

Enhancing Hotel Innovation through the Competing Values Framework (CVF) Model in Malaysia

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To Link this Article: <http://dx.doi.org/10.6007/IJARBS/v14-i8/22095>

DOI:10.6007/IJARBS/v14-i8/22095

Published Date: 03 August 2024

Abstract

The hospitality industry is widely recognised as a key driver of economic growth in modern economies, with hotels being a crucial sector that significantly contributes to the country's revenue. Hotels are continually adapting their services and processes to meet evolving tourist demands due to the dynamic competition driven by globalisation. Nevertheless, hotels must demonstrate versatility and innovation to effectively address the increasing, unpredictable, and complex demands in order to maintain competitiveness in today's rapidly evolving markets, particularly in light of the impacts of COVID-19. Therefore, the present paper investigates innovation through a Competing Values Framework (CVF) model involving clan, adhocracy, market, and hierarchy cultures towards innovation. According to the Resource-Based View (RBV) theory, an organisation's culture may foster innovative behaviour among the employees by directing and motivating them to embrace innovation as an essential value of their organisation. Empirical research consistently shows a significant correlation between organisational culture and innovation. However, the specific impact of different cultural types on innovation within Malaysia's hotel industry was not clearly articulated in the study. This research elicited responses from the general managers using a questionnaire from a sample of 203 four- and five-star hotels in Malaysia. A total of 164 questionnaires were returned, and 101 questionnaires were usable. The data were analysed using partial least squares structural equation modelling (PLS-SEM). The findings reported that two types of organisational culture were significant predictors of innovation: adhocracy and market culture. Furthermore, it was concluded that the most agreeable cultural practices of the hotel industry in Malaysia were those of clan culture. This culture produced surprising results, showing that clan culture has a negative relationship with innovation. In sum, this study generates agenda for researchers to reach more conclusive

evidence about the types of organisational culture practice towards innovation among the hotel industry players in Malaysia.

Keywords: Competing Values Framework, Hotel Industry, Innovation, Organisational Culture.

Introduction

Due to the development and creation of new technologies, the global economy is rapidly expanding, which presents a number of challenges for organisations of all sizes. Businesses can take advantage of these opportunities to increase sales, reduce expenses, and increase profits (Hill, 2000). The patterns of competition, growth, and trade among global businesses and nations at large are primarily determined by the distribution, assimilation, and ongoing development of new technology. The conclusion is that companies need to innovate in order to succeed in the fast-paced, chaotic environment of global competition (Robbins et al., 2000). However, most businesses still struggle to adopt innovative techniques and behaviours. The ability to innovate is becoming increasingly important in this market, and one of the main obstacles is rising competition in the hotel industry.

Few studies have attempted to investigate organisational culture in the hospitality sector. A study by Sarhan et al (2019), confirmed that bureaucratic and supportive cultures were the predictable dimensions of commitment, while innovative cultures were found to be an unpredictable dimension of commitment in Jordanian hotels using the Organisational Culture Index by Wallach (1983); Razali et al (2018), also used the same OC definitions by Wallach (1983), in the hotel industry in Malaysia to develop a better understanding of organisational culture and leadership styles and their influence on employee loyalty towards their organisation. Abo-Murad et al (2018), explored the organisational and cultural barriers affecting crisis management, primarily in the hotel industry in Malaysia. Moreover, a previous study found that mission, involvement, and consistency as dimensions of organisational culture using Denison (2002), found a significant positive relationship between certain dimensions of organisational culture and hotel performance in Ghana. However, adaptability as a dimension of organisational culture did not show a statistically significant relationship with performance, according to (Seidu et al., 2022).

Organisational culture is an essential element of innovation that influences employee behaviour and helps employees accept innovation as a core value of the organisation (Hartmann, 2006). Fis and Wasti (2009), stated that organisational culture is the most important variable affecting the innovation process's success or failure. According to a variety of research studies, some types of culture have a positive effect on innovation, while others have a negative effect (Amabile et al., 1996; Arad et al., 1997; Cotterman et al., 2009; Jaskyte, 2004; Jaskyte & Kisieliene, 2006; Kimberly & 73 Evanisko, 1981; Llorens et al., 2005; Lock & Kirkpatrick, 1995; Martins & Terblanche, 2003; Naranjo-Valencia et al., 2016; Saraph et al., 1989). Previous research has found that it is unclear enough which type of culture promotes or inhibits innovation (Balli et al., 2021). However, the effect of organisational culture on innovation depends on the content of the culture (Jaskyte & Kisieliene, 2006).

