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THE IMPACT OF NATIONAL CULTURE ON THE CORPORATE CULTURE IN GLOBAL HOTEL COMPANIES

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Abstract: The national culture is a system of assumptions, values, norms and traditions shared by one national group; the corporate culture is a system of rituals, behavior patters, norms and values shared by majority of employees in a company. Both cultures influence the style of management and communication with employees. The national culture influences the corporate culture, but in a long term, a corporate culture can also influence the national culture. Strong corporate cultures can suppress the national culture through the system of standardization of business operations, which in international companies is an element of brand identification and a competitive advantage. Global hotel companies which manage the hotels all over the world, face problems which derive from differences between their own corporate culture and national cultures of local staff. The efficiency of operations will depend on the way and skills in handling those problems. The influence of national and sometimes local cultures might have positive impact on creation of very successful hotel system of hotel service which often is well accepted on tourist market, but might also result with potential misunderstandings and even opposite effects. The paper surveys the elements of national cultures which might have impact on corporate cultures. The paper assumes that global hotel companies often face big cultural and social differences in certain destinations of their business interest. The model of survey are hotel corporate cultures in Croatian, European and world hotels and their corporations.
Key words: national culture, corporate culture, hotel, global hotel companies.

Sažetak: UTJECAJ NACIONALNE KULTURE NA KORPORATIVNU KULTURU U GLOBALNIM HOTELSKIM KOMPANIJAMA. Nacionalna kultura je sustav pretpostavki, vrijednosti i normi koji su zajednički jednoj nacionalnoj grupi, a korporativna kultura je zbir vjerovanja, normi i vrijednosti koje dijeli većina zaposlenih u poduzeću. I nacionalna i korporativna kultura odražavaju se na način rukovođenja i komuniciranja sa zaposlenicima. Nacionalna kultura utječe na korporativnu kulturu, ali dugoročno i korporativna kultura može utjecati na nacionalnu kulturu. Jake korporativne kulture mogu zatomiti nacionalnu kulturu kroz sustav standardizacije cjelokupnog poslovanja, što u međunarodnim kompanijama

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predstavlja i element prepoznatljivosti brenda na kojem se gradi kompetitivna prednost. Globalne hotelske kompanije koje postavljaju menadžment i menadžerske strukture u hotelima u raznim krajevima svijeta, često se suočavaju s problemima koji proizlaze iz različitosti vlastite korporativne kulture i nacionalnih kultura lokalnog stanovništva. Efikasnost poslovanja ovisit će o načinu i vještini savladavanja tih problema. Utjecaj nacionalnih i često lokalnih kultura može imati pozitivne utjecaje na korporativnu kulturu hotelske korporacije i utjecati na formiranje veoma uspješnih hotelskih sustava hotelske usluge koja je često veoma dobro prihvaćena na turističkom tržištu, ali može dovesti i do potencijalnih nesporazum ai do suprotnih učinaka. U radu se istražuju elementi nacionalne kulture koji mogu imati različite utjecaje na korporacijske kulture. U radu se polazi od preTpostavke de globalne hotelske korporacije često nailaze na velike kulturološke i socijalne razlike u pojedinim destinacijama gdje imaju svoje poslovne interese. Model istraživanja su hotelske korporacijske kulture u hrvatskim, europskim i svjetskim hotelima i njihovim korporacijama kojima pripadaju.
Ključne riječi: nacionalna kultura, korporativna kultura, hotel, globalne hotelske kompanije.

INTRODUCTION

A corporate culture is frequently evaluated with the purpose to establish if it is a system of believes, expectations, norms and values determined not only by the hotel management, but also by the majority of employees in the company. In the situation in which a national culture is extremely strong, like in European countries, it is a unceretain which culture will prevail – national or corporate or would in a long term a corporate culture influence the local culture. The authors' intention is to survey the regularities in the complex corporate system and impact of national cultures on corporate culture with a special emphasis on global hotel companies. Hotel brands in the majority of cases are the part of branded strategies with which hotels or hotel corporations participate at the complex tourist market. The aim is also to determine the level of influence of the national culture on creation of corporate culture. A task was set to gather the available datas and relevant sources aimed to proof the established purpose of the paper. The intention was to achieve the results through proper survey, based on proper experience and available datas from Croatian, European and world practice.

The models of survey are the hotels which appear at the tourist market of Croatia, Europe and worldwide, and were included into the the survey done through directory and internet research by Amelia Tomašević, while the questions in the survey have been done by Zdenko Cerović. Authors used several scientific methods: quantitative research-survey, deduction, induction, qualitative methods, comparative methods.

