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The Relationship among Corporate Culture, Strategic Orientation, and Financial Performance

HyunJeong (Spring) Han[1]

Abstract

This study was conducted to suggest strategic orientations that can analyze which types of corporate culture and strategic orientation contribute to enhanced financial performance, based on the theory that, to acquire a competitive edge in the fierce competitive environment and maximize performance, the combination of corporate internal competitiveness and an appropriate action plan is crucial. The study shows that corporate culture does directly affect financial performance. However, for this group of Korean hotels, not all cultures performed equally. The transaction-oriented Market Culture did not promote financial performance, as compared to the family-oriented Clan culture or the innovative Adhocracy culture. The tradition-bound Hierarchical culture actually cost hotels in terms of financial performance. Certain strategic orientations moderated and improved financial results for some of the cultures, but not all. The opportunity-seeking approach of a leading orientation drove favorable financial results for the Clan and Adhocracy cultures but did not help the Market or Hierarchy cultures. Other strategic orientations also drove positive financial results, including future analytic and defensive. On the other hand, the discounting-oriented aggressive orientation returned negative financial results to all hotels in this sample.

Keywords

corporate culture, strategic orientation, hotel financial performance, South Korean hotels

Any fiercely competitive environment brings about changes in organizations and forces executives to seek the strategies that will best enable their organizations to gain or sustain a competitive advantage in the marketplace (Avci, Madanoglu, and Okumus 2010). This issue applies globally to the tourism industry since most of its market segments (e.g., hotels, restaurants, and travel agencies) have reached the saturation point in many countries.

To continue growing, companies should adapt to environmental changes and manage their employees to act consistently in reacting to that change. Thus, corporate strategies should balance external environmental realities with internal capabilities to maximize corporate value.

Several researchers writing in the 1980s demonstrated the strong relationship between culture and performance (e.g., Ouchi 1981; Deal and Kennedy 1982; Peters and Waterman 1982), and further studies have built on that foundation. Kim, Lee, and Yu (2004), for example, maintained that a "strong culture"—one that is shared among a majority of employees—could be a predictor variable to measure an organization's financial performance.

A firm's strategic orientation embodies principles that are intended to provide coherence, focus, and direction to all of the activities undertaken by the employees. Therefore, strategic orientation helps to ensure consistency of purpose and action in the face of inevitable uncertainty.

In the following sections, I review studies on corporate culture and strategic orientation, and then make research hypotheses. I then describe the research methodology, sample characteristics, and the statistical method employed to test those hypotheses. I name factors of strategic orientation based on exploratory factor analysis; I investigate how the corporate cultures of hospitality industries relate to key dimensions of strategic orientations and financial performance; and I determine a mediator effect of strategic orientation between corporate culture and strategic orientation. I

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conclude the paper with a discussion of the managerial implications of these findings and future research directions.

Corporate Culture and Strategic Orientation

Formal writing on the concept of organizational culture began with Pettigrew (1979), who introduced the anthropological concept of culture and showed how related concepts like symbolism, myth, and rituals can be used in organizational analysis. Dandridge, Mitroff, and Joyce (1980) showed how the study of these myths and symbols aids in revealing the "deep structure" of an organization. More recent researchers include Denison and Mishra (1995), Shein (1985), Siehl and Martin (1988, 1990), and Wallach (1983), who have introduced various definitions of the culture concept.

Corporate culture. Corporate culture is defined as the pattern of shared values and beliefs that help individuals understand organizational functioning and thus provide them with norms for behavior in the organization (Deshpande and Webster 1989; Kotter and Heskett 1992). Corporate culture focuses on the underlying values and attitudes that affect the way in which things are done. Deal and Kennedy (1982) refer to this "style" or "how things are done around here" as culture. A critical point in this regard is that a corporate culture can steer employees away from acting in the company's interests, or it can excite and guide their actions for the company's benefit (Doran, Haddad, and Chow 2003). Over 30 years, researchers have increasingly investigated corporate culture's link to variables associated with effectiveness or efficiency. According to Pascale (1990) organizational culture could predict organizations' ability to survive. Cameron and Quinn (1999) provide the Organizational Culture Assessment Instrument (OCAI), which uses the responses to six items to diagnose an organization's culture. They outline four culture types: Clan, Adhocracy, Market, and Hierarchy, a taxonomy adopted in this paper.

Strategic orientation. A largely separate stream of literature defines strategic orientation as a set of behaviors to operationalize a firm's strategy. Like culture, strategic orientation is considered to be a critical issue that may determine the success or failure of an organization. This has particular implications for management, because strategic orientation is also considered a controllable variable, and therefore one that companies may attempt to manage if evidence exists that it can improve the organization's overall performance. Recent strategic marketing studies pay special attention to strategic orientation as a significant driver of superior performance in emerging economies (Zhou and Li 2007). Strategic orientation focuses on how firms should interact with external environments such as customers, competitors, and technology to conduct business (Day 1994; Gatignon and Xuereb 1997). The effectiveness of a firm's strategy depends on the fit between strategic choices and market dynamism (Ginsberg and Venkatraman 1985). Accordingly, the effect of strategic orientation may be contingent on environmental dynamics (Day and Wensley 1988). However, few studies have investigated such contingencies in emerging economies, and even findings regarding developed economies have largely been equivocal (Kirca, Jayachandran, and Bearden 2005). Venkatraman's (1989) study of key dimensions of strategic orientation addressed the following issues: scope, hierarchical level, and intentions versus realizations. That study then conceptualized strategic orientation in terms of six dimensions. Operational indicators for these six dimensions are aggressiveness, analysis, defensiveness, futurity, proactiveness, and riskiness.