In the realm of innovation and performance, researchers have extensively analyzed various dimensions of organisational innovation over the years. "Innovation is the implementation of a new or significantly improved product or process, a new marketing terminology or a new organisation approach in the field of business" (OECD, 2010). "The generation, acceptance,

and implementation of new ideas, processes, products, or services” is usually defined as innovation (Ferreira et al., 2020). 46 2.4.2 Previous study on innovation Innovation strategies correlate to the capacity to react flexibly to evolution Tutar et al (2015), and reflect the intent to turn any innovation into a product or service that can ensure the acquisition of new customers and competitive advantage. Therefore, in the hotel sector, it is vital to continually develop new services Tajeddini (2011), as the quality of the services supplied is a crucial aspect in determining the company’s performance (revenues, profits, return on investment, and market share) (Lin, 2013). Many studies have shown that hotel innovation has an effect on organisational performance. Previous research demonstrates that innovation can positively affect performance (Baker and Sinkula, 2002; Damanpour and Gopalakrishnan, 2001; Luk et al., 2008; Naranjo-Valencia et al., 2016; Uz Kurt et al., 2013). According to the literature, innovation is one of the most critical elements for enhancing the performance of an organisation. Innovations and experiments will inevitably fail on occasion, and conventional wisdom holds that failures provide useful feedback for future organisational performance study (Khanna et al., 2016). In the modern competitive business environment, innovation can increase an organisation’s long-term success (Damanpour & Gopalakrishnan, 2001; Krasnicka et al., 2018). Innovation is a cornerstone of market value generation because it enables organisations to remain relevant with the change in client preferences (Wikhamn, 2019). Accordingly, the study on the relationship between innovation capabilities and organisational performance Hern’andez-Perlines et al (2019), stated explicitly that the enhanced performance of companies is a direct outcome of the development of superior value (Santos-Vijande et al., 2013, 2018). Consequently, innovation is the implementation of newly invented or adopted products, services, processes, marketing strategies, and organisational practises (Balli et al., 2021). It should also be noted that innovative practises and organisational cultures of tourism companies also vary (Balli et al., 2021).

Literature Review

Organisational Culture

A robust organisational culture can serve as a guide for employees’ responsibilities, objectives, and conduct. In addition, it will regulate their behaviour towards customers. Consequently, businesses should cultivate a mentoring, caring, risk-taking, and innovative culture. Involving employees in the decision-making process and granting them autonomy and independence would increase their productivity and customer-centricity. The emphasis on human resource development and leadership can also promote good and cooperative behaviour inside a service organisation. Numerous studies have examined the link between organisational culture and performance (Kemp & Dwyer, 2001; Sinclair & Sinclair, 2009). Managers focus on organisational performance because it allows them to measure various aspects of their strategic approach. While scholars often use the terms performance and efficiency interchangeably (Pfeffer & Sutton, 1999; Sellani, 1994; Werther et al., 1995), efficiency usually refers to the organisation’s potential, while performance is quantified by the results achieved.

Organisational culture can be a crucial factor in shaping hotel management practices and ultimately influencing the success of an organisation (Kemp & Dwyer, 2001). The link between various organisational cultures and performance has been explored by several researchers. For instance, Gordon and DiTomaso (1992), and Denison and Mishra (1995), found that a strong organisational culture is positively correlated with short-term financial performance.

Conversely, a "culture of adaptable values" can significantly enhance long-term performance compared to short-term outcomes (Kotter & Heskett, 1992). In response to recent calls and to address gaps in the existing literature, this study aims to investigate the relationship between each component of the Competing Values Framework (CVF) and both innovation and hotel performance.