The established goals of the paper and the available datas resulted with the following structure of the paper: The authors revealed in the first chapter the introductory notes and the premilinatory thesis. In the second chapter the authors enquire the regularities of the characteristics of the national culture in hotel industry and their particularities in the Croatian hotel industry compared to the international experience. In the third chapter the impact of the national culture on the corporate culture of global hotel companies is being determined through the quantiative methods showing the range of impact of the national culture on creation of the corporative culture in a branded hotel with market recognition. Finally the conclusion is given with the standpoints and statements as the result of the paper, and it is established that the global hotel corporations frequently find important cultural and social differences in certain destinations where they have their business activities and hotel brands.

1. THE IMPACT OF THE NATIONAL CULTURE ON THE DETERMINATION OF THE CORPORATE CULTURE

The corporate culture is a system of beliefs, expectations, norms and values shared by majority of employees in a company. The corporate culture directs the behavior of employees, who through adopted system of values, norms of behavior keep the tradition and transmit it to new employees and contribute to the realization of the vision, mission and goals of the company.[2] The corporate cutlure marks the management style and the way of communication with the employees. The corporate cutlure of the large hotel companies is a strong element of identification which becomes thus a competitive advantage and a decisive factor in selecting the hotel. When the national culture is extremely strong, it is a uncertain which culture will prevail – national or corporate, or which level of impact will have the corporate culture on the local culture. It is obvious that the corporate culture, reglardless its strenght, is subject to the influence of the national culture. Sometimes the difference between two cultures is so strong that we could talk about the conflict between national and corporate culture, in some cases even about the animosity, which is caused partially by the differences between two cultures, and partially by the large difference in salaries between the local staff and foreign management. The term culture derives from anthropology as a term which describes the complex whole including arts, moral, beliefs, laws and other vlaues which a person secures as a member of the social community.

In global companies, as well as in hotel corporations, it is an imperative that groups of managers of different nationalities work together with the local staff successfully. The general manager, as representative of the corporation is in a special position as the most responsible person for the implementation of the corporate culture. The situation in which the corporate culture of the hotel corporation (with which the affiliation agreement has been signed) is being introduced for the first time in a hotel, requires a special sensitivity, same as the change of the hotel chain which always means also the change of the corporate culture. The practice shows that sometimes the joint work of such groups is questionable, which results with the dubiouos quality of the performance.

In order to solve these problems successfully, it is necessary to pay attention to the following issues:
1. identify the nature and implications of differences of the national cultures in team
2. create the basis for building the understanding and consciousness about cultural differences and how they can be managed
3. form the framework for highly productive team which takes into consideration the cultural differences and influences the existing differences in the international team.[3]

Multinational corporations which have their offices worldwide, spread their corporate culture through behaviour, code dress, way of making business etc. Survey

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[2] Buble, Marin, *Management,* Sveučililšte u Splitu, Ekonomski fakultet, Split, 2000.
[3] www.orientpacific.com/paper1.htm, 2006.

done in 2002 by International Survey Research (ISR) among almost a million empoloyees in ten strongest world economies, proved that the national culture is stronger than the organizational culture, which implicates the need for balance between the global efficiency and local differences. ISR states that little can be gained, and a lot lost if the world is treated as if it already were or will soon be a unique place. The path towards success is an attempt to understand the world differences, together with integration of these different worlds into a understandable global vision.[4]

In any case the national culture cannot be ignored nor disregarded, because it represents one of the basic elements of corporate culture. It is necessary to determine the concept of national culture, because e.g. American culture incorporates local cultures of New York, Utah, Miami, Mississipi, Alabama, Alaska, California etc. which are very different one from another. Therefore it is very difficult to determine American culture as an integrated concept. The same issue comes out in terms as „Asian, European or African culture".[5]

There are three basic sources of the corporate culture in any company, including the hotel corporations:
1. national culture within which the company operates
2. characteristics of specific industry
3. specific history of the company, including the personality of the founder and most important leader in the history of the company

It can be concluded from the above statements that the national culture is of extreme importance for determination of corporate culture.