Culture and strategy. Many researchers have analyzed organization culture and strategic orientations as important components of organizational performance (Adler and Jelinek 1986; Andrew 1971; Ansoff 1965; Barney 1986; Cameron and Freeman 1991; Child 1972; Czarniawska 1998; Deal and Kennedy 1982; Denison 2000; Fisher and Alford 2000; Hatch 1993; Hofstede et al. 1990) or have classified corporate strategies and performance (Avci, Madanoglu, and Okumus 2010; Conant, Mokwa, and Varadarajan 1990; Dess and Davis 1984; Doyle and Hooley 1992; McKee, Varadarajan, and Pride 1989; Morgan and Strong 2003). Again, the results have been varied. Even studies of strategic orientation and performance levels that used the same measures did not reach similar results.

Winning the market competition requires the investment of time and money into strategy formulation, which is then implemented by the employees. The strategic orientation thus devised must fit well with the corporate culture to increase financial performance. Since these three variables are rarely studied, this study examines the interactions of strategy and culture, with a goal of improving financial performance.

Hypotheses

According to the research about hotel corporate culture and performance (Doran, Haddad, and Chow 2003), corporate culture might directly affect performance. Kim, Lee, and Yu (2004) investigated relationships between corporate culture and organizational performance among three Singaporean industries: high-tech manufacturing, hospitals, and insurance. They found a significant relationship between ROA and corporate culture for manufacturing industries, but they couldn't find such a relationship in the hospital or insurance industries. To this end, I developed a hypothesis about the relationship between corporate culture and financial performance.

Hypothesis 1: There will be significant relationships between corporate culture types and financial performance.

Barney (1986) maintained that a firm's culture can be a source of sustainable competitive advantage if that culture is valuable, rare, and imperfectly imitable. Conflicting views exist on the relationship between strategic orientation and corporate culture, however. Some authors view the overall organizational strategy as arising out of corporate culture (Green 1988; Koza and Lewin 1998; Schwartz and Davis 1981), because of the powerful influence culture has over managers' behavior (Koberg and Chumir 1987). In contrast, Deshpande and Webster argue that corporate culture is an exogenous variable that influences the development of core beliefs and values within the organization (Deshpande and Webster 1989). To demonstrate the relationship between corporate culture and strategic orientation, I developed hypothesis 2.

Hypothesis 2: There will be significant relationships between corporate culture types and strategic orientation.

Avci, Madanoglu, and Okumus (2010) investigated whether tourism firms in Turkey that adopt one of the four strategic orientations developed by Miles and Snow (1978) differ in their financial and nonfinancial performance. Avci and colleagues found a difference in both financial and nonfinancial performance based on these enterprises' strategic orientations. A study by Garrigos-Simon, Marques, and Narangajavana (2005) found significant differences in total performance among four types of strategic orientation. Considering these results, I developed hypothesis 3.

Hypothesis 3: There will be significant relationship between strategic orientation types and financial performance.

Corporate culture can be positioned as an antecedent, a moderator, or an intervening variable in the relationship between market (strategic) orientation and business performance (Hynes 2009). Corporate culture has pervasive effects on an organization, and therefore its effects may be found at any point in the relationship because it defines the organization's employees, customers, competitors, and suppliers, as well as the way in which all of these stakeholders interact (Barney 1986). To verify the role of strategic orientation, I developed the following hypothesis.

Hypothesis 4: Strategic orientation will play a mediator role between corporate culture and financial performance.

Methodology

In this section, I show how the research instrument was developed and tested, including a pilot study. I should note that pilot studies are largely under-reported in the qualitative research literature, but they are essential to minimize errors associated with questionnaires and to clarify the context.

Development and Testing of Research Instrument

I created a questionnaire that was divided into the following three sections. The first section drew from Cameron and Quinn's Organizational Culture Assessment Instrument (OCAI), which rates organizations on the following dimensions: internal focus and integration, stability and control, flexibility and discretion, and external focus and differentiation. The OCAI consists of six questions relating to the organization's dominant characteristics, leadership, management of employees, organizational "glue," strategic emphasis, and criteria for success. For each question, respondents are asked to divide 100 points among four possible alternatives, depending on the extent to which a particular alternative describes their organization. So, for each question, if you think alternative A strongly describes your organization, while alternative B and C are somewhat similar, and alternative D hardly fits at all, you might give fifty-five points to A, twenty points each to B and C, and five points to D.

