STUDY OF ORGANIZATIONAL STRUCTURE AND ORGANIZATIONAL CLIMATEIN HOTEL INDUSTRY AND ITS IMPACT ON ORGANIZATIONAL PERFORMANCE

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ABSTRACT

Organizational structure and organizational climate are two important variables impacting performance of all the organizations and hotel industry is not an exception to this. An organizational structure that is systematic, simple, neat, comprehensive, and flexible facilitates the smooth functioning of administration and management of the business enterprise. Similarly, an organizational climate that is positive, encouraging, healthy, and free from politics fosters team-work and leads to excellence in organizational performance. A study was conducted to explore these concepts in practice in relation to hotel industry through survey of 125 managers from large hotels in Mumbai. The survey was conducted through a questionnaire consisting of sections to map organizational structure & organizational culture and organizational performance. Findings showed that those respondents who reported effective organizational structure and positive organizational climate reported more effective performance than those who reported lesser effective organizational structure and negative organizational climate. The study thus validates the impact of organizational structure and organizational climate on organizational performance in case of hotel industry.

Introduction

A structure addresses the parts that are held all together altogether founded on some relationship. With regards to management, the term "structure" infers an arrangement that makes us figure out and execute the frameworks in a successful way. The structure is invariably related to the technique and the environment, it is on the grounds that the structure is a sub-component or an assembly of relations or a sub-framework that works under a supra framework in a specific environment. "Corporate Structure" or an "Organizational Structure" addresses the regular design among individuals and the social event concerning the designation of tasks, commitments, and authority well inside the organization. An organization structure is a way the tasks and sub-endeavors expected to execute a philosophy are arranged. Organization as a 'Structure' is the organization of even and vertical arrangements planned to achieve the common goals. It is the instrument or the mechanism by which people's ability and workplaces are facilitated to achieve preset objectives. Organizational climate is an indicator for passing judgment on the employee feeling about their bosses' approaches and practices. By estimating the readings of this gauge, organizational approaches and practices can be made more lined up with organizational objectives and methodology. Organizational structure and organizational climate are two important variables impacting performance of all the organizations and hotel industry is not an exception to this. A study was conducted to explore these concepts in practice in relation to hotel industry through survey of 125 managers from large hotels in Mumbai. This paper presents the findings of the same.

Literature Review

Many types of research have hypothesized red tape alike to a neurotic subset of organizational formalization. This study claims that concentrating on a single dimension of organizational structure as a red tape driver is idealistically tight. Precisely, the study advances theories with regards to how organizational centralization and hierarchy affect professed red tape, nevertheless formalization (Kaufmann et al. 2019). Given their multi-dimensionality, transformational leadership behaviors were outlined as a two-dimensional structure: organization-related behaviors (OBs) and person-related behaviors (PBs). Conclusions presented that the two OBs and PBs were facilitated by mental empowerment to regulate organizational commitment. More critically, the conclusions specified that the authorizing procedure driven by both leadership behaviors is liable on

organizational structure. Precisely, centralization negatively weakened the empowering process of PBs (Kim and Shin, 2019). As new roles arise in organizations, it becomes basic to comprehend how organizational structure can hinder or enable the managerial discretion available to role officials. The study influences the rich context provided by the developing role of sustainability managers to inspect the interplay between the top-down forces of structure and the base up influences of decision-making will in molding new organizational roles over time (Sandhu and Kulik, 2019). This study examined the connection between the important scopes of organizational structure which are formalization, centralization and complexity; and environmental responsiveness in a sample of 109 companies in the European air passenger transport industry. Broadly confirming our theories, the conclusions demonstrate that high validation of routine assignments favors ecological responsiveness. Structures categorized by high regionalization and low intricacy additionally favor ecological responsiveness. Furthermore, decentralization has a huge, positive relationship with ecological responsiveness among organizations with low vertical complexity. Overall, the conclusions specify that organizational structure assumes an important role in ecological responsiveness (Pérez-Valls et al., 2019). Organizational flexibility is an all-encompassing and complex concept. This study moved beyond focusing on sudden and troublesome events for foreseeing the unexpected in every day arranging. Organizational flexibility is understood here as building attributes of risk awareness, preference for cooperation, readiness, and spontaneous creation and is analyzed using a longitudinal qualitative case study (Andersson et al., 2019). The duties of one delegate from the upper to the lower levels of a hierarchical structure when a hierarchical approach is used. This system is categorized by an echelon arrangement ("a pyramid organization"), which presents the imprint of a pyramid. This type of structure is based upon the Fayol principles, viz., the unity of administration, and a hierarchical scale, and is the simplest type of work appropriation (Saiti and Stefou, 2020).

