

Mohammed Abdul Sattar

1707067

Prof.Richard Small

BMSK5005: Workplace Culture and its impact on Organisational Efficiency

Abstract:

The relationship between organisational efficiency and workplace culture being examined as well as the external and internal factors of an organisation. Determining the effects that such factors can have on an organisation and its efficiency levels through the use of critical analysis methods.

Culture can be defined as the ideas, customs and social behaviour of a particular society. Workplace culture refers to the character and personality of your organisation, it is what makes your organisation unique and sums up the values, beliefs, attitudes, behaviours and traditions. Culture is very crucial in the workplace and is as important as business strategies, it has a great impact on your organisation. The core of an organisation can be considered to be the people and values of the organisation. Organisations are affected in many ways, for example; organisations with stronger cultures outperform competitors and are more successful, employees work better due to higher rates of happiness and satisfaction which leads to more efficiency in the workplace, and a strong, positive, well-communicated and clearly defined culture attracts talent that fits an organisation. There are many factors which contribute to the development of culture in the workplace such as; leadership, policies and philosophies, communications, management, people, mission, vision and values, workplace practices and work environment.

Culture has a huge impact on organisations ranging from the catering industry to the technology industry, culture is a universal aspect and organisations strive when their workplace culture is strong. Culture affects performance and the main way in which this is established is because the work environment truly affects employees. Employees spend a great deal of their time at work and if it is a positive work environment, they are bound to be more invested in their jobs and work harder towards the goals of the organisation. Maintaining a good, strong and positive workplace culture ensures that employees will be in their best state of mind and will contribute much more towards the organisation. I will be focusing on how employees can be motivated and efficiency can be affected by the work environment that they are in. I will be exploring and evaluation the Hilton Worldwide organisation and how their organisational efficiency has been impacted by workplace culture, there is a lot of research that I will delve into which proves that culture greatly impacts an organisation and it is a big part which contributes to success that is usually overlooked. I will also establish how a strong workplace culture can be formed and the aspects which make up a strong workplace culture.

Mohammed Abdul Sattar

1707067

Prof. Richard Small

Organisational values have a great impact on workplace culture. The values of a company enable it to execute decisions effectively and ensure that they are making the right decisions that will contribute to the success of their company. The values are the core of an organisation as they determine the reasoning behind decisions and choices made within the company and furthermore they assist employees in how to deal with situations by applying the values of the company. "Value is believed to be imperative to economic exchange and business strategy." (Porter, 1991). In addition to this, to ensure that companies are hiring the right employees in order to keep a balance within workplace culture, it is vital that there is an alignment of values between individuals, customers and the company.

I will be discussing and analysing Hilton which is a hospitality company. Globally known for its chain of hotels. Hilton is considered to be one of the world's largest and fastest-growing hospitality companies. It has 17 brands, hotels allocated in 113 countries and over 5600 properties worldwide. In 1919, Conrad Hilton bought a hotel in Cisco, Texas called the Mobley. He bought more hotels in Texas over the next few years. Conrad Hilton had great ambitions and wanted to do more and achieve more although he was already successful from his chain of hotels in Texas. In 1925, Conrad Hilton opened the first hotel to carry the Hilton name and it was called the High-rise Dallas Hilton. In 1927, Conrad Hilton expanded out of Cisco and opened a hotel in Waco, Texas. In 1943, Hilton became the first coast-to-coast group in the United States as Hilton bought both the Roosevelt and the Plaza in New York City. The Hilton Hotels corporation was formed in 1946 with it filing to list on the New York Stock Exchange. In 1947, the Hilton Hotel Corporation had a huge breakthrough and enabled the installation of televisions in guest rooms of the New York City Roosevelt Hotel, it was the first hotel in the world to do this. The Hilton International was created when the Caribe Hilton in Pierre Rico opened. Conrad Hilton was the first hotelier who received recognition as he was featured on the cover of the Times magazine. In 1954, Conrad Hilton carries out the biggest estate deal ever as he bought the Statler Hotel for \$111 million. During 1955, HILCRON was created which was Hilton's first ever central reservation office. Reservations could be made at any Hilton through telegram, Teletype or telephone. In addition to this, a program was launched to instal air conditioning to every Hilton Hotel. Furthermore, Hilton Istanbul was created post World War II from the ground up, it was the first modern hotel to be built and gained its own stamp and postcode. The premier travel and entertainment card was introduced in 1956 by Barron Hilton, it was called the Hilton Carte Blanche credit card which was owned by Hilton Hotels. Moreover in 1959, the airport-hotel concept was created as the 380-room San Francisco Airport Hilton was opened. In 1965, the Lady Hilton was launched, this was the first concept which adhered to the requirements of lady travellers and was designed for women exclusively. The hotels had women only rooms and floors as well as special amenities and accommodation for women. In 1970, the Hilton became the first NYSE- company to enter the domestic gaming business. During 1982, the Conrad hotels

