Organizational Climate and Service Climate in Tourism and Hospitality: A Review

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Abstract

Purpose – This paper provides a literature review of studies within tourism and hospitality of both generalized organizational climate (providing an overall snapshot of an organization’s functioning) and service climate (providing precise and targeted service information).

Design/methodology/approach – Searches were conducted using the University’s multiple data base search engine allowing parallel searches across multiple databases including ProQuest, EBSCO Host, Emerald, JSTOR, etc. These searches aimed to identify papers reporting studies of generalised organisational climate and service climate within tourism and hospitality organisations.

Implications – The information presented in this paper has implications for both organizational research and practice. Both generalized organizational climate and service climate can be shown to have relationships of a magnitude to be not only statistically significant but also of practical significance to organizational outcomes such as employee turnover intention, customer satisfaction, and financial performance.

Key words: psychological climate; organizational climate; service climate; field theory; Kurt Lewin.

JEL Classifications: L80; M14  
PsycINFO Classifications: 2200; 3600; 3900
Introduction

In manufacturing, the quality of a product may be regularly inspected and evaluated enabling management to take action when quality falls below minimum standards (Davidson & Manning 2003). In service industries this is not the case as individual employees represent the interface between organization and customer and, therefore, have ultimate responsibility for the quality of service delivered (Christou & Eaton 2000). One suggestion to ensure appropriate social interaction between employee and customer is to consider the personality of employees in staff selection (Teng 2008). A second suggestion, training, has also been proposed (Christou & Eaton 2000). But, at least as early as the 1950’s a third influence, the workplace psycho-social environment, has been shown to affect employee behavior above and beyond that explained by personality and training (Fleishman 1953).

Study of the workplace psycho-social environment has been approached from two distinct paradigms. One evolved from anthropology and sociology and is generally referred to as organizational culture. This approach attempts to describe that which is unique in an organization and to understand this in the context of its evolutionary history via description of the organization’s myths, symbols, rites, and stories (Denison 1996). Although historically often applying a qualitative approach, more recently quantitative culture scales have been developed (Dawson, Abbott & Shoemaker 2011). A recent review of culture in hotel management is presented elsewhere (Chen, Cheung & Law 2011).

The second approach evolved from Kurt Lewin’s Field Theory (Manning, Davidson & Manning 2005). An individual’s workplace psycho-social environment may be conceptualized in terms of Lewin’s psychological field, and operationalized as psychological climate. Psychological climate scores may be aggregated to represent the organizational climate of a group. Such a measure may attempt to represent all aspects of the psycho-social environment as generalized organizational climate (e.g. Davidson, Manning, Brosnan & Timo 2002), or alternatively, a limited domain-specific aspect of the psycho-social environment related to service as service climate (e.g. Schneider 1975). Patterson et al. (2005) write:

The global approach is advantageous in terms of its provision of an overall snapshot of organizational functioning, allowing a view of the ways whole organizations operate...A multidimensional global approach can also highlight subcultures and identify the effects of particular dimensions on specific outcome measures, such as organizational productivity or innovation...The domain-specific approach contributes more precise and targeted information for use in areas such as the improvement of customer satisfaction (p. 382)

Given the importance of employee behavior in service delivery within tourism and hospitality, and the potential utility of climate measures to help facilitate and understand that behavior, the purpose of this paper is to provide a review of published research in tourism and hospitality of generalized organizational climate and one domain-specific climate, service climate.

Database searches were conducted using the University’s multiple data base search engine allowing parallel searches across databases including ProQuest, EBSCO Host, Emerald, JSTOR, etc. These searches aimed to identify papers reporting studies of generalised organisational climate and service climate within tourism and hospitality organisations.
Literature Review

Representing the Psychological Field as Psychological Climate

Lewin (1943/1975) conceptualized the psychological field in terms of a set of multiple independent dimensions. One way to operationalize this field, for individuals in the workplace, is to first present employees with a battery of questions regarding their workplace. The data are factor analyzed using techniques such as principal components analysis (PCA) to identify an underlying set of theoretical dimensions. The dimensions extracted are, therefore, a function of both questions asked and respondents in the sample. Each employee may then be represented by their profile across the dimensions extracted (Manning 2010).