The study used three scales formerly authenticated in the national average and ranked the happiness levels in ranges high and low; moreover, a binomial "probit" model was used to create the relationships between the variables of climate organizational and psychosocial risks (Pincheira and Garcés, 2019). The conclusions of the study exposed that organizational climate and organizational justice fundamentally affected insights locale facilitators' job satisfaction (Haryono et al., 2019). From the conclusions of the quantitative stage, the reference model was authenticated. Finally, a case study was carried out to examine the level of devotion to this model in a Brazilian construction company. As a vital outcome, the model permitted organizational self-knowledge in search of corporate excellence. At present, a serious factor of success is to understand and manage culture and climate in the workplace, given the diversities and intricacies of the relationship between capital and work, to forestall, explain and control organizational behavior (Quelhas et al., 2019). Drawing from the Job Demands-Resources model, the model sets a positive relationship between work engagement and a climate advancing worker's self-rule, empowerment, and well-being, whereas it suggests that a climate based on efficacy and objective achievement isn't favorable for engagement (Ancarani et al., 2019). The social identity method is used in this study to investigate whether social identification forecasts and mediates the relationship between staff perceptions of the organizational environment and their stages of stress and self-esteem over time (Willis et al., 2019). The present study used a targeted sample of 801 peer specialists to discover if the key organizational environment and backing variables would produce specific multivariate groups and to inspect the correlates of these groups. Studies produced a seven-group arrangement, with peer-run organizations comprising a significantly greater extent of the sets with the high organizational environment and backing scores. Indirect associations, all other groups in the areas of perceived organizational environment outranked peer-run programs, supports career development, and alleged service quality (Jones et al., 2020).

Methodology

A survey questionnaire was prepared and was circulated amongst managers from hotels with at least three star ratings. The questionnaire was divided into two sections – I. Organizational structure and climate, and II. Organizational performance.

Under Section I following 10 statements were included:

1. OS is simple without much of complexity
2. It is flexible and ensures continuity
3. The structure clearly defines lines of authority
4. OS permits proper delegation of authority
5. It promotes unity of command and direction
6. OC fosters teamwork and unity
7. The climate motivates the employees
8. OC encourages positive informal culture
9. The climate is free from organizational politics
10. It promotes innovative thinking

Likert scales were used for response options. In case of section I, the response options were - 0 - Can't Say, 1 - Somewhat agree, 2 - Completely agree, 3 - Somewhat Disagree, 4 - Completely Disagree.

For Section II following ten performance statements were included:

1. There is a steady growth in sales
2. There is a steady growth in profits
3. The size of assets have increased over the past five years
4. The number of employees have grown over the last five years
5. The number of customers have grown over the last five years
6. There is a good flow of repeat orders from established customers
7. Reasonable quality standards have been achieved
8. Business ethics are well observed
9. Statutory compliances are properly done
10. Performance reflects social and environmental care

In case of section II, the response options were – 0 - No response, 1 - Least effective, 2 - Somewhat effective, 3 - Quite effective, 4 - Highly effective. Responses were received from 125 managers. The questionnaire was tested for reliability and it returned a Cronbach Alpha score of 0.854 and hence was considered reliable. Following hypotheses were formulated:

Ho1: The organizational structure and climate in the Hotels is positive
Ha1: The organizational structure and climate in the Hotels is not positive
Ho2: The organizational structure and climate has no impact on performance of the Hotels
Ha2: The organizational structure and climate has an impact on performance of the Hotels

The 1st hypothesis was tested based on the average agreement/disagreement responses to the ten statements under Section I of the questionnaire. The average agreement/ disagreement response of the 125 respondents for all the ten statements was taken as the sample mean and it was compared with a hypothesized population mean of 50% agreement/disagreement connoting an event by chance and not due to any statistical significance. A t-test was applied at 95% confidence level and based on the p-value the null hypothesis was tested for rejection or non-rejection.