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Competing Values Framework

This study selected the Competing Values Framework because it encompasses the essential components of four major organisational cultures that are linked to financial performance. Moreover, the framework has been validated across various industries and contexts within the fields of organisational behavior and management. Few studies have examined the different CVF in the hotel industry context (Aboramadan et al., 2020; Vasudevan et al., 2021; Zeb et al., 2021). CVF also reveals the connection between organisational culture and performance or effectiveness (Gregory et al., 2009; Cameron & Quinn, 2011). Cameron and Quinn (2011), categorized organisational culture into four distinct types: clan culture, adhocracy culture, market culture, and hierarchical culture, each influencing individual behavior in different ways. Clan culture emphasizes adaptability and independence, fostering teamwork and employee engagement. Adhocracy culture, on the other hand, encourages creativity and innovation by focusing on the external environment. Market culture aims to identify and exploit unoccupied market positions. Finally, hierarchical culture promotes

formalization and order in task execution, utilizing a top-down communication style (Cameron & Quinn, 2011).

The sub-dimensions of the Cultural model are Clan, Adhocracy, Hierarchy, and Market. In their model, Cameron and Quinn (2006), assessed the primary features, leadership style, organisational commitment, and strategic focus of each culture type. These features' qualities vary by culture type. In the clan culture, organisation is characterised by commitment, participation, group work, and a strong sense of family. In this culture, leaders function as advisers and facilitators. Within the organisation, loyalty, tradition, and interpersonal relationships form the foundation. Staff development, employee loyalty, and morale are strategically important aspects within the organisation. In an organisation with an adhocracy culture, the dominating qualities are entrepreneurship, innovation, and adaptability. In this culture, leaders are imaginative, entrepreneurial, and willing to take risks. Entrepreneurship, adaptability, and a willingness to take risks create the organisational bond. Within the organisation, innovation, growth, and new resources are strategically promoted. In the market culture, the major organisational qualities are competitiveness and achievement. In this culture, leaders typically having high determination and successful. The organisational cohesion consists of goal orientation, production, and competition. The notions of competitive advantage and market superiority are accorded strategic relevance inside the organisation (Deshpande et al.,1993). In the hierarchy culture, orders, rules, regulations, and consistency are the organisation's defining qualities. In this culture, leaders serve as coordinators and managers. Organisational bonds consist of rules, regulations, and processes. In the organisation, strategic stability, predictability, and problem-free operations are prioritised.

This study employed the Competing Values Framework (CVF), as illustrated in Figure 1, which characterizes organisational cultures along two dimensions: emphasis and structure (Quinn & Rohrbaugh, 1983). The emphasis dimension distinguishes between organisations that prioritize the internal environment and those that focus on the external environment and its differentiation. The structure dimension differentiates between organisations that value adaptability and autonomy and those that prioritize stability and control.

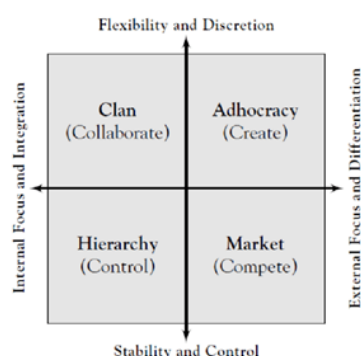


Figure 1: Competing Values Framework (Cameron & Quinn, 2011)

Innovation

In a tumultuous, competitive corporate environment, innovation is typically a survival strategy; the organisation must be able to deal with rising complexity and fast transitions

(Aboramadan et al., 2020). Innovation is essential to the survival and expansion of organisations (Saunila, 2014, 2016). For this reason, businesses must have a consistent capacity for innovation. According to Divisekera and Nguyen (2018), an essential source of innovation in a company is its employees, who acquire vital information and skills by participating in innovation processes. Innovation enables hotels to respond to new demands as well as cut costs and enhance the quality of their services, hence increasing profit margins and customer value (Tang et al., 2015).