Mohammed Abdul Sattar

1707067

Prof. Richard Small

were founded which aimed to provide luxury and comfort in the world's major business and tourist capitals. Hilton's guest loyalty program, Hilton HHonors, was introduced in 1987. In 1989, the Hamptons Hotel was the first hotel to pledge 100% customer satisfaction guarantee. In 1995, the first Hilton Hotel website was launched. In 2002, Hilton worldwide resorts provided its members with exotic vacation experiences and premium resorts by launching as a vacation-ownership subsidiary. In 2011, Hamptons Hotel was ranked as number 1 franchise opportunity in Entrepreneur Magazine's franchise 500 ranking.

How did the Hilton Hotel company become one of the most successful hospitality companies in the world? The ideas and innovation of the company led it to achieve great things and therefore enabled it to strive on success. Where did the ideas and innovation come from? The productivity and efficiency employees and employers who are part of the Hilton Worldwide company led to useful ideas, decisions and choices being made. The Hilton organisation is well known for having strong workplace culture, this is apparent as the success of an organisation is greatly down to workplace culture. Individuals within a company must remain motivated in order to reach their full potential, being in a strong workplace culture enables creativity to flow and encourages people to reach their full potential.

Values in the workplace are the guiding principles which impact the way you work. Values help a person make decisions and choices, therefore values in the workplace guide employees and employers when they need to make work-related decisions and choices. The values of a company represent what a company stands for

Awareness of values contributes greatly to the quality of workplace culture. The values that the Hilton organisation acquire are hospitality, integrity, leadership, teamwork, ownership and 'now'. The main focus of the organisation are that they provide exceptional experiences for their guests, this falls under their value of hospitality. Furthermore, they emphasise integrity as it is important to do the right thing all the time, doing things in a fair way and respecting everyone and the world and being ethical is essential. Being leaders within their industry and community as well as being team players in everything that they do and taking responsibility for their own decisions and actions. 'Now' refers to acting with a sense of urgency. All values of this organisation have led it to achieve great success. The values that they incorporate act as a template for decision-making and choices. Christopher J. Nassetta is the CEO of Hilton Worldwide, he stated that the company was "a very dysfunctional organisation" (Nassetta, 2007). The Hilton Worldwide organisation was not always greatly successful, it had many problems that were related to brand, performance and growth. According to Nassetta, most components of the organisation were very mediocre. Before joining the organisation, Nassetta evaluated the factors of the company, he initially carried out a SWOT analysis, where he

Mohammed Abdul Sattar

1707067

Prof. Richard Small

evaluated the strengths, weaknesses, opportunities and threats of the organisation. He joined the company in 2007 as president and chief executive officer. Nassetta claimed four main priorities which were to align the culture and organisation, improve basic performance, enhance and strengthen and expand the brand and expedite growth. His first step was to align the culture and organisation which shows how important culture really is. If there is a lack of alignment of culture within the organisation there is bound to be profoundly negative impacts. The central idea that Nassetta had in order to develop and sustain the business was to create a strong company culture that all of Hilton Worldwide's employees would go along with. Furthermore, it was the alignment that brought the company together and led to higher success rates. Having culture is not enough, it is aligning culture and the organisation that is vital. Every organisation has culture, it is the alignment of culture that creates a strong workplace culture.