2. CHARACTERISTICS OF NATIONAL CULTURE IN HOTEL INDUSTRY

The national culture is a system of assumptions, values and norms shared by one national group. It is based on traditions and established choice of values which sometimes can be diametrically opposite even on very small geographic distances. The success of a single hotel within one global hotel system depends on capability of management to harmonize the imported and existing culture**.** Forced repression of national culture may result with the resistance up to the point that the management will be called off, like it was the case at the Hotel Esplanade with the general manager in mid nineties. The national culture influences essentially the substance and the nature of single motifs and needs of employees. All members of one national culture do not have same needs and motifs because there are also personal needs and motifs as result of individual experience, gender, personal traditions. These organizations whose cultures reflect the national cutlure, achieve minor results in countries with extremely different cultures, because the staff in other countries will not fully understand not adopt the operational procedures of different culture. National cultures influence the management style, while corporate

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[4] http://globalization.about.com/library/weekly, 2006.
[5] http://xroads.virginia.edu/ug99/brady/region.html, 2006.

culture reflects the management style. At this point two dimensions of national culture are very important: power distance and uncertainty avoidance. Power distance in the national culture influences directly the level of centralization and decentralization. High power distance results with the high level of decision centralization – in national cultures with high power distance employees on lower hierarchy levels are not involved in a decision process. Low power distance directly results with the lower level of centralization, which means that the lower herarchy levels are involved in decision making. The problem appears when the corporate culture excludes lower hierarchy levels in the national culture of low power distance - then such employees interpret the new system as underevaluation and underestimation of their knowledge. Uncertainty avoidance, another important dimension of national culture regulates the inclination of the company towards bureaucracy. The national cultures with high level of uncertainty avoidance see the organizational structure as mechanism for reduction of uncertainty, vagueness, risks and changes. Such cultures aim to reach as high level as possible of formalization and standardization. National cultures with low degree of uncertainty avoidance create such organizational structures which are capable to face easily fast changes. In such cultures the degree of formalization and bureacratization is relatively low. Global hotel systems are focused on high degree of standardization because the standardization of service, procedures, interior design, equipment etc represent the needed security which clinets want to recognize all over the world. Managers, coming from different national cultures have different assumptions about the human nature and relationships. Mutually different expectations might result with misunderstandings, sometimes sharp conflicts. National cultures with strongly centralized hierarchic system will not appreciate nor accept the manager with democratic style of management, because such style will be interpreted as weakness. At the same time the autocratic management style in such environment will develop the relationship „parent-immature children" and almost childish dependence on leader. The leader is expected to take the responsibility for smallest details, and to grant full protection. The issues coming out from different national cultures of foreign management and local environment have such importance that the multicultural concept, or learning the respect of differences and confrontation with problems deriving out of these relations, is one of the postulates of best Swiss hotel schools and their competitive advantage in front of other similar schools in the world.

It should be stressed that the problem of differences of national cultures is not present only in the global hotel corporations in the world, but also in those hotels in multicultural societies where the employees are of different nationalities. The example of one hotel in New Orleans in which there were employed members from more than 22 different national communities is very characteristic – it caused different problems – linguistic, semantic, religious, nutritious, communication etc. which management had to handle in order to reach the desired efficiency. The issue of status of national groups in America is so important that the companies are ranked as „a nice place to work for minorities". Very important magazines place the hotel company Marriott on high positions: Hispanic Business (2005) ranks Marriott on tenth poistion on the list of 40 best companies for employment of staff of Hispanic origin; Black Enterprise (2005) ranked Marriott one of 30 best companies for employment of staff of different skin colour; DiversityInc (2005) ranks Marriott on 12th position among 50 best American

companies for diversity. Marriott was elected also as one of best 50 American companies for minorities.

Similar problems appear in Europe in those countries in which there are different national communities which cherish strong national identity, traditions and norms.

4. INFLUENCE OF NATIONAL CULTURE ON CORPORATE CULTURE OF GLOBAL HOTEL COMPANIES

The results of survey done among 3,4 and 5 star hotels about the relation between national and corporate culture expressed the importance of national (in this context the existing) culture in relation to the hotel corporate culture. The high percentage number of answers related to the contradiction between corporate and national culture is very noticeable. Minor number of testee recognize the influence of national culture on interior design of the hotel in spite of the fact that a large number of global hotel chains stress their concept of respect of local design. It is obvious that testees consider that in hotel operations the national culture of foreigners, employed in the hotel, e.g. foreign managers, is reflected. Characteristics of the national culture might cause the misunderstandings – introvert Scandinavian mentality is being interpreted as coldness and lack of interest for local problems in Mediterranean countries, which gets negative meaning (example of the employees of the Hotel The Regent Esplanade in Zagreb who did not establish satisfactory communication with the Swedish director. He was reproached the lack of humor, while in reality it was only a different kind of humor). The opposite is the example of a Finnish hotel in which the characteristic national introvert attitude was interpreted by a German manager as lack of education and civilized communication. It was expected that larger number of testees would consider that in the communication with guests the local national culture would be reflected, but it is obvious that they come out from hotel corporations with as very strong corporate culture which determines strictly the forms of communication.

