

# [Critical assessment of kempinski hotel san lawrenz](https://assignbuster.com/critical-assessment-of-kempinski-hotel-san-lawrenz/)

This assignment is going to evaluate from both a descriptive and critical perspective the company’s culture of Kempinski Hotel San Lawrenz (KHSL). This hospitality organisation under review is located in Gozo, a small island that forms part of the Maltese Archipelago. One of the main pillars of the Maltese economy is the Hospitality Industry stated by the Prime Minister of Malta (Gonzi 2009).

A description and detailed analysis of the respective organisational culture of KHSL is carried out, together with the observations and interviews carried out with the management team. The aim of this assignment is to describe the organisational culture of the respective organisation, by using theories, concepts and models which are mentioned in the course of studies. Futhermore, a critical analysis will be undertaken to what extent the organisational culture of KHSL is supportive or otherwise as regards their organisational goals. After presenting an informative overview of the overall organisation, the organisational culture is evaluated in terms of the related theoretical concepts highlighted throughout the module. The organisation goals, serve for a deeper appreciation as regards the organisational culture. Finally, the key highlights of this assignment are presented in the conclusion, together with the necessary recommendations.

Background Scenario

The Tourism Industry in Gozo started around 40 years ago (GTA, 2007). Since then, the Maltese and Gozitan entrepreneurs have had the ability to move the industry forward. The Government also played an important role in this sector by offering assistance schemes. In the last 10 years, the Minister for Gozo has “ brought about improvements in Gozo’s touristic product as well as in the way this sector is being managed” (Debono, 2009). This has been achieved by: improvements in accessibility between Malta and Gozo with the building of three new ferries; access enhancements including cruise liner facilities; increase in diving schools which has attracted a niche market, amongst others. The above has been achieved by the Gozo Tourism Association which was set up to act as one of the main representatives of the tourism industry. This association has helped address the particular needs and challenges for this sector in Gozo.

The upmarket sector in Gozo is highly challenging for a number of reasons. Firstly, Gozo has accessibility issues. It can only be accessed by sea (ferry or sea plane). This has a negative impact on the number of tourists which visit Gozo (to reference). Secondly, the island is very small compared to Malta and this limits the number of possible touristic places. Finally, Gozo has a low threshold with regards to the number of five star establishments that can operate profitably. This has been shown some years ago by the closure of the Mgarr five star hotel. Today, there are only two five star hotels operating in Gozo namely KHSL and Ta’ Cenc Hotel which are direct aggressive competitors.

The Kempinski Hotel San Lawrez – A Company Profile

Kempinski Hotels is one of Europe’s upmarket hospitality establishments, established in Germany way back in 1897 (Platen 2009). The Kempinski Group of Hotels target exclusively the upmarket segment of the global hospitality industry. High quality service is a key feature of their corporate culture (Kempinski 2009). Their claim is backed by the rapid unpredicted expansion of the Kempinski chain of hotels throughout Europe, Asia, Africa and South America (ibid). The Kempinski Group, aim to secure a competitive edge as regards up-market hospitality by trying to adjust their corporate culture in line with emerging market trends (ibid). The KHSL forms part of the Kempinski Group. It is an established Mediterranean five star resort, strategically located on the far west flank of Gozo within the quaint village of San Lawrenz (Kempinski Hotel San Lawrenz 2009). KHSL covers an area of 70, 000 sqm, which incorporates 122 suites and is surrounded by a garden which offers views of the Mediterranean (Attard 2009). The hotel offers its respective services to targeted groups and guests in particular business conferencing and incentive groups.

The upmarket sector, has registered the highest growth rate in Malta, in response to the gradual shift, from mass market to upmarket tourism (UN 1996). KHSL established in 1999, it responded effectively to the boom of upmarket tourism, and the promotion of Gozo as a separate tourism destination from Malta (Attard 2009). The Maltese upmarket hospitality is of the competitive type, since each establishment seeks to promote specific benefits to the respective guests capitalising on the unique selling preposition.

KHSL currently employs 350 employees on full time basis, 30 employees on a part-time basis, and 15% of whom represent non-Maltese EU Citizens (Attard 2009). In fact, KHSL embraces diversity and decentralisation wholehearthly, as a central hallmark of its organisational identity (Wittwer 2009). From a different view point, this can be seen as a means of capitalising on cheap foreign labour, a characteristic that has recently been a feature of the hospitality industry in the Maltese islands (reference Zarb union) Baldachino).