The second section of my questionnaire was composed of questions related to measurement of strategic orientation of business enterprises developed by Venkatraman. This construct is first defined by addressing four theoretical questions of scope, hierarchical level, domain, and intentions versus realizations, and then conceptualized in terms of the six dimensions he outlined. The operational indicators for the six dimensions were developed in terms of managerial perceptions across 200 business units in a field study and are widely used by managerial researchers. For this study, I adapted Venkatraman's (1989) key dimensions of strategy construct.

The third section assesses financial performance. There are some controversies about measuring financial performance of emerging economies' hospitality enterprises. First, firms avoid sharing their financial data with other companies, because of concerns that financial data like RevPAR could give away their marketing strategy. Second, there isn't a uniform system of accounting for emerging economies' hospitality enterprises, so it's not easy to compare companies even if one gathers the firms' financial statements. Third, researchers found that objective and subjective measurement of financial performance are positively related. With regard to objective measurement, business

performance is typically seen in accounting terms such as return on investment (ROI) or net income (NI), and researchers analyze objective financial statements to assess the enterprises' financial performance. On the other hand, researchers also measure subjective performance measures to determine financial performance. Madsen's (1987) subjective measurements for performance included sales, profit, and change. Likewise, Styles (1998) measured subjective economic or financial performance dimensions, including sales, profit, and change, and Shoham (1998) used satisfaction-based scales as a subjective performance assessment. In addition, Venkatraman (1989) developed indicators used to measure business performance which included a growth dimension and a profitability dimension. Based on those preceding studies, I use subjective measurements of financial performance in this study.

As I indicated above, I conducted a pilot study before conducting the final survey. Participants in the pilot study were 32 hotel managers, just over the minimum number required for a normal distribution (30), who had an average number of 6.7 years of working experience. I distributed and received questionnaire to them by fax or email. The resulting Cronbach's alpha for statements concerned with strategic orientation was .92. In addition, the alpha for statements related to financial performance was .91. These figures are well over .70, which is the acceptable level for Cronbach's alpha (Nunnally 1978), and it shows very high reliability levels. From this pilot study, I concluded that I could move forward with employing the six strategic orientations and the two financial performance measures in this study.

Sample

In 2009, the Korean Hotel Association listed 139 five-star hotels and 172 four-star hotels in South Korea. From this list I chose 190 hotels having more than 100 guest rooms, on the theory that these properties are large enough to have both an express strategic orientation and a corporate culture. I contacted hotel managers in various Korean cities, including Seoul, Busan, Daegu, and Inchon, and I also included resort areas, such as Jeju Island and Korea's east coast. I interviewed managers who agreed to the study and delivered a total of 260 questionnaires to the managers of 120 hotels. Each participating manager was employed as a senior executive and had at least five years of working experience with their particular company. Completed questionnaires were returned directly to me during a four-month period. This approach gave me 226 questionnaires from 101 hotels, but I had to exclude 15 questionnaires because of irregularities, missing data, or unrealistic responses. My final sample was 211 responses from 99 hotels.

Exhibit 1:
Demographic Profile

Demographic Category	Number	Percentage
Age (years)		
≤29	5	2.4
30-39	123	58.3
40-49	57	27.0
≥50	26	12.3
Total	211	100.0
Gender		
Male	151	71.6
Female	60	28.7
Total	211	100.0
Career (years)		
5-9	100	47.4
10-14	38	18.0
≥15	73	34.6
Total	211	100.0
Department		
Front office	116	55.0
Back office	76	36.0
Executives	19	9.0
Total	211	100.0
Education level		
High school or less	3	1.4
Associate's degree	59	28.0
Bachelor's degree	115	54.5
Graduate degree or higher	34	16.1
Total	211	100.0
Positions		
Assistant manager	88	41.7
Manager	84	38.4
Senior manager	23	10.9
Executives	19	9.0
Total	211	100.0

Analysis and Results

Exhibit 1 shows the demographic profile of the sample. The bulk of the 211 respondents were thirty to forty-nine years old, and women constituted just 28.7 percent of this sample. Nearly half of the respondents (47.4%) had been in their career for five to nine years, and more than one-third (34.6%) were extremely experienced, with fifteen or more years in the business. Fifty-five percent of respondents worked in the front office, 36 percent worked for back office, and 9 percent were executives. This was a well-educated group. Roughly half of the respondents had a bachelor's degree, 28 percent had an associate's degree, and 16.1 percent had a graduate degree or higher. The largest single position category for respondents was assistant manager (41.7%), while 38.4 percent were managers and

10.9 percent were senior managers, in addition to the 9 percent who were executives.

