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Adapting to a renewed collective culture through a change in organizational behavior

Peter Bheda
Frontera Hotel Group, pbheda@bu.edu

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Corresponding Author

Peter Bheda, Frontera Hotel Group, USA

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Peter Bheda

Chairman & CEO
Frontera Hotel Group, USA
pbheda@bu.edu

Abstract

The dynamic interplay between organizational behavior and cultural transformation is paramount in the ever-evolving landscape of hospitality leadership. As the hospitality industry adapts to post-pandemic shifts, executives grapple with managing successful companies while ensuring effective employee engagement. While profitability surged for many, managing employees remains a complex challenge. Cultivating a thriving culture is a critical solution. Toxic cultures incur tangible and intangible costs, impacting revenues, employee retention, and productivity. The pandemic has underscored the urgency of cultural alignment, prompting leaders to rethink behavior patterns. Engaging leaders across hierarchies as "chief culture officers" promotes accountability, openness, alignment, and leverage, fostering a holistic cultural shift that aligns with strategic imperatives. This evolution empowers leaders to navigate change, driving performance, adaptability, inclusion, and customer centricity, which is pivotal for hospitality's future success.

Keywords: collective culture, behavioral patterns, uncertainty

Introduction

Imagine accessing the latest hotel data and looking at industry magazines focused on hospitality. Also, think about listening to experts discuss business and money matters. If you do this, you will see that businesses have improved in the last year and a half. Many Fortune 500 companies are happy and proud that they are doing quite well, even better than 2019. They have more customers staying in their hotels, charging higher prices and making more money for every room they have available in their inventory; in industry jargon, this is generally known as the revenue per available room. However, the puzzling part is why these successful company leaders need help managing their employees well. The COVID-19 pandemic made all of us realize how quickly life can change. It turned everything upside down. However, even with this big lesson, are we learning enough, or are we prepared to handle the next big problem that may hit the global economy? Are we making the right changes in how we think and run our businesses to deal with the new challenges?

The Tru Financial Impact of Poor Culture

Allowing a toxic culture to continue within a company will affect how much money the company makes, which can have short-term and long-term consequences. It can even influence how much the company is worth. Some of the costs are easy to see when you look at the company's financial papers (Gandolfi & Stone, 2022). However, other costs are more challenging to notice. For

example, the company might make less money than it could because it loses customers or misses out on opportunities to get new customers. These costs can add up over time and make a big difference. Most of the costs that come from bad company culture and lead to employees leaving are hard to measure (Sull & Sull, 2022), but we know they are there. These costs should also be considered when calculating how much it costs to fill a vacant position. When employees leave because the company culture is wrong, it can also affect the productivity of those who remain employed. They might work better, and this can affect how much work the whole team gets done (Serenko, 2023).

Uncertainty in Patterns of Behavior

In the context of the recent global scenario, executives from the World's Most Admired Companies recognize that the pandemic and the subsequent transition to hybrid and remote work have elevated the significance of organizational culture (Ferry, 2002). There is now a stronger emphasis and investment in fostering a positive culture worldwide (Kar et al., 2023). The notion that culture is solely embedded among high-ranking positions within an organization or the responsibility of a single individual needs to be revised (Umemezia & Osifo, 2021). To ensure a healthy culture, it is imperative that everyone within the organization, from managers to line supervisors (Sull & Sull, 2022), undertake a collective role in nurturing it, effectively becoming *chief culture officers* in their own right.

In the role of a leader, the patterns of your behavior can significantly impact the company's overall value (Mugge et al., 2020). It is essential to remember that your actions possess the capacity to influence the behavior of others. A pertinent example is Satya Nadella, the CEO of Microsoft, who assumed the role of a Culture Carrier right from the start of his leadership in 2014. He recognized the need to shift the company's culture from overconfidence to humility and learning.

A survey conducted by Korn Ferry, a global organizational consulting firm, asked executives from the World's Most Admired Companies about the most crucial factor in shaping organizational culture. An overwhelming 84% indicated that *role modelling by senior leaders* is paramount.