The structure of the organisation at the Kempinski is flat with few levels between management and employees. The overall strategy and business direction including certain decisions are taken by the top management team.

Kempinski Hotel San Lawrenz – A Definition and Description Of The Organisational Culture

At this stage it is imperative to describe the company’s organisational culture, adopting relevant concepts highlighted throughout the module, together with the observations and interviews carried out with the management team. The theoretical background highlighted in this section, is expounded with relevance to the organisational culture under review, so as to ensure a more integrated approach.

Schein Layers Of Organisational Culture

Schein’s Layers of Organisational Culture is pivotal in assessing the culture at KHSL since in my opinion is the most appropriate theory to interpret the culture of the organisation therefore enables management to become conscious of the surrounding culture. According to Schein (cited in Hollway 1991: 139), “ It is at the group level that culture forms” and proposes “…that culture derives from the depths of unconsciousness” (UoL 2008: 71). Schein’s culture consists of three layers, which can be assessed on different levels.

Edgar Schein’s theory of Organisational Culture as is described as:

“ A pattern of shared basic assumptions that was learned by a group as it solved its problems of external adaption and internal integration, that has worked well enough to be considered valid and, therefore, to be taught to new members as the correct way to perceive, think, and feel in relation to those problems”

(Schein 2004: 17)

Aritfacts – First level

On the superficial level, one finds artifacts which include the observable appearance of the organisation and this reflects the true corporate culture. On entering the hotel one is greeted inside the lobby by the front office staff in a friendly and efficient manner. The hotel has an elegantly rustic atmosphere including palm trees, limestone and colourful flowers. A hallmark characteristic is the aesthetic architectural design.

One’s first impression of the establishment is the openness and warm welcoming received by the members of staff. In fact, walking through the hotel one notices that there are few doors.

The front office enjoys a spatially open and accessible design. On further observation, it is noted that no written mission statement is displayed in the lobby area where it is usually found.

Further inside, one finds conference and meeting rooms. These rooms are not only used by the public but serve as a meeting place for management run meetings which on a weekly basis. Decisions are made by the top management down to subordinates. The communication channels and level of authority relationships are very formal. Head of departments are constantly being pressured to keep up with targeted budgets, by implementing goals and strategies. This culturalisation is in line with the definition given by Linstead and Grafton-Small (1992: 333) who proposed that ” Culture is devised by management and transmitted, marketed, sold or imposed on the rest of the organisation…which are offered to organisational members as part of the seductive process of achieving membership and gaining commitment.”

Walking further inside, one finds the coffee shop where soft piano music is played in the background, which gives a relaxing feeling. The coffee shop manager wearing an elegant suit, moving from one table to another talking to guests in a professional manner, while employees are eagerly and energetically serving the guests. It is noted that all level of employees have a formal dress code, and they work on the traditional shift basis.

Passing through the corridors one finds the canteen area where staff from different departments take breaks at the same time. This is a clear indication that management encourages socialisation and communication between employees. On the upper floor area of the building, the administrative offices are located which are spacious and modern. Such characteristics further conform Kempinski’s openness in its organisational culture.

Espoused beliefs and value – 2nd level

The second level consists of the organisation’s espoused beliefs and values, which are embedded within corporate strategies, goals and philosophies (Schein 2004). This level concentrates primarily on the manner in which individual organisational members justify their action and behaviour (ibid). In substance, espoused value represents the preferred values and norms by an organisation.

One of Kempinski’s espoused values includes its philosophy is “ Clear commitment in luxury hospitality with a strong quality and service standard, which has been based on over 100 Years of Hospitality” (Kempinski Hotel S. A. 2006). Within the culture of KHSL, management value teamwork to achieve a better quality results for the guests.

The management at KHSL stresses that work must be given first priority. They believe that this is an important means of showing commitment to the organisation. This is in contrast with typical Maltese values in which the family is usually given priority over work (reference). Failure to abide to this belief and similar values runs the risk of creating friction between management and employees. Infact undue anxiety among employees is felt throughout all level of the organisation.