Innovation in the Service Industry

Innovation in the hotel industry can be divided into two categories. First, radical innovation, which is the creation of completely original products or services. Second, incremental innovation, which is the process of improving and modifying already existing products or services (Slater et al., 2014; Snyder et al., 2016). Additionally, service innovation would also help hotel firms reduce their costs and improve their services to cope with the growing competition in this industry (Vij, 2016). Previous research on innovation in service-based organisations has attracted significant attention from academics worldwide (Okoe et al., 2018). To meet client expectations and drive service innovation in the hotel industry, scholars recommend that hotel operators encourage their employees to generate, promote, and implement innovative ideas (Baradarani & Kilic, 2018; Chang, Way, & Cheng, 2017). Furthermore, due to the potential for substantial investment returns in this industry, the organisation's members are likely to undertake initiatives that will improve the customer experience through better and improved products and services, encourage innovation, and set up the hotels to compete with new emerging hotels. Undoubtedly, promoting innovation would enable hotels to adapt to evolving customer expectations amidst the latest developments in Malaysia's hotel industry. The hotel business was chosen for this study because tourism is a significant, fiercely competitive industry that is known for its constant change (Ottenbacher & Gnoth 2005). Researchers could therefore argue that innovation is particularly important for obtaining affordable and higher-quality outputs in the tourism industry (Chadee & Mattsson, 1996). Limited research has been conducted to explore the emergence of innovative behaviour within the hospitality industry. Innovation is frequently instigated by the customer-contact personnel of a company due to their understanding of customers' needs and desires. Hence, it is essential that the process of designing and testing new services incorporates the valuable insights of potential customers as well as the active collaboration of the operational staff responsible for service delivery. Some of the examples of innovation in the hotel industry involve technological advancement implemented in their room or hotels such as mobile room keys, remote controlled rooms, intelligent thermostats, smart mirrors where guest can watch news while brushing teeth.

Hypothesis Development

Organisational culture is an essential element of innovation that influences employee behaviour and helps employees accept innovation as a core value of the organisation (Hartmann, 2006). Fis and Wasti (2009), stated that organisational culture is the most important variable affecting the innovation process's success or failure. According to various research studies, certain types of organisational culture positively impact innovation, whereas others may have a negative effect. (Amabile et al., 1996; Arad et al., 1997; Cotterman et al., 2009; Jaskyte, 2004; Jaskyte & Kisieliene, 2006; Kimberly & Evanisko, 1981; Liorens et al., 2005; Lock & Kirkpatrick, 1995; Martins & Terblanche, 2003; Naranjo-Valencia et al., 2016;

Saraph et al., 1989). Previous research has found that it is unclear enough which type of culture promotes or inhibits innovation (Balli et al., 2021). A recent study by Asri (2023), proposed a theoretical framework that elucidates the mediating role of innovation in the relationship between the organisational culture of the hospitality industry and hotel performance in Malaysia. Consequently, this study identified the relationship between each cultural type, as defined by the Competing Values Framework, and innovation. It is because the effect of organisational culture on innovation depends on the content of the culture (Jaskyte & Kisieliene, 2006). Clan culture, adhocracy culture, and market culture, which are organisational culture types, have a positive effect on innovation, while hierarchy culture has no significant effect on innovation (Balli et al., 2021). In the study of numerous organisations, Lau and Ngo (2004), found the effects of an adhocracy culture on innovation. A study of companies in Spain found that hierarchical cultures inhibit innovation, while an adhocratic culture promotes innovation (Naranjo-Valencia et al., 2016). While hierarchy culture, which supports internal focus and control, generally limits innovation, adhocracy culture, which emphasises external focus and flexibility, contributes to the development of innovation (Obenchain, 2002; Obenchain & Johnson, 2004). In the studies on clan and market culture, a complete consensus could not be reached because the studies assumed that clan culture, with its structure that supports teamwork (Llorens et al., 2005) and participation (Amabile et al., 1996), promotes innovation. However, there is also a debate about the extent to which an organisation with an internally driven structure and far from the needs of the market can be associated with innovation (Jaskyte & Kisieliene, 2006; Lucas & Ferrell, 2000).

Clan Culture and Innovation

The clan culture is focused on adaptability and is controlled from within. In keeping with this cultural aspect, the organisation has traditions of teamwork, employee participation, and self-management. The organisation is internally focused on employee attention. Employees make a long-term commitment to their organisation in the form of loyalty. Clan culture emphasises the role of human resources and human factors, which encourage personal relationships and involvement in the organisation (Keskin et al., 2005). The clan culture promotes innovation as it stresses employee participation and group work (Zeb et al., 2021). Previous studies found that clan culture was the second most important organisational culture in the national oil company of Libya (Shurbagi & Zahari, 2012). In Saudi Arabia, the majority of small and medium enterprises (SMEs) are dominated by clan culture (Abousaber et al., 2011).