A diversity of patterns of dimensions of psychological climate has been described in the literature which Manning (2010) argues arises from two issues. The first is content validity - “the degree to which the questions, tasks, or items on a test are representative of the universe of behaviour the test was designed to sample” (Gregory 1996, p. 108). Manning argues variation in comprehensiveness of initial sets of items has led to variation in the number and nature of dimensions described across studies. She cites a second issue, presented by Davidson, Manning, Timo, and Ryder (2001), that “different types of organization will differentially exhibit variation within particular dimensions” (p. 446).

Campbell, Dunette, Lawler, and Weick (1970), synthesizing the research of Kahn, Wolfe, Snoek, and Rosenthal (1964), Litwin and Stringer (1968), and Schneider and Bartlett (1968), proposed four dimensions: individual autonomy; degree of structure imposed upon the situation; reward orientation; and consideration, warmth, and support. Payne and Pugh (1976) later suggested a fifth, orientation toward development and progressiveness. Insell and Moos (1974), however, describe three basic dimensions: relationship; personal development; and system maintenance. And while these studies suggest climate comprises a few dimensions, Decotiis and Koys (1981) proposed no less than 54.

Many climate instruments have been developed, including; Astin and Holland’s (1961) Environmental Assessment Technique, Likert’s (1967) Profile of Organizational Characteristics, Newman’s (1977) measure of Perceived Work Environment, Payne and Mansfield’s (1978) version of the Business Organization Climate Index, and Patterson, Payne, and West’s (1996) later version of the same instrument.

More recently, Patterson et al. (2005) described 17 scales of the Organizational Climate Measure (OCM) developed from the responses of manufacturing industry employees. These scales comprise: Autonomy, Integration, Involvement, Supervisory support, Training, Welfare, Formalization, Tradition, Innovation and flexibility, Outward focus, Reflexivity, Clarity of organizational goals, Efficiency, Effort, Performance feedback, Pressure to produce, and Quality. Although the authors acknowledge the usual approach to scale development is to conduct an exploratory factor analysis on one sample, to define factors, and apply confirmatory factor analysis (CFA) to a second sample, in their analysis CFA was used on both samples. The authors report this approach was taken due to missing data in their samples which were more easily accommodated by CFA.

Ryder and Southey (1990) describe development of the Psychological Climate Questionnaire (PCQ) by Jones and James (1979) as being, then, the most psychometrically adequate approach. Aiming to produce a set of items sufficiently broad to encompass all possible climate dimensions, they conducted an extensive review of the literature which identified 35 a priori concepts; eleven concepts related to job and role characteristics, eight related to characteristics of leadership, four to work-group characteristics, and twelve
comprised sub-system and organizational level characteristics. For each concept, between two and seven items were generated producing a 145 item questionnaire. From three samples, 4,315 US Navy men, 398 firemen, and 504 private health care employees, PCA revealed five dimensions common across all three samples: Conflict and ambiguity; Job challenge, importance and variety; Leader facilitation and support; Workgroup cooperation, friendliness, and warmth; and Professional and organizational esprit.

Ryder and Southey (1990) used the PCQ as the basis for an instrument applied to 147 employees of a large public service building construction and maintenance authority. Items were modified to be applicable to non-military employees. A consistent 7 point anchored scale format was also introduced. Again between two and seven items were used to produce each of 35 composite climate variables. PCA identified six dimensions: Leader facilitation and support; Job variety, challenge, and esprit; Conflict and pressure; Workgroup reputation, cooperation, friendliness, and warmth; Organizational planning and openness; and Perceived equity.

**Representing part of the Psychological Field as Service Climate**

The approach of Jones and James (1979), and others, was to develop an instrument providing a comprehensive set of dimensions describing workplace climate. Schneider (1975) takes a different view arguing the term *organizational climate* should be supplanted by the term *climate* – specifically, a “climate for something” (p. 472). He wrote to “speak of organizational climate per se, without attaching a referent is meaningless” (Schneider & Reichers 1983, p. 21). Many researchers have taken this approach investigating safety climate (e.g. Zohar & Tenne-Gazit 2008), climate for achievement (e.g. Litwin & Stringer 1968), ethical climate (e.g. Shacklock, Manning & Hort 2011), and, perhaps the most relevant for tourism and hospitality, service climate (e.g. Schneider & Bowen 1985; Schneider, Parkington, & Buxton 1980; Schneider, White & Paul 1998).