Leadership entails unleashing the potential in others and applying ethical reasoning to problem-solving (Mumford, 2023). However, addressing challenges, achieving financial success, and promoting innovation alone is insufficient to change team dynamics fundamentally. A transformation is necessary—shifting the culture from competitiveness to collaboration, dominance to respect, and exploitation to nurturing. This comprehensive model holds the key to instigating cultural change throughout the organization. One must assume the role of a culture change architect (Mumford, 2023). If employees were to identify leaders who best embody the desired company culture, would your name be among them? Can you champion a culture shift within your organization?

Critical Thinking Question

Should companies expand the Chief Culture Officer role to all leaders? I post an affirmative answer due to four essential benefits:

1. **Clear Accountability:** Removing the notion of someone else being in charge of culture is vital. This 'someone else has got it' mindset is why many companies that

once had a Chief Culture Officer at the C-suite level have done away with the position.

2. **Promoting Openness:** Extending this role creates a 'see something, say something' culture. It underscores that everyone is responsible for culture and should voice concerns when things seem amiss. This increases the chances of addressing counter-cultural behaviors before they risk the company or divert it from its core mission.
3. **Enhancing Alignment:** This expansion facilitates tight alignment, making culture a driving force rather than a hindrance to strategic goals. When all leaders act as Chief Culture Officers, they simultaneously handle culture and business strategy activation.
4. **Leveraging Managerial Impact:** Capitalizing on managers' significant influence on company norms is beneficial. Strong cultures are more closely linked to high managerial ownership than top executive ownership. A positive culture thrives when leaders at all levels are involved.

Conclusion

In today's world of leadership, particularly within the realm of hospitality, the ability to influence others' actions holds significant sway. To foster positive change, let us initiate this process through gradual shifts. At the core of this transformation lies the creation of a performance-driven culture that goes beyond task completion and delves into the realm of achieved outcomes. Empowerment finds its place within this culture, prompting us to question whether another team member might be better suited for a new project. Within the framework of adaptability, an agile culture emerges, encouraging team members to brainstorm fresh ideas in response to shifting circumstances. Inclusion takes precedence, too, as newcomers are welcomed into discussions and their insights valued. Allowing three others to speak before sharing personal thoughts aids this inclusivity. Lastly, a customer-centric culture gains prominence. Insights from customer interactions find resonance within team discussions, leading to solutions that benefit both the company and its customers.

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About the Author

Peter Bheda is an influential leader that has the ability to educate, motivate and bridge the gap to achieve results by building long-term internal and external stakeholder relationships. He maintains a history of success in operating and evaluating new development and re-positioning opportunities in both domestic and international markets. With an extensive record of accomplishment that spans over four decades in the real estate and business world, his global leadership has demonstrated a positive influence in Hospitality, Higher Education, and Entrepreneurship. Peter Bheda currently serves as Chairman & CEO of Frontera Hotel Group and as Executive Chairman at Boldface Hospitality. He holds a Master’s degree in Real Estate Development and Finance from Boston University, where he also served as an adjunct professor at the School of Hospitality Administration.

As a guest lecturer, he travels globally to speak at various hospitality and prestigious business schools, including HEC- Paris, Columbia and Harvard Universities sharing his expertise on topics such as leadership, mergers & acquisitions and restructuring, asset management, negotiation, conflict resolution, diversity & inclusion, philanthropy, franchising, lodging operations, and service excellence. He is a proud recipient of the “25 Most Influential Global Hospitality Educators of 2021” and “100 Most Powerful People in USA Hospitality for 2022” awards by the International Hospitality Institute and “30 Most Influential Educators in Hospitality for 2023”. He is currently an adjunct professor at the Feliciano School of Business at Montclair State University’s College of Business, a Masterclass Instructor at Florida International University, and a frequent MBA Crash Course Instructor at HEC Paris, France.