However, no significant result regarding the clan culture was found (Almadaat & Ibrahim, 2022) because this culture tends to be internally focused, which can reduce the organisation's chances of future opportunities and ideas (Jaskyte & Kisieliene, 2006). Therefore, this study proposed following hypothesis:

Hypothesis 1: Clan culture has a positive relationship with innovation.

Adhocracy Culture and Innovation.

The adhocracy culture is outward-looking and characterised by a high degree of creativity and innovation orientation. A high degree of risk-taking, dynamism, and creativity is attributed to this culture type (Hellriegel et al., 2004). Employees in this culture had a high level of innovation and experimentation and they respond quickly to change. There is freedom for new ideas that are useful in promoting growth. This model shows that an adhocracy culture

should be flexible and externally oriented, which promotes innovation and creativity (Zeb et al., 2021) and, therefore, fosters performance. Openness and flexibility, success, cross-functional collaboration, responsibility, appreciation, and risk-taking, are important values for the organisation to promote both innovation and performance. In addition, Almadaat and Ibrahim's (2022) studies found a positive impact of Adhocracy culture on organisational innovation. Therefore, this study proposed following hypothesis:

Hypothesis 2: Adhocracy culture has a positive relationship with innovation.

Market Culture and Innovation.

Market culture is an outward-looking culture in which an organisation is exposed to competition, and the main goals of these organisations are achievement, consistency, and competitiveness. At the lowest possible cost, values are shared with employees and shareholders. Employees are only accountable for the organisation's agreed-upon level of performance in this culture, and each person's responsibility is predetermined; as a result, the formal control orientation is relatively consistent. The external position of this culture stimulates creativity since it offers innovative ideas and the organisation is known by the demands of its clients (Song et al., 1998; Salavou et al., 2004). However, extreme attention to the demands of the consumer today might well be detrimental to innovation (Baker & Sinkula (2002). The connection between market culture and innovation typically appears to be ambiguous (Zeb et al., 2021). Thus, this study put forth the following hypothesis:

Hypothesis 3: Market culture has a positive relationship with innovation.

Hierarchy Culture and Innovation.

An organisation's culture that is characterised by a chain of command is known as a hierarchical culture which identified by a certain structure and level of authority that comes from a formal structure that is governed by written rules and regulations (Cameron & Quinn, 1999). Reliability, stability, predictability, and security of employment is emphasized in this culture. Employees in this culture were instructed to acknowledge power and authority. They typically have well-defined rules, processes, and policies. The need to extend, develop, and standardise current models, techniques, procedures, products, and services in line with new trends in the business environment has led to the evolution of the hierarchy culture (Cameron & Quinn, 1999). Furthermore, hierarchy cultures limit innovation because of the values they emphasize—internal direction, control, and stability—as well as their absence of the key innovation values (Eisend et al., 2016; Janka et al., 2020). Prior empirical research suggests that group stability and control limit innovation, and hierarchy culture has a negative impact on innovation due to characteristics like centralised decision-making and high degrees of formalisation (Almadaat & Ibrahim, 2022). Yildirim and Karabey (2016), assert that this culture has a negative impact on organisational innovation in aspects of product, process, strategy, and market. In line with that, Balli et al (2021), also agreed that there is no correlation between hierarchical culture and innovation.

Hypothesis 4: Hierarchy culture has a negative relationship with innovation.

Methodology

To test the positive and negative relationships between different constructs, an empirical study was conducted in four- and five-star hotels in Malaysia. These organisations were chosen because their focus on designing and producing new, more efficient services aligns with the definitions of innovation. This study employed a quantitative approach, distributing survey questionnaires via email to the targeted respondents. The respondents were general managers of four- and five-star hotels in Malaysia. The general managers were the representatives of each organisation which became the unit of analysis. Based on the listings from the official website of Ministry of Tourism and Culture in Malaysia (MOTAC), there were 227 hotels categorised under four- and five-star hotels as of January 2022. The researcher distributed to 203 hotels out of 227 because some of the hotels were closed permanently and temporarily, declined to participate, and some were led by the same management. This study managed to receive 169 responses from the organisation, however, only 101 usable responses were analysed indicating a 50% response rate.