Strategic Orientation Factor Analysis

Exhibit 2 provides the results of a factor analysis of strategic orientation. To reduce the dimensions, I conducted factor analysis, with Varimax rotation, which is a change of coordinates used in principal components analysis. Varimax rotation is often used in surveys to see how groupings of questions measure the same concept. Also, to measure the adequacy of the sample, strategic orientation factors were verified by the KMO (Kaiser-Meyer-Olkin) indicator, which is .896 (close to the limit of 1.00). I affirmed a significance level of 2835.533 (df = 406, $p < .000$) from the Bartlett's method, which provides a way to reduce the variance of the periodogram in exchange for a reduction of resolution, compared to standard periodograms.

Strategic orientation was categorized into six factors. Following Venkatraman (1989), I named these strategic orientations as follows: leading, future analytic, aggressive, defensive, adventurous, and conservative. These orientations can be described as follows: leading, always trying to innovate; future analytic, focusing on research for future activities; aggressive, undercutting competitors; defensive, maintaining careful control; adventurous, risk taking; and conservative, avoiding risk.

Financial Performance Factor Analysis

Exhibit 3 shows result of factor analysis of financial performance, categorized into growth-oriented financial performance and profit-oriented financial performance.

Corporate Culture and Financial Performance

Exhibit 4 shows the direct statistical relationship between corporate culture and financial performance based on a series of linear regression models. An analysis of the impact of corporate culture types on financial performance shows that the family-like Clan culture and the entrepreneurial Adhocracy culture had a positive impact on growth-oriented financial performance. In contrast, the rule-bound Hierarchy culture had a negative impact on growth-oriented financial performance. I found no significant relationship between the task-oriented Market culture and financial performance. None of the corporate culture dimensions showed a statistically significant relationship with profit-oriented performance. These findings generally support hypothesis 1, with regard to growth-oriented financial performance.

Corporate Culture and Strategic Orientation

Exhibit 5 provides the result of regression analysis between corporate cultures and strategic orientations. This analysis found relationship-oriented (Clan) companies most strongly associated with a leading orientation, followed by future-analytic, aggressive, and defensive strategic orientations. Innovation-oriented (Adhocracy) companies likewise were most strongly associated with a leading orientation, followed by future-analytic, aggressive, conservative, and defensive strategic orientations—all significant.

Task-oriented (Market culture) companies showed significant but negative connections with the strategic orientations, with conservative most negative, followed by future-analytic, leading, aggressive, conservative, and defensive strategic orientations. Hierarchy-oriented companies showed a significant positive conservative orientation but a negative influence on three strategic orientations, with leading being most negative, followed by the aggressive and defensive strategic orientation. These results confirm hypothesis 2.

Exhibit 6 shows relationship between strategic orientation and financial performance for the various cultures and strategic orientations. Four strategic orientations had significant effects on both growth-oriented and profit-oriented financial performance, three of them positive and one negative. This supports hypothesis 3. Leading, future-analytic, and defensive strategic orientations had a positive impact on both growth- and profit-oriented financial performance. The adventurous strategic orientation, however, showed a negative impact on financial performance. I found no significant effect of either an aggressive or a conservative strategic orientation on these hotels' financial performance.

Mediation Effect of Strategic Orientation

To verify a mediation effect of strategic orientation, I adopted Baron and Kenny's (1986) method. To test for mediation, one should estimate the following three regression equations: first, regressing the mediator on the independent variable; second, regressing the dependent variable on the independent variable; and third, on both the independent variable and on the mediator. Separate coefficients for each equation had to be estimated and tested. There is no need for hierarchical or stepwise regression or the computation of any partial or semipartial correlations. These three regression equations provide the tests of the linkages of the mediational model. To establish mediation, the following conditions must hold. First, the independent variable must affect the mediator in the first equation; second, the

Exhibit 2:
Strategic Orientation Factor Analysis

	Component						Reliability
	Factor 1	Factor 2	Factor 3	Factor 4	Factor 5	Factor 6	Cronbach's α
Leading strategic orientation							
The first one to introduce new brands	*.811*						.900
Competitors preempt us (rev)	*.789*						.903
Constantly on the lookout for businesses	*.782*						.902
Constantly seeking new opportunities	*.743*						.907
Operations are eliminated upon life cycle	*.593*						.909
Major decision developing through analysis	*.576*						.910
Use of planning techniques	*.523*						.900
Future-analytic strategic orientation							
Formal tracking of significant general trend		*.724*					.902
"What-if" analysis of critical issues		*.700*					.904
Forecasting key indicators of operations		*.638*					.914
Manpower planning appraisal of senior manager		*.592*					.914
Emphasize basic research for the future competitive edge		*.582*					.906
Use of management information and control system		*.541*					.907
Information systems provide support for decision making		*.512*					.907
Emphasize effective coordination among different functions		*.495*					.912
Aggressive strategic orientation							
Setting prices below competition			.895				.905
Cutting prices to increase market share			.871				.902
Seeking market share position at the expense of cash flow			.793				.906
Sacrificing profitability to gain market share			.729				.901
Defensive strategic orientation							
Use of cost control systems for monitoring performance				*.614*			.912
Significant modifications to the manufacturing technology				*.585*			.914
Use of production management techniques				*.537*			.903
Emphasis on product quality through the use of quality circles				*.479*			.904
Adventurous strategic orientation							
Operations have followed the "tried and true" paths (rev)					.688		.900
Supporting projects where the expected returns are certain(rev)					*.610*		.907
Our operations can be generally characterized as high-risk					*.489*		.914
New projects are approved on a "state-by-stage" basis (rev)					*.474*		.903
Conservative strategic orientation							
Resource allocation reflect short-term considerations (rev)						*.768*	.905
Adopt conservative view when making major decisions (rev)						*.489*	.902

Note: Extraction method: principal components analysis. Rotation method: Varimax with Kaiser normalization. Rotation converged in eight iterations. Items marked "rev" are reverse scored. Italics indicate loadings greater than 0.4.