Other authors such as Schwartz and Davis (cited in Linstead) stated “ Culture is a pattern of beliefs and expectations shared by the organisation’s members. These beliefs and expectations produce norms that powerfully shape the behaviour of individuals and groups in the organisation”. This statement supports Schein’s theory within the second cultural level incorporated in KHSL culture.

Diverse authors such as Johnson, Scholes and Whittington (2007), has developed the culture web, which contain six elements that shows the behavioural, symbols and assumptions. The KSHL cultural is further described in depth. (Refer to diagram 1)

## DIAGRAM 1

## CULTURAL WEB OF KEMPINSKI HOTEL SAN LAWRENZ

Source: ‘ Exploring Strategic Change’

## Balogun J & Hailey H. V, Financial Times, 1999 Pp98

Assumptions – Schein’s 3rd level

Basic Assumptions represents the third level as regards Schein’s theory. These are “ unconscious, taken for granted beliefs, perceptions, thoughts and feelings” (Schein 2004: 26) Information is compiled at this level by carefully observing behaviour, so as to construct the underlying assumptions. The latter, are sometimes taken for granted and not recognised.

According to Schein, the crux of organisational culture is within this level.

Although basic assumptions tend to be unobserved, however they represent the core of the organisation’s culture. Subsequently, organisational values that have been taken for granted emerge as significant assumptions that guide the organisation’s behaviour.

Within the KHSL culture, basic assumptions include, that the employees are responsible, trustworthy, professional and capable of governing themselves, and that the relationship between them is based on collaboration. However these assumptions are sometimes taken for granted, and thus both the organisation and the members are affected. These assumptions generate multiple benefits – foremost enabling the organisation to improve its performance, react tactfully to changes, optimally allocate its resources and assign responsibilities accordingly.

Diverse researchers came along with distinct perspectives concerning company culture. In this respect, Deal, Kennedy, Peter and Waterman (cited in UoL 2008: 58), advocate that “ Culture is the way we do things around here or the rules of the game for getting along in the organisation”.

Moreover, Hillis (2004: 28) perceives that “ A constructive culture is defined simplistically as one oriented towards achievement, self-actualization, creativity, participation, valuing people, and one that places a high priority on healthy relationships between people”.

This perception of organisational culture resembles partly KHSL employee’s perception on the way how the management of KHSL value people. Some of them, although the numbers cannot be confirmed, as no scientific surveys were never carried out, believe that the company value people and invest in people by setting up a human resources department with full staff compliment to ensure that relationships are built between people having different social and educational background. Apart from this, employees have to integrate themselves with a considerable number of other employees working in different work patterns, speaking different languages and working with different working conditions.

Researches such as Hibbard, 1998 and White (1998) have focused on values in defining organisational culture in the past but this research has been questioned in later papers,

“ Whereas values are important elements of organisation culture, research has demonstrated that organisations showed more differences in practices than in values” Hofstede, 2001. Further explaining these results, “ values are acquired in ones early life and mainly in the family”.

A viewpoint expressed by Handy, 1999 in his early works:

“ Anyone who has spent time in another country will appreciate how values, beliefs and cherished philosophies affect the way society is organised, They will appreciate too how these values and beliefs are shaped by history and tradition, by the climate, the kinds of work people do, the size of the country and it s prosperity”.

Maybe that this theoretical concept is of relevance to the environment at KHSL because although the corporate strategy and organisational culture are influenced by the German culture, the Mediterranean culture, people and history and size of the country are forming part of the KHSL which is based in Malta. The high quality customer service standards, consistency in the service provision and the supreme physical hotel facilities and environment were adopted and form part of the organisational culture in Gozo. This is particularly true when one considers the high flexibility, loyalty and commitment to high productivity levels at the hotel which are moulded in the organisational culture at KHSL. Stating the GM of KHSL, the employees are loyal to their Brand as the Maltese were under the British forces, flexible to learn and adjust to different economic conditions of the organisation, and are productive in the sense that it is a known fact that keeping very high productivity levels is the survival of the company forming part of the organisation culture. The culture in people of Gozo, forming part of the Maltese archipelago is one of continuous survival going back to the ancient times when the island was conquered many times and the inhabitants were taken as slaves or prisoners. With this in mind, there should only be subtle differences between the published values of organisation/functions of same national background. Hofstede, 1980 did measures 40 nations and summarily clustered them into four main dimensions.