Schneider et al. (1998) define climate for service as “employee perceptions of the practices, procedures, and behaviors that get rewarded, supported, and expected with regard to customer service and customer service quality” (p. 151). Reanalyzing the data of Schneider et al. (1980), Schneider and Bowen (1985) developed a 28 item instrument measuring four dimensions of service climate in the banking sector: Branch management, Systems support, Customer attention/retention, and Logistics support.

Johnson (1996) describes the Service Management Practices Inventory (SMPI) initially comprising 57 items based on the four service climate components of Albrecht and Zemke (1985, as cited in Johnson 1996). PCA of responses of 2,402 frontline bank employees produced a 46 item instrument measuring ten dimensions: Service strategy, Service support, Service systems, Information seeking, Training, Rewards and recognition, Management service orientation, Employee service orientation, Sales & service relationship, and a single item representing an Estimate of customer satisfaction (also described as a service climate dimension). An eleventh measure, Overall service climate, was calculated across all items.

Schneider et al. (1998) attempted to measure both service climate and underlying drivers of service climate (foundation issues). PCA of bank employee data aggregated at the branch level, produced two scales representing foundation issues (Interdepartmental Service, and Work facilitation) and four service climate scales (Global service climate, Customer orientation, Managerial practices scale, and Customer feedback scale). Global service climate, representing an overall measure, was not produced as a composite of the other scales. Rather, it comprised a unique set of seven items.
Little and Dean (2006) adopted the four service climate scales of Schneider et al. (1998), although PCA of data from 167 call centre employees led to a reduction in the number of items. They also argued for an additional service climate dimension, Human resource management (HRM). Despite PCA analysis revealing HRM comprised three underlying dimensions (Policies and procedures, Training and resources, and Problem solving), the authors retained HRM as a single dimension. Global service climate was found to display significant bivariate correlations with all four climate subscales and all subscales were intercorrelated. Regression analysis revealed Customer feedback, Managerial practices, and HRM, to significantly contribute to prediction of Global service climate.

Lytle, Hom, and Mokwa (1998) developed an instrument measuring Service orientation which they define as “a dimension of an organization’s overall climate” (p. 457) and is essentially equivalent to Schneider’s (1975) concept of service climate. They criticized earlier service climate instruments in terms of a lack of “systematic development of parsimonious and psychometrically sound measurement models” (p. 456). From an extensive literature review, in-depth interviews, focus groups, and feedback from expert judges, a set of twelve a priori service orientation concepts was generated and an 86 item questionnaire produced. PCA of responses from 285 bank employees resulted in the 35 item organizational service-orientation scale (SERV*OR) measuring ten dimensions: Servant leadership, Service vision, Customer treatment, Employee empowerment, Service training, Service rewards, Service failure prevention, Service failure recovery, Service technology, and Service standards communication. Dimensionality of the scale was confirmed with data from 1,342 employees across 15 bank branches and 110 strategic business units of a major home improvement chain.

Aggregation of Psychological Climate scores as Organizational and Service Climate

A questionnaire measuring an individual’s workplace perceptions may provide a reasonable approximation of the workplace psychological field for that individual – their psychological climate (James & Jones 1979). Variation in perceptions between employees within a group are in no way troublesome as the psychological field comprises both external and internal influences. Where the unit of measurement is the individual, these individual perceptions may be legitimately related to individual outcomes such as turnover intention.

Organizational climate, however, is proposed to represent a characteristic of a group, not of an individual. As Patterson et al. (2005) write, the “dominant approach conceptualizes climate as employees’ shared perceptions of organizational events, practices, and procedures.” (p. 380). To obtain a measure of shared perceptions, Pritchard and Karasick (1973) averaged individual employee perceptions within workgroups and treated these aggregated climate scores as representing the organization. This approach is applied by many researchers measuring both generalized (e.g. Jones & James 1979) and domain-specific climate (e.g. Schneider et al. 1998).