Exhibit 3:
Financial Performance Factor Analysis

	Component		Reliability
	1	2	Cronbach's α
Profit-oriented financial performance			
ROI position relative to competition	*.808*		.904
Satisfaction with return on corporate investment	*.797*		.903
Net profit position relative to competition	*.737*		.903
Financial liquidity position to competition	*.674*		.902
Satisfaction with return on sales	*.646*		.902
Growth-oriented financial performance			
Satisfaction with sales growth rate		*.868*	.903
Sales growth position relative to competition		*.847*	.902
Market share gains relative to competition		*.676*	.902

Note: Extraction method: principal components analysis. Rotation method: varimax with Kaiser normalization. Rotation converged in three iterations. Italics indicate loadings greater than 0.4.

independent variable must be shown to affect the dependent variable in the second equation; and third, the mediator must affect the dependent variable on the third equation. If these conditions all hold in the predicted direction, then the effect of the independent variable on the dependent variable must be less in the third equation than in the second. Perfect mediation holds if the independent variable has no effect when the mediator is controlled (Baron and Kenny 1986).

First of all, I conducted correlation analysis of corporate culture, strategic orientation, and financial performance to analyze any mediating effects among them. Exhibit 7 shows the result of this correlation analysis.

The following are the results of hierarchical regression analysis to examine the hierarchical effect of strategic orientation between corporate culture and financial performance.

Exhibit 8 shows a strategic orientation mediator effect between Clan culture and growth-oriented financial performance. When relationship-oriented companies pursued leading, future-analytic, and defensive strategic directions, their growth-oriented financial performance was enhanced. These leading, future-analytic, and defensive strategic orientations had a perfect mediating effect between Clan culture and growth-oriented financial performance.

Similarly, as you see in Exhibit 9, when innovation-oriented companies pursued leading, future-analytic, and defensive strategic directions, their financial performance also was enhanced. However, when the innovation-oriented companies pursued an adventurous strategic orientation, such an approach may have had a partially negative impact on their financial performance.

Exhibit 10 shows the result of strategic orientation mediator effect between the Hierarchy culture and growth-oriented financial performance. The financial effect of a Hierarchy-oriented approach was negative with regard to financial performance, but when these companies pursued a leading strategic orientation, their growth-oriented financial performance was enhanced. And when they pursued a defensive strategic orientation their growth-oriented financial performance was at least partially enhanced. If Hierarchy-oriented companies pursued an adventurous strategic orientation, the effect was at least partially negative for financial performance. In sum, these findings confirm hypothesis 4.

Discussion and Implications

In general, my study showed that culture and strategic orientation make a difference in hotels' profit performance, but not all strategies or cultures are created equal. The task-oriented Market culture, which focuses on hitting targets and performance, had no significant effect on financial performance. To improve their financial performance, Market-oriented companies should consider changing their corporate culture along the following lines. One point about this task-oriented culture is that it requires employees to "win" in the market competition. I think that development of individual employees or relationships among employees may be neglected in such an environment. Managers could draw from the Clan culture, for instance, to take more interest in mentoring employees, as well as heed employees' opinions. The resulting mutual trust should improve the hotels' results.

Second, certain strategic orientations enhanced financial performance for the other three cultures, but they could go further. I found that Clan (relationship), Adhocracy (innovation), and Hierarchical culture companies could enhance their financial performance through both leading and defensive strategic approaches. Given my findings regarding the value of other strategic orientations, I suggest that companies seek new market opportunities, take leading actions to respond to the changing environment, and put more effort in production technology improvement, cost control systems, manufacturing management methods, quality management circles, cost reduction, and operational efficiency.