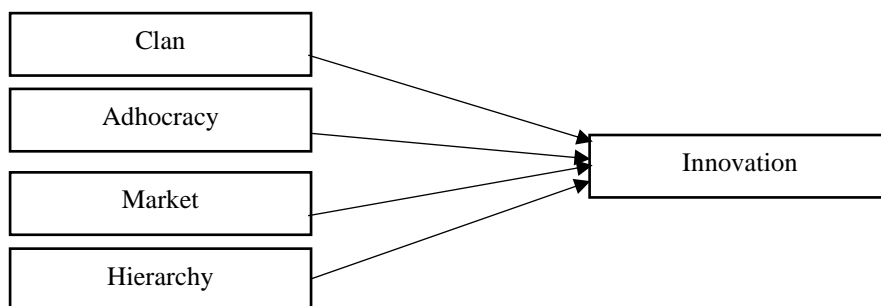


Figure 2: Conceptual Framework

Measures and Results

According to Cameron and Quinn (2011), they had argued that all organisations have four cultures, albeit in different proportions at different times. Therefore, finding the best balance between the four types of culture is important for effective organisational management. CVP describes the organisational culture and provides more details about how the culture is built to communicate and merge. According to Quinn (1988), organisations with diverse communities that strongly represent all four types of organisational cultures have an advantage in an environment that is changing quickly. The clustering of four CVP organisational culture categories constitutes the organisational culture construct in this study. This section measured used Organisational Culture Assessment Instrument (OCAI) developed by Kim Cameron (2011), which carefully designed, tested, and validated. Quinn and Cameron (2011), found that most organisations have developed a dominant culture style. Therefore, this study measured OCAI using a 7-point Likert scale. A Likert scale allows people to point from one up to seven based on their agreement with the statements in the survey. For innovation, the researcher used the scales adopted from Serafim and Cristóvão-Veríssimo (2021).

Table 1

Mean score for types of OC.

	Std.beta	Std. dev.
Clan Culture	5.9356	.55726
Adhocracy Culture	5.5116	.73153
Market Culture	5.7937	.68360
Hierarchy Culture	5.6881	.61177

As seen in Table 1, the majority of the four-and five-star hotels in Malaysia practice clan culture in their organisations, as indicated by the highest mean (5.936), followed by market culture (5.794), hierarchy culture (5.688), and adhocracy culture (5.512). The outcome shows that clan culture was the most practised in Malaysia among all four types of culture.

Table 2

Summary of path coefficients and hypotheses testing of direct relationships.

Hypothesis	Std.beta	Std. dev.	t-value	p-value	BCI LL	BCI UL	f 2	Decision
Clan -> Innovation	-0.042	0.128	0.328	0.371	-0.246	0.175	0.002	Not Supported
Adhocracy -> Innovation	0.462	0.121	3.816	0.000	0.273	0.674	0.157	Supported
Market -> Innovation	0.374	0.125	2.984	0.001	0.174	0.587	0.123	Supported
Hierarchy -> Innovation	-0.022	0.133	0.168	0.433	-0.233	0.203	0.000	Not Supported

Referring to Table 2: The first hypothesis was made to find out how clan culture and innovation in the hotel business in Malaysia are related. The result shows a negative impact and insignificant relationship between these constructs ($\beta=-0.042$, $t\text{-value}=0.328$, $p=0.371$). Meanwhile, the second hypothesis examining the adhocracy culture has a positive relationship with innovation. The result shows a positive impact and significant relationship between these constructs ($\beta=0.462$, $t\text{-value}=3.816$, $p<0.01$). This means that hotels implementing an adhocracy culture in their organisation are more likely to be innovative and practice innovations. Next, third hypothesis was developed to look into the connection between market culture and innovation in Malaysia's hotel industry. The result shows a positive impact and significant relationship between these constructs ($\beta=0.374$, $t\text{-value}=2.984$, $p<0.01$). Finally, hypothesis 4 examined the relationship between hierarchical culture and innovation in the hotel industry. The result shows a negative impact and insignificant relationship between these constructs ($\beta=-0.022$, $t\text{ value}=0.168$, $p=0.433$).