The aspects that make up workplace culture in a company are intangible and tangible elements which determine the 'how' of everything in the business. Furthermore it includes the relationships between every individual that works within a company. The environment in a workplace can greatly impact the efficiency of an organisation. The Gallup Engaged Workplace study shows that 87% of people are actively disengaged at work - this means that they do the bare minimum in order to endure their job. Doing the bare minimum has a vast impact on a company as it leads to lower levels of productivity and efficiency. Therefore, it has a negative impact. Employee motivation is a crucial element that contributes towards the success rates of an organisation. The more motivated employees are, the higher the productivity levels will be and hence the higher the success rates will be. However, each and every company has to find different strategies in order to motivate their employees. Most companies have the same universal values however they also have values that are specialised for their own company, in order to adhere to these values, employees must be hired based on the alignment of their own values with the company values. This ensures that employees will feel comfortable and happy where they are working as their values are not being compromised. Culture through values can drive organisational effectiveness. The focus and emphasis on the development of the abilities that employees acquire is employee-focused culture. A performance-driven culture focuses on achieving results, specific goals are set for every employee and people are expected to exceed their targets as well as meeting the ambitions of the company, those who exceed their targets are rewarded and those who don't are often fired. Customer-focused culture is when the company focuses on delivering customer service that makes the customer come back for more. Many organisations lack certain types of culture. The organisations that are the most successful have customer-focused culture, performance-driven culture and employee-focused culture. Many organisations that are less successful often only include no articulated culture, this refers to culture that is not aligned.

Mohammed Abdul Sattar

1707067

Prof. Richard Small

Culture, ethos and values all contribute to creating a strong workplace environment and ensuring the efficiency of an organisation. Employees must share the same values and have the morals, attitude and beliefs that live up to the company standards. Hiring the right employees, taking their mindset and all other attributes into consideration ensures that the relationships between individuals within the company will be easier to maintain. Maintaining a good workplace culture means to have positive attitudes, values and beliefs. This would enable employees to contribute more towards an organisation and would be in their best state of mind, therefore the productivity rate and creative potential would be increased.

There are also many ways in which bad workplace culture can form. One way in which bad culture within the workplace can form is when the relationships between co-workers are negative and the behaviours of individuals undermine team cohesion. Usually, when individuals do not get along it is due to their differences in values and goals. This is why it is crucial to align the values of individuals with the values of the organisation, in addition to this, communication should be enhanced between individuals so that any negativity can be solved through. Moreover, when employees are set difficult goals and expected to work for long hours and overtime whilst being hounded can have a very negative impact on them. This can affect their mental health which has detrimental effects, as mental health is one of the biggest reasons why people are absent at work. In order to solve this, employees must be motivated and not hounded constantly but rather encouraged to reach their full potential and increase productivity. In addition, employees should be rewarded for their efforts, not only when they have reached their goals but they should be rewarded while on their way to reaching their goal as a form of motivation. Showing appreciation for the work that individuals are doing and not letting them go unrecognised gives them a confidence boost and also boosts positivity within the work environment.

Hilton Worldwide integrates culture, ethos and values in its actions, decisions and the service that they provide to customers as well as to their employees. Hilton Worldwide has many strengths as an organisation. Through technological integration, Hilton has managed to achieve a level of customisation that is exceptional. An example of this is their introduction of hotel keys installed in customer smartphones and the ability to customise hospitality experience and pick rooms using technological gadgets such as smartphones. Furthermore, they also partnered with Uber to ensure that customers receive faultless travel experiences. In this modern day and age, technology is everywhere. Everyone uses smartphones and the internet, therefore providing technological access for customers gives the Hilton organisation an advantage and strengthens it as an organisation. Hilton Worldwide's extensive property ownership provides them great benefits financially, this is a major strength as property ownership reduces the operational costs. Furthermore, as Hilton Worldwide owns over 5600 properties worldwide, this protects them in a