Third, some strategic orientations worked against certain cultures. For example, innovation-oriented companies that pursued an adventurous strategic orientation acted in a high-risk fashion rather than abiding by business authorization processes, and they followed unproven procedures. The result for those companies seemed to be deteriorated

Exhibit 4:
Statistical Relationship between Corporate Culture and Financial Performance

Hypothesis 1	Unstandardized Coefficients *B*	SE	Standardized Coefficients Beta	*t*	Significance
Culture and growth-oriented financial performance					
Constant	3.028	0.173		17.547	.000
Clan culture–Growth-oriented financial performance	0.013	0.006	.142	2.074	.039**
Adhocracy culture–Growth-oriented financial performance	0.017	0.009	.126	1.832	.068*
Market culture–Growth-oriented financial performance	–0.002	0.005	–.031	–0.449	.654
Hierarchy culture–Growth-oriented financial performance	–0.020	0.007	–.203	–2.994	.003***
$n = 211, F = 2.988, R^2$ (adj. R^2) = .055 (.036), $p = .020$					
Culture and profit-oriented financial performance					
Constant	–1.791	8.053		–0.222	.824
Clan culture–Profit-oriented financial performance	0.055	0.081	.585	0.681	.497
Adhocracy culture–Profit-oriented financial performance	0.054	0.080	.387	0.677	.499
Market culture–Profit-oriented financial performance	0.049	0.081	.655	0.604	.546
Hierarchy culture–Profit-oriented financial performance	0.046	0.080	.444	0.568	.571
$n = 211, F = 0.584, R^2$ (adj. R^2) = .011 (–.008), $p = .674$					

Exhibit 5:
Regression Analysis between Corporate Cultures and Strategic Orientations

Hypothesis 2	Unstandardized Coefficients *B*	SE	Standardized Coefficients Beta	*t*	*F*	R^2 (adj. R^2)	Significance
Clan culture and strategic orientation							
Clan culture–Leading strategic orientation	0.027	0.006	.281	4.233	17.917	.079 (.075)	.000***
Clan culture–Future-analytic strategic orientation	0.011	0.005	.154	2.259	5.102	.024 (.019)	.025**
Clan culture–Aggressive strategic orientation	0.017	0.007	.170	2.488	6.188	.029 (.024)	.014**
Clan culture–Defensive strategic orientation	0.013	0.005	.170	2.489	6.196	.029 (.024)	.014**
Clan culture–Adventurous strategic orientation	–7.955	0.004	–.001	–0.021	0.000	.000 (–.005)	.983
Clan culture–Conservative strategic orientation	0.008	0.006	.087	1.267	1.606	.008 (.003)	.206
Adhocracy culture and strategic orientation							
Adhocracy culture–Leading strategic orientation	0.042	0.009	2.99	4.533	20.549	.090 (.085)	.000***
Adhocracy culture–Future-analytic strategic orientation	0.021	0.007	.206	3.044	9.268	.042 (.038)	.003***
Adhocracy culture–Aggressive strategic orientation	0.035	0.010	.241	3.586	12.863	.058 (.053)	.000***
Adhocracy culture–Defensive strategic orientation	0.018	0.008	.156	2.289	5.240	.024 (.020)	.023**
Adhocracy culture–Adventurous strategic orientation	0.011	0.005	.137	1.997	3.990	.019 (.014)	.047**
Adhocracy culture–Conservative strategic orientation	0.026	0.009	.205	3.031	9.186	.042 (.038)	.003***
Market culture and strategic orientation							
Market culture–Leading strategic orientation	–0.011	0.005	–.152	–2.222	4.938	.023 (.018)	.027**
Market culture–Future-analytic strategic orientation	–0.008	0.004	–.154	–2.254	5.080	.024 (.019)	.025**
Market culture–Aggressive strategic orientation	–0.011	0.005	–.141	–2.059	4.239	.020 (.015)	.041**
Market culture–Defensive strategic orientation	–0.008	0.004	–.127	–1.856	3.443	.016 (.012)	.065*
Market culture–Adventurous strategic orientation	–0.003	0.003	–.076	–1.101	1.213	.006 (.001)	.272
Market culture–Conservative strategic orientation	–0.018	0.004	–.270	–4.046	16.371	.073 (.068)	.000***
Hierarchy culture and strategic orientation							
Hierarchy culture–Leading strategic orientation	–0.032	0.007	–.312	–4.749	22.553	.097 (.093)	.000***
Hierarchy culture–Future-analytic strategic orientation	–0.008	0.005	–.103	–1.504	2.261	.011 (.006)	.134
Hierarchy culture–Aggressive strategic orientation	–0.016	0.007	–.154	–2.252	5.069	.024 (.019)	.025**
Hierarchy culture–Defensive strategic orientation	–0.010	0.006	–.120	–1.747	3.053	.014 (.010)	.082*
Hierarchy culture–Adventurous strategic orientation	–0.001	0.004	–.010	–0.138	0.019	.000 (–.005)	.890
Hierarchy culture–Conservative strategic orientation	0.012	0.006	.124	1.811	3.281	.015 (.011)	.072*

*$p < .1$; **$p < .05$; ***$p < .01$.