Not only are individual level measures aggregated to provide group level scores, group level measures are also used to provide individual level scores (Rousseau 1978). In such a procedure each individual within a group is assigned the same score for a variable which may only be measured at the group level. It is possible within a single study to find analyses examining relationships between variables; at the individual level, aggregated at the group level, and at the individual level including scores assigned from group measures (e.g. Schneider & Bowen 1985). Ultimately, choice of level of aggregation is often less theory driven than it is a function of “the uses to which the data will be put and the way in which survey items are worded” (Schneider & Reichers 1983, p. 24).
Climate Strength

When using the mean of individuals’ perceptions to represent climate of a group, there arises a measurement issue - dispersion of scores around the mean. Schneider and Reichers (1983) write “in order for an averaged response to be as reflective of the group’s perceptions as possible, the variation around the mean response should be small” (p. 24). Although several indices of this variation have been proposed such as intraclass correlation (ICC1, ICC2: James 1982) and within-group correlation (r_{wg}: James, Demaree & Wolf 1984), a commonly used index is the standard deviation (Lindell & Brandt, 2000; Schneider, Salvaggio & Subriats 2002; Zohar & Tenne-Gazit 2008). Kozlowski and Hattrup (1992) criticize the use of standard deviation as it is not a measure of agreement. Lindell and Brandt (2000) and Schneider et al. (2002), however, disagree arguing standard deviation represents a measure of disagreement.

The more individuals agree, the less the dispersion of scores, and the greater the climate strength (Zohar & Tenne-Gazit 2008). A growing number of studies suggest it is possible climate strength might be an important consideration in understanding, and describing, climate (Dickson, Resick & Hanges 2006; Gonzalea-Roma, Peiro & Tordera 2002; Zohar & Tenne-Gazit 2008; Lindell & Brandt 2000; Schneider et al. 2002). There is, however, an important measurement issue. Climate mean and climate strength cannot be independent. Maximum (and minimum) mean climate scores occur when all respondents provide the same extreme score – and so there is perfect agreement and zero dispersion. Maximum possible dispersion (lowest possible agreement) occurs for means at the middle of the scale. This confounding of climate mean (quality) and climate standard deviation (strength) makes it difficult to draw conclusions regarding differences in climate strength for groups with different means.

Although there is little research investigating causes of variation in climate strength, Schneider and Reichers (1983) suggest the types of people within an organization, patterns of interactions, and socialization practices may all play a role in the development of organizational climates. These factors are likely to influence both perceptions of the climate and the within-organization variation of climate perceptions.

Measuring Generalized Organizational Climate in Tourism and Hospitality

Davidson et al. (2001) argue, given the varying demands of different work situations, different sets of characteristics will have differential importance within different industries. Their study represented the first attempt to describe the dimensions of generalized organizational climate relevant to tourism and hospitality. Starting with the PCQ of Jones and James (1979), incorporating the improvements of Ryder and Southey (1990), they reduced the number of items representing each of the 35 a priori concepts to a consistent two items per concept (Table 1). PCA of responses from 1,401 employees of 14 four and five star hotels revealed seven dimensions: Professional and organizational esprit - How the employee feels the organization compares with others and the image the organization projects; Leader facilitation and support - Support and facilitation provided by immediate supervisors; Conflict and ambiguity - The degree to which responsibilities are well defined, procedures are organized to efficiently use resources, and efficiency of top-down communication; Regulations, organization and pressure - The degree to which excessive regulations impede employee performance, regulations are implemented appropriately, and efficiency of horizontal communication between departments; Job variety, challenge and autonomy - The degree to which there is variety and opportunity to learn skills and knowledge within an employee’s job; Workgroup co-operation, friendliness and warmth - Trust and atmosphere within the employee’s immediate workgroup; Job standards - Degree of skill and training the employee judges is required for their job.
Table 1 Tourism and hospitality studies of generalized organizational climate.