In the perspective of Smircich (cited in UoL 2008: 58) “ Culture is not something an organisation has, but something an organisation is”. This implies that organisations are constantly shaping their internal respective culture. The cultural infrastructure of the organisation defines the personality of the business concern. Moreover culture impacts directly business performance.

There is a common denominator linking these definitions. The theorists agree that values, beliefs and norms are the substance of corporate culture. They act as guidelines as regards the behaviour of organisation members.

Anakwe and Greenhaus (1999), highlight that organisational culture is transmitted on to new employees, via the process of socialisation. The management at the Kempinski Swiss head office transmit their culture onto top management at KHSL which in turn is diffused to the employees. This includes maintaining high quality standards which are typical of the Swiss culture, which is important for the implementation of strategy and commitment among the organisational members. The management at KHSL sees to entice socialisation along both formal and informal lines, among the employees within their, respective department. A typical example is the social activities which are organised such as parties, events and outdoor activities.

Kempinski Hotel Sal Lawrenz – Organisational Goals

Mullins (2005) clearly defined how a mission statement’s value is largely dependant upon the extent to which the entire organisation accepts its worth. Arguably, he refers to the process of disseminating it into meaningful terms such that all employees can understand and accept it. Johnson et al (2006) describes how it can be thought of as, “ a statement of the overriding direction and purpose of an organisation” Waal (2007) agrees:

“ High performance organisations deliberately create clarity and a common understanding of the company’s direction and strategy, which results in a commonly held strategic mind-set among organisational members.”

It is clear then that the mission statement is where corporate direction is defined and disseminated via an evocative statement. There is evidently agreement amongst key writers that the mission statement has to be clear and unambiguous yet Perrin and Tavakoli (2005) concede that if the overriding objective of a well crafted mission statement is actually to create a sense of mission amongst the members of an organisation then some naÃ¯ve executives have a lot to learn. They argue that a mission statement has to be believed, understood and acted upon by the majority of an organisation’s members to achieve a state of togetherness (or as the author of this paper would prefer to describe it: a common purpose). Mullins (2005) embellishes the point as he describes the need for organisations to practice what they preach if the mission statement is to be of any value. The KHSL mission statement is highlighted below:

To be the only true country side resort, and renowned as the most unique hotel in Malta offering guests the “ perfect retreat” to relax in the tranquil ambience of Gozo, showcasing Kempinski as a luxury brand and ensure at all times our guest satisfaction, while improving the financial return to the owner and Kempinski.

(Attard 2009 Interview)

Commenting on KHSL mission statement, it is fair to state that the generally speaking members of the organisation believe that the Hotel offers the excellent facilities and ambient described in the mission statement and the organisational culture supports the statement. However, this is only the underlying assumption and perception of the author of this paper as the mission statement is probably not known to the employees. It is very rarely, if ever, mentioned in meetings, social activities and the author never came across any document stating this statement. As mentioned before throughout this paper, the mission statement is nowhere to be found in the hotel prominent places. The members of KHSL commit themselves to improve the company in financial terms with continuous loyalty and dedication as described earlier. One can argue that as a general rule, employees feel the common purpose of working with KHSL. As to whether the mission statement is of any value to the employees, it has still to be seen because although the management is striving to entrench these beliefs within the organisational culture, the employees are still not aware of such ‘ stated beliefs’.

Mr. Attard (interview) further claimed that the KHSL goal and objectives are to achieve and run a professional, profitable and ethical company. This is done through the building of long term marketing relationships via its esteemed stakeholders and guests rather than transactional marketing. He also highlighted that the aim of the company, within each hotel operation is to deliver the highest quality in serving its respective guests in all activities, by adopting the best practical and ethical standards thus enable the company towards the attainment of its long strategic goals which are highlighted hereunder:

To foster and sustain a competitive advantage, trust and professionalism that is collaborative between members of the organization.

To further increase market share by 20%.

Reduce cost based by 10% while keeping the same five star corporate standard.

Increase the average stay of guests from 3 to 5 days.

To increase SPA sales by 15% by providing guests relaxation treatments in their rooms.

Kempinski Hotel San Lawrenz – Analysis of the Supportive and Unsupportive Elements of Organisational Culture

It transpires in view of the observations, that there are certain ingredients within the corporate culture of KHSL, which are supportive and unsupportive as regard the organisational goals.