Exhibit 6:
Relationship between Strategic Orientation and Financial Performance

Hypothesis 3	Unstandardized Coefficients *B*	SE	Standardized Coefficients Beta	*t*	*F*	R^2 (adj. R^2)	Significance
Strategic orientation and growth financial performance							
Leading–Growth-oriented financial performance	0.500	0.057	.520	8.808	77.588	.271 (.267)	.000***
Future analytic–Growth-oriented financial performance	0.638	0.081	.479	7.890	62.248	.229 (.226)	.000***
Aggressive–Growth-oriented financial performance	0.103	0.064	.110	1.605	2.577	.012 (.007)	.110
Defensive–Growth-oriented financial performance	0.546	0.071	.470	7.707	59.400	.221 (.218)	.000***
Adventurous–Growth-oriented financial performance	–0.348	0.114	–.207	–3.057	9.343	.043 (.038)	.003***
Conservative–Growth-oriented financial performance	0.102	0.073	.096	1.401	1.963	.009 (.005)	.163
Strategic orientation and profit-oriented financial performance							
Leading–Profit-oriented financial performance	0.496	0.060	.496	8.247	68.019	.246 (.242)	.000***
Future analytic–Profit-oriented financial performance	0.675	0.084	.487	8.064	65.022	.237 (.234)	.000***
Aggressive–Profit-oriented financial performance	0.092	0.067	.095	1.383	1.912	.009 (.004)	.168
Defensive–Profit-oriented financial performance	0.548	0.074	.454	7.370	54.315	.206 (.202)	.000***
Adventurous–Profit-oriented financial performance	–0.441	0.117	–.252	–3.770	14.214	.064 (.059)	.000***
Conservative–Profit-oriented financial performance	0.101	0.076	.092	1.333	1.777	.008 (.004)	.184

*$p < .1$; **$p < .05$; ***$p < .01$.

Exhibit 7:
Correlation Analysis

		Strategic Orientation						Financial Performance	
		Leading	Future analytic	Aggressive	Defensive	Adventurous	Conservative	Growth Oriented	Profit Oriented
Clan culture	Pearson Correlation	.281**	.154**	.170**	.170**	–.001	.087	.142**	.078
	Significance	.000	.025	.014	.014	.983	.206	.039	.257
	n	211	211	211	211	211	211	211	211
Adhocracy culture	Pearson Correlation	.299***	.206***	.241***	.156**	.137**	.205***	.126*	.060
	Significance	.000	.003	.000	.023	.047	.003	.068	.385
	n	211	211	211	211	211	211	211	211
Market culture	Pearson Correlation	–.152**	–.154**	–.141**	–.127*	–.076	–.270**	–.031	–.050
	Significance	.027	.025	.041	.065	.272	.000	.654	.466
	n	211	211	211	211	211	211	211	211
Hierarchy culture	Pearson Correlation	–.312***	–.103	–.154**	–.120*	–.010	.124*	–.203***	–.056
	Significance	.000	.134	.025	.082	.890	.072	.003	.417
	n	211	211	211	211	211	211	211	211

*$p < .1$; **$p < .05$; ***$p < .01$.

Exhibit 8:
Clan Culture, Strategic Orientation, and Growth-Oriented Financial Performance

Independent/Mediator/Dependent Variables	Steps	Standardized Beta	*t*	Significance	R^2
Clan culture/leading strategic orientation/growth-oriented financial performance	Step 1	.281	4.233	.000***	.079
	Step 2	.142	2.074	.039**	.020
	Step 3 (independent)	–.005	–0.074	.941	.271
	Step 3 (mediator)	.522	8.454	.000***	
Clan culture/future-analytic strategic orientation/growth-oriented financial performance	Step 1	.154	2.259	.025**	.024
	Step 2	.142	2.074	.039**	.020
	Step 3 (independent)	.070	1.135	.258	.234
	Step 3 (mediator)	.468	7.625	.000***	
Clan culture/aggressive strategic orientation/growth-oriented financial performance	Step 1	.170	2.488	.014**	.029
	Step 2	.142	2.074	.039**	.020
	Step 3 (independent)	.127	1.830	.069*	.028
	Step 3 (mediator)	.089	1.281	.202	
Clan culture/defensive strategic orientation/growth-oriented financial performance	Step 1	.170	2.489	.014**	.029
	Step 2	.142	2.074	.039**	.020
	Step 3 (independent)	.064	1.034	.302	.225
	Step 3 (mediator)	.460	7.421	.000***	

*$p < .1$; **$p < .02$; ***$p < .01$.

Exhibit 9:
Adhocracy Culture, Strategic Orientation, and Growth-Oriented Financial Performance