Figure 1: The relation between national and corporate culture

	N	Min.	Max.	Arithmetic mean	Standard deviation
Is the national culture of foreigners employed in the hotel reflected?	121	2	5	3,69	0,717
Is a corporate culture sometimes in contradiction to national culture?	121	2	5	3,69	0,633
Has the corporate culture brought some changes?	121	2	5	3,46	0,719
Is the national culture reflected in attitude towards employees?	121	2	5	3,28	0,698
Is the national culture reflected in attitude towards guests?	121	2	4	3,07	0,716
Does your hotel reflect the local national culture?	121	1	4	2,89	0,794
Is the national culture reflected in the interior design of the hotel?	121	1	4	2,59	0,749

Source: Tomašević, Amelia, author's survey, Zagreb, June 2006.

It is interesting to analyze the results showed in Figure 1 which compare the hotels, belonging to some international hotel system and independent hotels with foreign management. Analysis show that there is no major difference in understanding the contrast of the national culture in relation to corporate culture between branded and non branded hotels. As it was expected, the national culture is stronger in design of non branded hotels, but it is interesting that employees in branded hotels consider that their hotel reflects the national culture in larger percentage that those working in non branded hotels. Some characteristics of national cultures will dominate in branded hotels same as in non branded hotels. That is the example of smile and style of kindness present especially in Thai culture. It is difficult to transmit that style to western culture. Even more, the survey done among students of the Faculty for tourist and hotel management shows negative interpretation of that form of kindness. Students believe that guests in Europe, getting such service from Europeans will have an impression of falseness, forced attention, false courtesy and even mocking. In the hotels in USA which were managed by Thai hotel corporation Dusit Thani, the "Thai" way of serving guests was not fully applicable.

Figure 2: Comparison of non branded hotels and branded hotels according to average results on measuring national and corporate cultures

		N	Arithmetic mean	Standard deviation
Does your hotel reflect the local national culture?	Non branded	56	2,70	0,685
	Branded	65	**3,06**	0,846
	Total	121	2,89	0,794
Does the hotel interior reflect the national culture?	Non branded	56	2,66	0,769
	Branded	65	2,52	0,731
	Total	121	2,59	0,749
Does the attitude towards guests reflect the national culture?	Non branded	56	3,18	0,664
	Branded	65	2,97	0,749
	Total	121	3,07	0,716
Does the attitude towards the employees reflect the national culture?	Non branded	56	3,29	0,731
	Branded	65	3,28	0,673
	Total	121	3,28	0,698
Has the corporate culture brought in certain changes in the hotel?	Non branded	56	3,50	0,632
	Branded	65	3,43	0,790
	Total	121	3,46	0,719
Is sometimes the corporate culture in contradiction to the national culture?	Non branded	56	3,68	0,543
	Branded	65	3,69	0,705
	Total	121	3,69	0,633
Does the national culture of foreigners employed in the hotel reflect?	Non branded	56	3,70	0,685
	Branded	65	3,69	0,748
	Total	121	3,69	0,717

Source: Tomašević, Amelia, author's survey, Zagreb, October 2006.

Figure 2 shows that the estimate of relations between national and corporate culture mostly do not differ statistically in branded hotels from evaluations in non branded hotels, except for the estimate of reflection of local national culture in hotels. The analysis showed that the local national culture is reflected more in branded hotels than in non branded hotels.