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<tr>
<th>Study</th>
<th>Organization Type</th>
<th>Sample</th>
<th>Climate Dimensions</th>
<th>Goal</th>
<th>Unit of Analysis</th>
<th>Major Findings</th>
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<tr>
<td>Davidson et al., 2001</td>
<td>4- to 5-star hotels</td>
<td>14 hotels: 1,401 employees</td>
<td>THOCS (70 item), 7 dimensions: Leader facilitation and support,</td>
<td>Identity generalized climate dimensions appropriate for tourism and</td>
<td>individual</td>
<td>(a) PCA identified 7 dimensions of climate for tourism and hospitality</td>
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<td>Professional and organizational esprit, Conflict and ambiguity, Regulations,</td>
<td>hospitality</td>
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<td>(b) Each climate dimension varied significantly between hotels</td>
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<td>organization and pressure, Job variation, challenge and autonomy, Work-group</td>
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<td>cooperation friendliness and warmth, and Job standards</td>
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<tr>
<td>Davidson et al., 2002</td>
<td>4- to 5-star hotels</td>
<td>14 hotels: 1,401 employees</td>
<td>THOCS (70 item), 7 dimensions of THOCS</td>
<td>Relate climate to financial performance of hotels</td>
<td>individual and</td>
<td>(a) Climate explained 30% of variation in customer satisfaction between hotels</td>
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<td>hotel</td>
<td>(b) Employee perception of customer satisfaction explained 23% of variation in</td>
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<td>revenue per available room (REVPAR) between hotels</td>
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<td>Davidson &amp; Manning, 2003</td>
<td>4- to 5-star hotels</td>
<td>14 hotels: 636 Food &amp; Beverage employees</td>
<td>THOCS (70 item), 7 dimensions of THOCS</td>
<td>Relate climate in Food &amp; Beverage departments to financial</td>
<td>individual and</td>
<td>(a) Climate explained 26.9% of variation in employee perception of customer</td>
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<td>performance of hotels</td>
<td>hotel</td>
<td>satisfaction with food &amp; beverage between hotels</td>
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<td>(b) Employee perception of customer satisfaction explained 18.45% of variation in</td>
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<td>RevPAR between hotels</td>
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<td>Manning et al., 2004</td>
<td>Theme Park</td>
<td>400 employees</td>
<td>THOCS-R (35 item), 7 dimensions of THOCS</td>
<td>Validate shortened version of THOCS</td>
<td>individual</td>
<td>(a) Validated first 4 dimensions</td>
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<td>(b) Climate explained 19.36% of variation in employee turnover intentions,</td>
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<td>and 20.7% of variation in employee perceptions of customer satisfaction</td>
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<td>Manning et al., 2005</td>
<td>Theme Park</td>
<td>432 employees</td>
<td>THOCS-R (35 item), 7 dimensions of THOCS</td>
<td>Validate shortened version of THOCS</td>
<td>individual</td>
<td>(a) Validated first 4 dimensions</td>
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<td>(b) Climate explained 9.8% of variation in employee turnover intentions, and</td>
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<td>43.7% of variation in employee perceptions of customer satisfaction</td>
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<tr>
<th>Study</th>
<th>Organization Type</th>
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<th>Major Findings</th>
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| Bellou & Andronikidis, 2009   | 1<sup>st</sup>, 2<sup>nd</sup> & 3<sup>rd</sup> class hotels | 24 hotels: 104 managers, 113 employees  | OCM of Patterson et al., 2005 (82 item), 17 dimensions: Autonomy, Integration, Involvement, Supervisory support, Training, Welfare, Formalization, Tradition, Innovation and Flexibility, Outward focus, Reflexivity, Clarity of organizational goals, Efficiency, Effort, Perform feedback, Pressure to produce, and Quality | (a) Identify the organizational climate within Greek hotels          | hotel class and individual | (a) No significant differences in climate between hotel class  
(b) Identified 5 dimensions of organizational climate with higher employee focus and 2 dimensions with lower employee focus  
(c) Only differences between managerial and non-managerial views were in the areas of involvement and efficiency |
| Johnston et al., 2010          | Coffee franchise cafes | 19 franchise cafes: 98 employees, 455 customers | THOCS (adapted, 58 item) 7 dimensions of THOCS                                           | Investigate relationship between climate, customer satisfaction and organizational performance  | franchise and employee | (a) Employee level: climate explained 31.2% of variation in employee perception of customer satisfaction  
(b) Franchise level: Employee perception of customer satisfaction was significantly related to Professional and organizational esprit (31.1%), Conflict and ambiguity (42.2%), and job standards (34.2%)  
(c) Employee level: climate explained 16.9% of customer satisfaction  
(d) Franchise level: Regulations, organization and pressure explained 27.0% of customer satisfaction |
| O’Neill & Xiao, 2010           | Full service hotels | 36 hotels: 614 hotel managers | OCM of Patterson et al., 2005 (subset of 13 items), 3 dimensions: Effort, Pressure to produce, and Quality. | Examine whether manager emotional exhaustion is related to organizational climate | individual            | (a) Pressure to produce explained 49.1% of the variation in manager emotional exhaustion  
(b) There was no correlation between emotional exhaustion and other climate dimensions |
To establish whether these dimensions were relevant for data aggregated at the hotel level, comparison of hotel means were conducted revealing significant differences between hotels for each climate dimension. This 70-item instrument became known as the Tourism and Hospitality Organizational Climate Scale (THOCS, Davidson & Manning 2003).