Mohammed Abdul Sattar

1707067

Prof. Richard Small

financial view as they can sell a fraction of their properties in the case of an emergency such as an economical crisis, this protects them from bankruptcy and ensures their business will still be able to keep functioning and there won't be major financial losses. The organisation has 17 brands, many of these brands are well-known such as Waldorf Astoria, Hilton Hotels and Resorts, Double Tree and others. Furthermore, Hilton Worldwide serves millions of guests in 113 countries, their vast scope of the business as well as their extensive experience creates the potential for further growth as well as the economic benefits for the company. Another strength that the Hilton Worldwide organisation have is the leadership demonstrated by Christopher Nassetta, Hilton President and CEO. His effective and strong leadership is associated with the brand. Ever since Nassetta joined the organisation in 2007, he improved the organisation greatly as he turned the 'declining' business around by incorporating his methods and strategies which included enhancing company culture as well as producing effective strategies such as integrating individual businesses with the Hilton portfolio. Furthermore, he focused on values, mission, vision and priorities. His actions and efficient decision making boosted the revenue and profitability of Hilton Worldwide. Due to his leadership skills, he increased employee motivation which in turn increased productivity and efficiency within the company leading to greater results. Nassetta's ideas increased the future growth potential of the business and therefore the trust in relationships within the company increased. In addition to this, Hilton Worldwide's customer loyalty scheme, the Hilton HHonors program, is thought to be one of the best loyalty schemes throughout the industry. There are over 50 million members who are part of the HHonors program worldwide. There are many benefits that come along with the scheme, customers are offered late check-out, discounted prices, free internet access and much more. The benefits of the scheme are immensely appreciated by customers and this strengthens customer relationships.

Although Hilton Worldwide has many strengths as an organisation it also has weaknesses. One of the main weaknesses it has as an organisation is that the organisation has a high level of debt. Although Nassetta effectively reduced debts from \$20billion in 2007 to \$5billion in 2015 through his own strategies and methods, the level of debt is still high and it is high enough to threaten the future of the business. Furthermore another weakness of the organisation is that it is overly dependent on its US home market. From the 2015 annual report of Hilton Worldwide, it can be seen that only a small percent of revenues are generated from the Asia Pacific market, which is an important market. Most of its revenues are generated in the US, therefore if the market were to slow down and the increasing competition in the US, the organisation would be very vulnerable. Moreover, stemming from this is the issue that although Hilton Worldwide acquires a large portfolio, the global market share is little as most of its revenue is made in the US and very little is made around the rest of the globe in comparison. As the Hilton Worldwide organisation is so large in size and has over 300,000 employees it may be hard to maintain a steady culture throughout each and every country. The employees that are based internationally

Mohammed Abdul Sattar

1707067

Prof. Richard Small

must also be given attention and recognition, as well as motivation. the environment for every Hilton location will be hard to maintain as the environment of a workplace greatly impacts workplace culture and therefore the efficiency of an organisation. The lower revenue generated internationally could be due to the lack of good workplace culture in other Hilton organisation headquarters. Therefore, it is crucial that an organisation's environment and culture are strong and positive as these two factors can potentially impact the organisation.

There are many opportunities which the Hilton Worldwide organisation has. One opportunity would be to focus on research and development. Everyday, new innovations are created and technology, especially, is on the rise. New systems and technological gadgets and processes are being invented. Focusing on research and development would give the organisation an advantage as they can come up with new ideas and find ways to stand out. As competition increases, they can find a way to be different to the rest of the hoteliers and find innovative ways to develop their organisation. Another opportunity that they have is further international market expansion, they should focus on expanding revenues in international market as only 20% of their revenue is generated internationally whilst 80% is generated in the US. Expanding their markets would lead to greater success rates and more profit. The way in which they could do this would be to improve the workplace environment by motivating employees and driving performance.