Analysing the KHSL’s culture web based on Johnson, Scholes and Whittington model, one can notice that a number of aspects support the organizational goals whilst others may be diverting from these goals sometimes even could be conflicting. The symbols aspect reflects the organizational culture with regards to the excellent facilities and high quality service as seen in the eyes of the customer. This image is contributing towards the company’s goals to be profitable and keeping its market position by attracting up-market guests and keeping the corporate’s image high in the market segment. The control systems and the organizational management structure also seem to support the goals as they are customer focused and the management led by the Finance section is controlling costs contributing to company’s goals to sustain the company’s profitability.

Some elements listed in the Stories of the cultural Web sustain the company’s objectives including co-operation and keeping good relations with stakeholders, in this case the employees. Another important element supporting the company’s objectives is the fact KHSL cares for its employees as listed in the Stories of the cultural web. Some elements of the organizational structures also support the company’s stated goals including the positive role of the HR in the company giving a clear indication that the company invests in its people. The Rituals and Routines elements are a clear evidence of elements contributing to the company’s stated goals to collaborate and co-operate with key stakeholders.

However, some of the rituals and routines aspects lack professionalism stated in the hotel’s objectives. This include the lack of clear and documented work procedures, companies policies, mission and vision statements are unknown to the workforce. Some of the stories listed in KHSL’s cultural web give the impression that the management does not consult in the decision making and is imposing its culture on the employees. This in a way is conflicting to the company’s goal to reach best practices within the sector. Some stories about the management including the ‘ heroes’ approach seem not aligned to the stated objective of the company on professionalism.

Conclusion – Highlights and Recommendations

Although culture is an abstract reality, however, its behavioural and attitudinal consequences are very concrete. Moreover, in view of the highly dynamic changes taking place within the complex business environments, organisational culture is constantly undergoing a process of creation, evolution and manipulation. It is high time that managers within business concern undergo an objective culture analysis of their respective organisation, so as to identify areas where it is either supportive or unsupportive of their organisational goals.

A number of recommendations are presented at this point, based on a critical cultural analysis of KHSL. The underlying objective is to transform unsupportive into supportive cultural forces which ensure the efficient and effective realisation of organisational goals. There is a tendency that managers acting as leaders see to impose their own values and assumptions on the employees. This a counterproductive approach, since the employees need to be granted a participatory role in the development of culture within their own respective organisation.

Moreover, the employees need to be educated so as to understand the culture of their own respective organisation, with a view to improve communication. It is recommended that there should be more informal meetings between the employees and the management, so as to identify strategic areas within the company’s value chain where operations can be improved, in the reciprocal interest of all stakeholders.

Within our fast moving world, many successful business organisations are capitalising on profitable flexi time systems. The organisation under review has remained highly attached to the traditional shift basis, and this is generating a considerable degree of resistance on the part of the needs to be recommended, that the change from shift basis to flexi time systems be gradual, so as to empower employees to integrate their professional commitments with other interests, in a smooth manner.

As already highlighted earlier, Kempinski cherishes workforce diversity. Although this helps in the injection of fresh ideas, and ensures that the organisation capitalises on the optimal talent, yet local employees perceive this approach as a threat and intrusion to the employment opportunities. This is particularly the case in periods of inflation and global recession, being currently experienced. This has a tendency to create on particular occasion’s unnecessary friction among the labour force.

It is note worthy to compare the organisation culture of KHSL with those of alternative hospitality organisations targeting the upmarket sector. In this manner, a number of interesting common distinct and interesting cultural characteristics can be identified. This benchmarking procedure will identify strategic areas that KHSL must target, so as to become a more dynamic and agile business player within its industry.

Since culture is a dynamic reality, it needs to be assessed in terms of the organisational goals not only of a particular point in time, but from a skin deep level, by critically assessing the cultural trends of the specific organisation. Since cultural changes cannot be implemented overnight a proactive approach needs to be implemented in critically scanning the macro environment. As prospective managers, although a decentralised system is preferred, yet one is to be fully aware of its hazards and limitations. It is healthy that KHSL invests in training programmes of its employees, however quality training is more than desired. The latter must grant consideration to the respective interest of the organisation, the management and the employees. It is recommended that learning, within the information based culture be carried out on a life long basis. This acts as an incentive so as to ensure the upward mobility on the part of the employees, and thus they can contribute an incremental value by their professional skills.