed 2 – 5 years, 27% for 6–15 years, and 18% for 16 – 33 years; approximately 50% of the staff is employed less than 5 years. These numbers indicate a high staff turnover. Operational staff and middle management are both represented (69% and 30%, respectively), but only 2 top managers participated.

Table 3
Sample profile

	n	*%*
Gender (N=179)		
Men	81	45
Women	98	54
Level (N=180)		
Operational	124	69
Middle management	54	30
Top management	2	1
Generation (N=181)		
Baby Boomers (1945 – 1964)	61	34
X (1965 – 1980)	62	34
Y (1981-)	58	32
Type of hotel (N=174)		
City	77	43
Regional	104	57
Employment duration with hotel (N=181)		
0-1 year	45	25
2-5 years	52	29
6-15 years	50	27
16-33 years	34	18

The mean values for the four orientations that constitute organizational culture range between 3.7 and 4.0 (Table 4), indicating a predominantly formal mechanistic culture according to the competing values approach (Quinn & Freeman, 1991).

The four orientations show no significant differences between Baby Boomers, Generation Y and Generation X, indicating that these three generations perceive the organisational culture in an identical way (Table 5). Cronbach's α was use to measure the reliability of the scales. For Support-, Rules-, and Goal Orientation Cronbach's α scores range from .65 – 78 and indicate an average to good reliability of the scales. However, the α score for Innovative Orientation is .57, which means that the internal consistency of these items is somewhat weaker.

There are a few differences at item level, for the orientations 'support', 'rules' and 'goal'. These differences show that Generation Y is somewhat different from Baby Boomers and Generation X. With respect to the other generations, they perceive the organizational culture as
– less supportive for non-work problems
– more encouraging towards new ideas
– more aimed at compliance to rules, for themselves as well as for their managers
– more procedure driven
– more aimed at fixed standards for performance.

The characteristics of Generation Y being 'passion, demand respect, work to live; shared norms, work together, structure' (Eisner, 2005; Dries, Pepermans & de Kerpel, 2008), their perception of organizational culture seems to be coloured by their generations' cultural preferences.

However, one might ask why these differences at item level are not reflected in differences at orientation level. Therefore, the effect of a number of possible intervening variables on the perception of organizational culture was determined. Analysis showed that there is no significant difference between perceived organizational culture between the economy, midscale and upscale hotels within the sample. There is also no significant effect between the six individual hotels, and there is no effect of the location (Amsterdam vs. regional hotels). A small gender effect was found. Men score significantly higher on the 'innovation' and 'rules' orientation. A gender effect is not unexpected. Terjesen, Vinnicombe & Freeman (2007) have shown sex differences among university students "in both the importance of organisational attributes and the perceived extent of their presence in three organisations".

Table 4
Means and standard deviation (SD) of variables (summated scales)

	Mean	*SD*	*N*
support orientation	3.88	0.64	169
innovative orientation	3.73	0.93	169
rules orientation	4.02	0.78	171
goal orientation	3.95	0.71	173

Table 5
ANOVA of the four orientations that constitute organizational culture range. Groups are Baby Boomers, Generation X and Generation Y.

		Sum of Squares	*df*	*Mean Square*	*F*	*Sig.*
Support orientation	Between Groups Within Groups	1.22 67.31	2 166	0.610 0.405	1.505	0.225
Innovative orientation	Between Groups Within Groups	3.97 140.97	2 166	1.986 0.849	2.338	0.100
Rules	Between Groups	2.66	2	1.329	2.201	0.114

		Sum of Squares	df	Mean Square	F	Sig.
orientation	Within Groups	101.40	168	0.604		
Goal orientation	Between Groups Within Groups	1.07 85.67	2 170	0.535 0.504	1.061	0.348

Discussion

The three generations in the work force (Baby Boomers, Generation X and Generation Y) were represented equally in the sample, but a closer look at the age distribution shows that employees between 35 and 46 years of age are underrepresented. More precisely, men between 34 and 42 and women between 28 and 32 and around 46 are underrepresented. Further research is needed to determine whether this is a general pattern in hotels. The generations were similar in their perception on the organizational culture, with the four orientations ranging from 3.7 to 4.2 on a scale of 1-6. This indicates that a measurement of preferred organizational culture will not be biased by generational differences in perceived culture.

It could be argued that the lack of intergenerational differences is caused by a process of self-selection. Clark (1998) proposed that analysis of workers' values combined with their labour market outcomes suggested that workers self-selected themselves into jobs that suited their preferences. This is supported by Taris et al. (2005). Staff that perceives the organizational culture differently would either not aspire to work for this chain, or would have a lower retention rate. This warrants further research.

The sample showed differences in perceived culture at item level. We expect to find larger differences between generations with respect to e.g. preferred culture and commitment, in accordance with Keating et al. (2002) and Blomme, Tromp and Van Rheede (2007). Do present day hotels provide interesting job opportunities for Generation Y? A better match between employee and organizational values predicts commitment and satisfaction (O'Reilly, Chatman, & Caldwell, 1991). Attracting Generation Y is essential for hotels given the high turnover, and one might argue to what extent the present organizational culture suits Generation Y, and also whether the influx of Generation Y will have an impact on the prevailing culture. The latter is not supported by authors like Harrison and Carroll (1991) and Schein (1996), who have concluded that organizational culture is highly stable, even in formal organizations with a high turnover, rendering it difficult for e.g. Generation Y to change to prevailing culture. On the other hand, Bontekoning (2007) and Tulgan (2003) suggest that Generation Y can have a changing impact on the cultural values. Bontekoning (2007) argues that Generation Y can be defined as a sub-culture within an organisation that will ultimately influence values of the entire organisation. Tulgan (2003) states that the sheer size of Generation Y will impact organizational values as soon as a "critical mass" is reached. He suggests this critical mass point is reached when the number of Generation Y employees supersedes that of Baby Boomers which will the case in the next five years. This leaves the question whether the categorisation of the work force in generations provides the best explanation for differences in perceived (and preferred) organizational culture. This is an ongoing debate, and requires further research.

Conclusion

Using a questionnaire based on the Competing Values Model, we have determined the orientation of the perceived organizational culture in a major hotel chain. Findings show that the four orientations that constitute organisational culture (orientation towards support, innovation, rules, and goal) range between 3.7 and 4.0, and indicate a predominantly formal mechanistic culture. We did not find significant differences in perceived culture between three generations, namely Baby Boomers, Generation X and Generation Y. Also no significant differences were found between labels under the main hotel brand, nor between individual hotel properties. Gender shows significant but small and predictable differences, as men score higher on 'rules' and 'innovation'.

We may conclude that all three generations perceive organisational culture alike, thus allowing comparison between intergenerational expectations regarding organisational culture, the next step in this research.

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