Discussion

Due to the limited research on the correlation between each component of organisational culture, as defined by the Competing Values Framework, and innovation within the hotel industry, this study aims to elucidate these relationships. Previous studies have produced inconsistent findings regarding these variables, prompting the need for further investigation. Therefore, four hypotheses regarding the relationship between the components of organisational culture and innovation have been developed. Of the four hypotheses developed, only two hypotheses were confirmed. Before explaining the direct relationship between each of the components of organisational culture and innovation, this study assesses the association between the constructs of organisational culture and innovation. Incorporating the innovation process into their study, Almadaat and Ibrahim (2022), proposed exploring the link between organisational culture and innovation. Therefore, this study investigates the relationship between each component of organisational culture (clan, adhocracy, market, and hierarchy culture) and innovation. The findings of this study demonstrate that adhocracy and market culture, two components of organisational culture, strongly influence innovation. The other two components of organisational culture: clan and hierarchy culture, are negatively related and insignificant to innovation.

The study's findings were unexpected because they demonstrated an adverse relationship between clan culture and innovation, and the result was not statistically significant. One possible explanation for the non-positive relationship could be that the survey was answered by the general managers after the COVID-19 pandemic, which might influence their perception of innovation and the current situation of their employees. The respondents experience a hard time understanding and adapting to the speed of change in the service business, which may pose a serious challenge for them to be rational (Mehta et al., 2021). In this case, they would be able to keep an eye on their business or the external environment to see if any new trends are changing and creating risks or opportunities for their business that led to the respondents being responsible for the situation (Olsen, 1996). This suggests that the hotel industry focuses on its competitors rather than its employees. Clan culture mainly focuses on human interaction. Since the pandemic had hit the world, this finding concluded that the hospitality industry is more likely to focus on competitors and customers. The negative relationship between clan culture and innovation in the hotel industry may be influenced by persistent challenges such as high employee turnover rates. Generally, the hotel industry experiences high turnover rates among employees (Murad & Abdullah, 2019). Retaining employees is challenging and difficult, especially in this VUCA world and also due to the impact of the pandemic. Therefore, hotel organisations practising clan culture are unlikely to innovate because they are more concerned about retaining and maintaining qualified and committed employees who are loyal to their organisation. The replacement of team members and the implications of these changes had no significant influence on innovative behavior (Almadaat & Ibrahim, 2022). Wolpert (2002), stated that an organisation trapped within its four walls could not discover and exploit opportunities. Furthermore, clan culture tends to be internally focused, which can restrict the organization's exposure to new ideas and opportunities. A company that is confined to its own walls is unlikely to be able to recognise and capitalize on opportunities that exist outside of its current business units or those that go beyond its current level of technical or operational capabilities (Crossan & Apaydin, 2010).

Based on the second hypothesis, the results indicate that the link between adhocracy culture and innovation was both positive and significant. Employees working in hotel operations with this culture are exposed to an innovative culture, which stimulates interest in adding value to their products and services. In other words, organisations practising adhocracy culture show a high level of creativity. Organisations' members sharing a common culture are highly likely to have similar attitudes; thus, employees working within the adhocracy culture would allow them to improve customer service and generate profits for the hotels in Malaysia. One possible reason why adhocracy culture and innovation have a positive and significant relationship could be the opportunity seen by the general manager after being hit by the issues of the industry's competitors and the pandemic. Due to this situation, the respondents had experiencing rapid and ever-changing demand. This result is in line with past research that has found a strong correlation between adhocracy culture and creativity. An organisation may sometimes require employees to be creative, aggressive, and risk-takers due to unanticipated scenarios (Behram & Oezdemirci, 2014). Yesil and Kaya (2013), findings show that adhocracy culture was positively related to innovativeness, tested using data collected from managers in Turkey. The employees might not want to be innovative, creative, or experimental if the hotel managers believe taking risks is risky and might not produce positive outcomes (Filipescu, 2007). They should thrive on important values of this culture: creativity, risk-taking, freedom, and flexibility.