Manning, Davidson, and Manning (2004) investigated a shortened 35 item version of the THOCS, the Tourism and Hospitality Organizational Climate Scale – Revised (THOCS-R). The THOCS-R comprised a consistent five items for each of the seven dimensions of the scale. CFA of responses from 400 employees of a theme park demonstrated the THOCS-R reliably measured four dimensions: Leader facilitation and support; Professional and organizational esprit; Conflict and ambiguity; and Workgroup cooperation, friendliness, and warmth. This pattern of results was replicated by Manning et al. (2005). The authors speculate failure to validate three of the seven dimensions for the shorter scale may, in part, be due to the validation studies being conducted within a single organization rather than across several organizations as was the case for the original instrument.

Manning (2010) described a new climate instrument developed from responses of employees in small hospitality businesses – the Psychological Climate Scale for Small Business (PCS-SB). The initial set of items included modified versions of 68 of the 70 items used in the initial development of the THOCS (Davidson et al. 2001) (two were not relevant to the scale of organization). Following several focus groups, ten additional items were included relating to scheduling. PCA of responses of 316 employees of 52 cafés and restaurants identified seven dimensions: Owner facilitation & support; Job training & standards; Regulations, organization & pressure; Scheduling; Workgroup cooperation, friendliness & esprit; Friction & conflict; and Standards & objectives.

Measuring Service Climate in Tourism and Hospitality

Several studies of service climate in tourism and hospitality have used instruments originally developed in the banking industry. Salanova, Agut, and Peiró (2005), for example, used a reduced (4 item) version of Schneider et al.’s (1998) Global service climate scale.

Using an extremely small sample of 77 employees of 4 hotels Chathoth, Mak, Jauhari, and Manaktola (2007) developed a service climate instrument based on seven of the nine dimensions originally proposed by Johnson (1996) from a sample of bank employees. Structural equation modeling (SEM) applied to the data indicated adequate reliability for each scale: Service strategy, Service support, Service systems, Training; Reward, Employee service orientation, and Management service orientation.

The results of Solnet’s (2006) study provide further support to the claims by Davidson et al. (2001) that climate scales developed in other industries do not necessarily directly translate to tourism and hospitality. Factor analysis of responses of 314 employees of four hotels to the SERV*OR instrument (Lytle et al. 1998) revealed five dimensions, rather than the 10 for the original sample of bank employees: Service systems, Customer centricity, Service leadership, Service technology, and Service training (Table 2).
Table 2 Tourism and hospitality studies of service climate.

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<tr>
<th>Study</th>
<th>Organization Type</th>
<th>Sample</th>
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<th>Unit of Analysis</th>
<th>Major Findings</th>
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| Solnet, 2006           | hotels            | 4 hotels: 314 employees                                                | SERV*OR of Lylie et al. 1998 (34 items). Five service climate dimensions extracted from this sample: Service systems, Customer centrity, Service leadership, Service technology, Service training | (a) Identify factor structure of SERV*OR appropriate for hospitality industry  
(b) Examine relationship between service climate, employee social identification and customer satisfaction | individual      | (a) The five dimensions of service climate significantly improved prediction of employee perception of customer satisfaction (R² Change = 47.3%) above that provided by employee demographic variables.  
(b) The addition of employee social identification as a predictor provided an additional, modest improvement (R²  
Change = 3.3%)                                                                 |
| Solanov et al., 2005   | hotels            | 342 employees from 50 hotel front desks and 56 restaurants, and 1140 customers | Reduced item (4) of the single measure the Global service climate scale (from Schmeider et al., 1996) | Test a model relating Organizational resources, work engagement, service climate, employee performance, & customer loyalty | service unit     | Organizational resources significantly predicted work engagement which, in turn, significantly predicted service climate, which predicted employee performance, which predicted customer loyalty |
| Chathoth et al., 2007  | hotels            | 4 hotels: 77 employees                                                 | Training (4 items), plus the 6 Service climate dimensions of Johnson, 1996 (36 items). 7 dimensions: Training, Service strategy, Service support, Service systems, Rewards & recognition, Management service orientation, Employee service orientation | Developed a new service climate scale, using a subset of dimensions from Johnson 1996 | individual      | Organizational trust significantly affected service climate, which, in turn, significantly affected hotel employee satisfaction |
| Kralj & Solnet, 2010    | casino            | 1 casino: 303 employees                                               | SERV*OR of Lylie et al. 1998 (35 item), 10 dimensions: Servant leadership, Service vision, Customer treatment, Employee empowerment, Service training, Service rewards, Service failure prevention, Service failure recovery, Service technology, and Service standards communication | Explore relationship between service climate and customer satisfaction | individual      | (a) Overall service climate explained 58% of Overall satisfaction  
(b) Overall service climate explained employee perception of customer satisfaction, 40% for casino employees, 48% for non-casino employees  
(c) The ten service climate dimensions explained variation in employee perception of customer satisfaction for both casino (55%) and non-casino (57%) employees |
Table 2 continued