Figure 3: Test of statistical importance (variance analysis) among non branded hotels and branded hotels in average results on measures of national and corporate culture

		Quadrant deviation sum	Degrees of freedom	Average quadrant deviation	F	P
Does your hotel reflect the local national culture?	Among groups	4,010	1	4,010	6,666	**0,011**
	Within groups	71,593	119	0,602		
	Total	75,603	120			
Does the hotel interior reflect the national culture?	Among groups	0,570	1	0,570	1,016	0,316
	Within groups	66,769	119	0,561		
	Total	67,339	120			
Does the attitude towards guests reflect the national culture?	Among groups	1,318	1	1,318	2,608	0,109
	Within groups	60,153	119	0,505		
	Total	61,471	120			
Does the attitude towards the employees reflect the national culture?	Among groups	0,002	1	0,002	0,005	0,945
	Within groups	58,444	119	0,491		
	Total	58,446	120			
Has the corporate culture brought in certain changes in the hotel?	Among groups	0,144	1	0,144	0,277	0,600
	Within groups	61,938	119	0,520		
	Total	62,083	120			
Is sometimes the corporate culture in contradiction to the national culture?	Among groups	0,006	1	0,006	0,014	0,906
	Within groups	48,060	119	0,404		
	Total	48,066	120			
Does the national culture of foreigners employed in the hotel reflect?	Among groups	0,001	1	0,001	0,001	00,975
	Within groups	61,685	119	0,518		
	Total	61,686	120			

Source: Tomašević A., author's survey, Zagreb, October 2006.

Analysing the data and the results shown in the Figure No. 3. it is doubtless that the national culture influences the corporate culture, but that strong corporate cultures can overwhelm outside effects of national culture. It should be also said that in the hotels owned by foreigners, but not affiliated with any international hotel system, the national culture is stronger than the corporate culture. Global hotel systems spread their corporate culture through manuals of adopted standards – way of greeting,

answering the phone calls, attitude, while independent hotel systems follow usual national rituals, traditions and norms of behavior.

Figure 4: Interactive effect of hotel classification and brand affiliation on reflection of national culture in attitude towards employees (after separation of main effects)

	Quadrant deviation sum	Degrees of freedom	Average quadrant deviation	F	P
Interaction Category Brand	1,351	1	1,351	2,805	,097
Rest	56,326	117	,481		

Source: Tomašević A., author's survey, Zagreb, October 2006.

The results presented in the figure no 4. prove that the corporate culture is not a monolithic culture, but that there is a prevailing, dominant culture with a series of subcultures which are being developed within the corporation as groups of interest, formed on characteristics in common (nationality, age, hobby etc). The national culture in corporations with strong corporate culture can be a separating element of some subculture or in weak corporate cultures can be stronger than the corporate culture. It should be stressed that the hotel systems compared to global companies of different profile are specific because the hotel corporate culture is very closely linked to brand. Global companies (Nike, Coca-Cola etc) pay attention in the first place to the standards of quality of their product, while the proper corporate culture (in the same sense as it is in hotels), is in a second plan. Large global hotel chains through system of standardization will try to overwhelm the national culture, or they will support it on those levels within the national culture will have the meaning of competitive advantage. The influence of national culture is always present with different result. In some situations elements of national culture might be interpreted as negative – strong global hotel companies very often face large cultural and social differences in certain destinations where they operate or have some business influence.

4. CONCLUSION

The national culture is extremely important for determination of corporate culture in hotel companies regardless their size, type of affiliation or level and form of brand within their organizational structure. The initial introductory notes and initial thesis resulted with well drawn conclusions. In the hotel industry and its global tourist market there are three basic sources of corporate culture of every company which have impact on its creation: a) national culture, e.g. the area in which that company operates, b) characteristics of business of the company especially from the national aspect, c) specific history of the company and its inherited culture which it started to build from the first day of its existence in that country, including the personality of founder and most important leaders in the history of the company. The national culture influences the corporate culture, but strong corporate culture can suppress outside manifestation

of national culture. It should be stressed that in those hotels which are owned by foreigners, but not affiliated with any international hotel system, the national culture suppresses the corporate culture.

Global hotels chains spread their corporate culture through manuals of adopted standards – the way of greetings, answering the phone, attitude etc., while independent hotels follow the usual national rituals, traditions and norms of behavior. Global hotels chains try to suppress the national culture through the system of standardization and brand process, or they stimulate it on those levels on which the national culture has the meaning of competitive advantage. Regardless all circumstances, the influence of national culture is always present in a hotel company, often with different results. In some situations the elements of national culture can be understood as negative – strong global companies often face major cultural and social differences in some destinations where they have hotels or business influences determined through their own hotels, hotel brands or management agtreements. The national culture in hotel corporations with strong corporate culture can influence their general identification on the market. In weak corporate cultures the national culture can be stronger than the corporate culture.

Global companies which are present at the world market have specific influence on their business environment, they respect national cultures, but up to the level at which they can integrate them into the implementation of their standards and business goals, because their hotel corporate culture is in immediate relationship with the brand and with the proper corporate goals.

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