The 2nd hypothesis was tested using regression analysis. Responses to Section II of the questionnaire were first averaged for the ten statements under that section and then related with average responses of Section I. In other words, organizational structure and climate was taken as the independent variable and organizational performance was taken as the dependent variable.

Data analysis and interpretation

110 out of the 125 respondent managers were male while 15 were female. 32 were <40 years of age, 46 were in the age-group of 40-50 years and 47 were >50 years of age. 25 had < 5 years of managerial experience, 58 had managerial experience of 5-10 years, and 42 had managerial experience >10 years.

The average disagreement responses to Section I of the questionnaire were as under:

Table 1: Summary of responses to Section I of the questionnaire

Statement	1	2	3	4	5	6	7	8	9	10	Average
Disagreement %	96%	94%	95%	91%	96%	92%	95%	96%	93%	95%	94%

Based on the above summary average sample mean the 1st hypothesis was tested as under:

Table 2: Testing of Hypothesis 1

Parameter	Value
Sample Mean ($\bar{x}$)	94%
Hypothesized population mean (μ)	50%
SD of sample	0.91263
n (sample size)	100
t-value=abs(($\bar{x}$ - μ) / (s/√n))	4.848997
p-value =tdist(t,(n-1),1)	0.00000
Decision	Reject Null

Thus, the 1st null hypothesis the organizational structure and climate in the Hotels is positive was rejected in favor of the alternate the organizational structure and climate in the Hotels is not positive.

The 2nd hypothesis was tested on the basis of a regression analysis between results of Section I (Avg-OSOC – Average Organizational Structure and Organizational Culture) and Section II (Avg-OP – Average Organizational Performance), summary of which is given below:

Summary statistics:

Variable	Observations	Obs. with missing data	Obs. without missing data	Minimum	Maximum
Avg-OP	125	0	125	1.000	4.000
Avg-OSOC	125	0	125	-2.000	2.000

Correlation matrix:

	Avg-OSOC	Avg-OP
Avg-OSOC	**1**	0.470
Avg-OP	0.470	**1**

Regression of variable Avg-OP:

Goodness of fit statistics (Avg-OP):

Observations	125
Sum of weights	125
DF	123
R²	0.221
Adjusted R²	0.214
MSE	0.370
RMSE	0.608
MAPE	40.140

DW	1.913
Cp	2.000
AIC	-122.367
SBC	-116.710
PC	0.805

Analysis of variance (Avg-OP):

Source	DF	Sum of squares	Mean squares	F	Pr > F
Model	1	12.883	12.883	34.839	**<0.0001**
Error	123	45.485	0.370		
Corrected Total	124	58.368			

Given the R^2, 22% of the variability of the dependent variable Avg-OP is explained by the explanatory variable. Given the p-value of the F statistic computed in the ANOVA table, and given the significance level of 5%, the information brought by the explanatory variables is significantly better than what a basic mean would bring.

The null hypothesis the organizational structure and climate has no impact on performance of the Hotels is rejected in favor of the alternate the organizational structure and climate has an impact on performance of the Hotels.

Conclusion

The organizational structure and climate in the Hotels is not positive. This has been concluded on the basis of wide disagreement to statements like OS is simple without much of complexity, it is flexible and ensures continuity, the structure clearly defines lines of authority, OS permits proper delegation of authority, it promotes unity of command and direction, OC fosters teamwork and unity, the climate motivates the employees, OC encourages positive informal culture, the climate is free from organizational politics and it promotes innovative thinking. The second conclusion is that there is an impact of the organizational structure and climate on the organizational performance. The regression analysis shows that those hotels who reported a positive organizational structure and climate reported a positive organizational performance and those who reported a negative organizational structure and climate reported a negative organizational performance. This implies that the Hotels management should take major steps to improve its organizational structure and climate.

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