There are many threats that the organisation could face. One of them being the threat of terrorism and political instability. As there are Hilton Hotels based in 113 countries, there is a higher chance that there will be issues related to politics and so on. Some countries that are politically unstable may affect the organisation. Furthermore, adverse changes in the macroeconomic climate can affect the organisation and have a huge impact economically. In addition to this, there is the risk of losing key talent and personnel which means that the Hilton Hotels may not stand out next to competition and therefore business would reduce, essentially lowering the profits and revenue that the organisation make. Another threat is ethical issues in Hilton Hotels that may affect the name of the organisation. If a crime is committed in a Hilton hotel, it would tarnish the reputation of the organisation. Political stability is a major requirement for an organisation's success.

Ultimately the organisation has many strengths but also many weaknesses, they can aim to improve and avoid threats and pursue opportunities by engaging in methods and strategies that are effective.

Service differentiation is the way that the Hilton business strategy is classified. Furthermore, their strategy aim to form the association of the perception of recognition, status and achievement with staying at Hilton Hotels. In addition to this, Hilton Hotels aim to be 'different'

Mohammed Abdul Sattar

1707067

Prof. Richard Small

by their quality of service and the way in which they integrate technology and communication in their hotels for customer experiences. Hilton Worldwide's organisational structure is divisional and hierarchical due to the size of the organisation as well as the way in which it is divided. The business operations of the organisation also rely on a variety of systems like the employee recruitment and selection system, customer reservations system, transport systems, hotel hygiene system, employee performance evaluation system, quality control system and others. The implementation of systems enables order and control within the organisation, furthermore it ensures efficiency. However, a lot of time and effort needs to be given to ensure that the systems are working properly and are maintained well. The Hilton Worldwide systems are known to be more simple and are designed for ease of use and application. Moreover, staff are hired based on the recruitment and selection process, staff that are hired must go through a series of tests and interviews to ensure that they are the right candidates to work for the company and represent the company. In order to ensure efficiency, employees undergo training so that they can improve the skills they already acquire as well as gain new skills that would be useful working at Hilton Worldwide. Additionally, the style of the way that Hilton Worldwide operates is very professional. Hilton Worldwide also has shared values between employees, company and customers, the alignment of values ensures that workplace culture is strong which improves organisational efficiency.

Political factors can greatly impact an organisation, especially in hotel industry. The number of visitors can be influenced greatly by political factors in both direct and indirect ways. An example of this is when the UK was branded as a place which accommodated groups of extremist religious organisations, in 2005. The risks and threats of acts of terrorism deterred people from visiting London and travelling to the UK which then impacts Hilton's revenue generated from this market. As well as political factors, there are economic, social, technological, environmental and legal factors which also impact the organisation.

Overall, it can be established that culture and environment greatly impact the success of an organisation. Looking at the Hilton Worldwide organisation it is clear that there are always weaknesses in a business no matter how successful it is and there are always ways to improve. The environment and culture of an organisation can be improved and controlled. However, some factors are harder to control such as political issues and economic issues. Workplace culture affects organisational efficiency as bad workplace culture can lead to the decline of a company and have severe consequences. Good workplace culture enables a company to be more efficient and productive leading to greater success rates.

Mohammed Abdul Sattar

1707067

Prof. Richard Small

Reference List:

(2014) *Hilton CEO talks about building company culture that empowers employees*, ITP Business Publishing Ltd. (Online Source)

Maund, A. (2018) *BA in Leadership and Management*. 1st edn. London, SAGE publications

<https://www.mindtools.com/pages/article/understanding-workplace-values.htm> (Online Source)

<https://www.hilton.com/en/corporate/> (Online Source)

Cohan, P. (August 9, 2018) *4 Types of Company Culture, Ranked From Best to Worst*, Inc.com.

Chatfield, T. (2018) *Critical thinking*. 1st edn. London, SAGE publications