Independent/Mediator/Dependent Variables	Steps	Standardized Beta	*t*	Significance	R^2
Adhocracy corporate culture/leading strategic orientation/growth-oriented financial performance	Step 1	.299	4.533	.000***	.090
	Step 2	.126	1.832	.068*	.016
	Step 3 (independent)	–.033	–0.530	.596	.272
	Step 3 (mediator)	.530	8.549	.000***	
Adhocracy corporate culture/future-analytic strategic orientation/growth-oriented financial performance	Step 1	.206	3.044	.003***	.042
	Step 2	.126	1.832	.068*	.016
	Step 3 (independent)	.028	0.454	.650	.230
	Step 3 (mediator)	.473	7.612	.000***	
Adhocracy corporate culture/aggressive strategic orientation/growth-oriented financial performance	Step 1	.241	3.586	.000***	.058
	Step 2	.126	1.832	.068*	.016
	Step 3 (independent)	.105	1.490	.138	.023
	Step 3 (mediator)	.085	1.204	.230	
Adhocracy corporate culture/defensive strategic orientation/growth-oriented financial performance	Step 1	.156	2.289	.023**	.024
	Step 2	.126	1.832	.068*	.016
	Step 3 (independent)	.053	0.865	.388	.224
	Step 3 (mediator)	.462	7.473	.000***	
Adhocracy corporate culture/adventurous strategic orientation/growth-oriented financial performance	Step 1	.137	1.997	.047**	.019
	Step 2	.157	1.832	.068*	.016
	Step 3 (independent)	.127	2.322	.021**	.067
	Step 3 (mediator)	–.228	–3.377	.001***	
Adhocracy corporate culture/conservative strategic orientation/growth-oriented financial performance	Step 1	.205	3.031	.003***	.042
	Step 2	.126	1.832	.068*	.016
	Step 3 (independent)	.111	1.578	.116	.021
	Step 3 (mediator)	.074	1.052	.294	

*$p < .1$; **$p < .05$; ***$p < .01$.

Exhibit 10:
Hierarchy Culture, Strategic Orientation, and Growth-Oriented Financial Performance

Independent/ Mediator/Dependent Variables	Steps	Standardized Beta	t	Significance	R^2
Hierarchy corporate culture/leading strategic orientation/growth-oriented financial performance	Step 1	–.312	–4.749	.000***	.097
	Step 2	–.202	–2.994	.003***	.041
	Step 3 (independent)	–.045	–0.720	.473	.273
	Step 3 (mediator)	.506	8.134	.000***	
Hierarchy corporate culture/aggressive strategic orientation/ growth-oriented financial performance	Step 1	–.154	–2.252	.025**	.024
	Step 2	–.203	–2.994	.003***	.041
	Step 3 (independent)	–.190	–2.779	.006***	.048
	Step 3 (mediator)	.081	1.184	.238	
Hierarchy corporate culture/defensive strategic orientation/ growth-oriented financial performance	Step 1	–.120	–1.747	.082*	.014
	Step 2	–.203	–2.994	.003***	.041
	Step 3 (independent)	–.149	–2.444	.015**	.243
	Step 3 (mediator)	.453	7.449	.000***	
Hierarchy corporate culture/adventurous strategic orientation/ growth-oriented financial performance	Step 1	–.010	–0.138	.890	.001
	Step 2	–.203	–2.994	.003***	.041
	Step 3 (independent)	–.205	–3.087	.002***	.085
	Step 3 (mediator)	–.209	–3.148	.002***	
Hierarchy corporate culture/conservative strategic orientation/ growth-oriented financial performance	Step 1	.124	1.811	.072*	.015
	Step 2	–.203	–2.994	.003***	.041
	Step 3 (independent)	–.218	–3.214	.002***	.056
	Step 3 (mediator)	.124	1.820	.070**	

*$p < .1$; **$p < .05$; ***$p < .01$.

financial performance. Companies that focus on innovation and development should establish a project authorization process and a system to examine the efficiency of action plans.

Fourth, companies with a Hierarchical culture also could draw on practices from other cultures. I found that this culture, which pursues control and efficiency and integrates employees through formalized standards and policies, saw a negative impact on financial performance. As noted above, however, when these companies pursued a leading strategic orientation, they enhanced their financial performance. In addition, even when Hierarchical hotels pursued defensive, adventurous, or conservative strategic orientations, they saw partial enhancement of their financial performance. In this regard, Hierarchical companies could seek market opportunities for expanding and acquiring business fields and drastically eliminate and modify projects through periodic analysis to enhance their financial performance.

Fifth, the aggressive strategic orientation, which focuses on setting lower prices than competitors or giving up profits to acquire market share, did not have a significant impact on any culture's financial performance. This implies that rather than focus on acquiring market share by price reductions, hotel companies should select and focus on other, more worthwhile strategies. This finding concurs with the hotel pricing analysis offered by Enz, Canina, and Lomanno (2009).

In conclusion, I first must acknowledge that this study's findings could be limited by the fact that I studied only hotels in South Korea and only large properties. Certainly, this study should be replicated in other locations, but I see no reason that the core conclusions should not apply fairly universally. It is clear from this study that for Korean hotels, at least, a strong, appropriate culture has an effect on financial performance. That relationship is direct, but it is also moderated by the effects of a hotel's strategic orientation. Just as not all cultures drive strong financial performance, neither do all strategic orientations have a favorable effect on financial results. Moreover, some strategic orientations are a poor fit for certain cultures. Certain strategic orientations, such as the leading strategy, seem to be effective for most cultures, while I found that the aggressive approach was essentially ineffective for all the hotels, regardless of culture. Based on these implications, I suggest that managers should put more effort into creating a corporate culture that can contribute to enhanced performance through taking

interest in cultures that employees prefer and, at the same time, should seek new market opportunities and select and pursue action plans to respond to the changing environment.

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