Next, the third hypothesis demonstrate a positive and significant relationship between market culture and innovation. Thus, it can be summarised that hotels adopting a market culture in their organisation are more likely to become competitive in achieving organisational goals. Due to the high competitiveness in the hotel industry that practices market culture, their focus is more on pursuing performance and organisational goals. Based on the CVF model, the market culture is located in the stability quadrant, which focuses on the external environment. Zeb et al (2021), claimed that market culture and innovation seem ambiguous; hence, the study investigated market culture towards innovation from the perspectives of hotel industry players. Because of a dynamic and uncertain environment, hotels, travel agencies, and destination managers must be both adaptable and agile (Agarwal, 2021; Au-Yeung et al., 2022). The market culture sets a high focus on competitiveness, which includes open communication, competition, skills, and achievement (Miguel, 2015). In this type of culture, business leaders should pay a lot of attention to making sure they are competitive through market success and externally effective through market control. In this context, hotel organisations in Malaysia practice an innovation-friendly environment that leads to openness to new ideas and creativity (both among managers and employees), enthusiasm, risk-taking ability, and implementation of technology and marketing. This culture also provides unique perspective and helps the business understand the needs of its clients (Reid & Brentani, 2015).

This study hypothesised and supported that the hierarchy culture has a negative relationship with innovation. However, the result between these constructs is not significant; thus, suggesting that hotels implementing a hierarchical culture in their organisation are more likely to refuse to develop and practice innovation. For hotels practising a highly hierarchical culture, top management typically determines decision-making. Earlier research has observed significant negative correlations between hierarchy culture and innovation; for instance, Yildirim and Karabey (2016), determined the culture's negative effect on product, process, strategy, and market innovation. In this type of culture, employees strictly follow the rules set by the company (Braunscheidel et al., 2010; Ruppel & Harrington, 2001). As a result, especially when employees are transferred to the business offering the service, they could be unwilling to adapt in ways that foster innovation. Thus, a hierarchical culture may have a negative impact on innovation, as this culture lacks the motivation to participate in problem-solving or act more flexibly to become creative and innovative. Therefore, it concurs that hotel organisations in Malaysia agree that hierarchy culture is negative towards innovation, but the relationship was not significant. However, Almadaat and Ibrahim (2022), asserted that the negative effects of hierarchy culture on innovation were also consistent with studies showing that hierarchy culture has characteristics such as centralised decision-making and high levels of formalisation. Therefore, these results support past studies indicating that hierarchical cultures limits innovation in Malaysia's hotel industry because previous study concluded hierarchy culture to have no effect on innovation in four- and five-star hotels in Turkey (Balli et al., 2021).

Conclusion

As a conclusion, the study found an adverse relationship between clan culture and innovation in the hospitality industry, which was not statistically significant. The non-positive relationship could be attributed to the COVID-19 pandemic, which influenced general managers' perception of innovation and employee adaptability. The study found a positive and significant link between adhocracy culture and innovation in hotel operations. Employees in such organisations are exposed to an innovative culture, fostering creativity and interest in adding value to products and services. This culture can improve customer service and generate profits for hotels in Malaysia. For Malaysian hotels to be more innovative, they must strive to establish a solid adhocracy culture. Hotels adopting a market culture are more competitive in achieving organisational goals. This culture, located in the stability quadrant, emphasizes performance and organisational goals. In a dynamic and uncertain environment, businesses must be adaptable and agile. In Malaysia, hotel organisations practice an innovation-friendly environment, fostering openness to new ideas, creativity, enthusiasm, risk-taking ability, and technology implementation. Hierarchical culture maintains stability and control within an organisation by establishing rules and procedures. Employee behaviour is controlled by these rules, requiring approval from authorities. This hierarchy reduces innovation among employees who prefer close supervision from superiors. Hierarchy culture in organisations often involves a structured administrative system and bureaucratic leadership, which can hinder employees' innovative activities in the hotel industry. This culture also leads to slow decision-making processes due to strict formalities and procedural requirements, causing delays. Therefore, it is vital that determining an appropriate organisational culture for innovation leads to a better performance of a hotels. This research will contribute valuable insights to the existing literature, particularly within the hospitality industry, and will aid industry stakeholders in making informed decisions.

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