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<th>Study</th>
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<th>Major Findings</th>
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<tr>
<td>He, Li &amp; Lai, 2011</td>
<td>hotels</td>
<td>30 hotels: 216 employees</td>
<td>Reduced item (4) of the single measure Global service climate scale (from Schneider et al., 1998)</td>
<td>Examine the relationship of three dimensions of service climate on customer satisfaction</td>
<td>individual</td>
<td>Different dimensions of service climate have different effects on customer satisfaction: customer orientation had a direct positive influence, whereas: service climate, managerial support and work facilitation had an indirect positive influence.</td>
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| Tang & Tang, 2011      | hotels            | 119 hotels: 1,133 customer contact employees, 119 HR managers | 7 items of the single measure Global service climate scale (Schneider et al., 1998) | Examine the impact of high-performance HR practices on service climate | individual      | (a) High-performance HR practices were positively related to service climate ($\beta=0.27$)  
(b) Service climate and justice climate mediated the relationship between high-performance HR practices and service-oriented organizational citizenship behavior |
Generalized Climate and Organizational Outcomes in Tourism and Hospitality

Patterson et al. (2005) describe generalized organizational climate to provide an overall snapshot of an organization’s functioning. The THOCS (Davidson et al. 2001), and THOCS-R (Manning et al. 2004), developed as they were from samples of employees in tourism and hospitality, provide the potential to provide such a snapshot for tourism and hospitality. This potentially provides management with a tool to target broad aspects of an organization’s operations which ultimately impact upon customer satisfaction and financial performance.

Davidson et al. (2002) investigated relationships between scores on the THOCS and: customer satisfaction (represented by employee perceptions of customer satisfaction); and financial performance, represented by revenue per available room (RevPAR – calculated by multiplying average daily room rate by the occupancy percentage). Climate explained 30% of variation in employee perceptions of customer satisfaction, which, in turn, explained 23% of the variation in RevPAR between hotels. Only Professional and organizational esprit, Regulations, organization and pressure, and Job variety, challenge and autonomy, uniquely contributed to prediction of customer satisfaction.

Davidson and Manning (2003) in a study of 636 food and beverage employees from 14 hotels found THOCS scores to explain 26.9% of variation in employee perceptions of customer satisfaction with food and beverage, which, in turn, explained 18.45% of the variation in RevPAR between hotels. Only two climate dimensions, Professional and organizational esprit and Conflict and ambiguity, uniquely contributed to prediction of customer satisfaction with food and beverage.

Manning et al. (2004), in a study of 400 employees of a theme park, examined the relationship between THOCS-R scores, employee turnover intentions, and employee perceptions of customer satisfaction. Climate was found to explain 19.36% of variation in employee turnover intentions. Significant unique contributions to prediction were found for Professional and organizational esprit, Conflict and ambiguity, Job variety, challenge, and autonomy, and Job standards. Climate also explained 20.7% of variation in employee perceptions of customer satisfaction. Significant unique contributions to prediction were found for Professional and organizational esprit and Conflict and ambiguity. Manning et al. (2005) in a study of 432 employees from a theme park found THOCS-R scores explained 9.8% of variation in employee turnover intention. Significant unique contributions to prediction were found for Conflict and ambiguity, Regulations, organization and pressure, and Job standards. Climate also explained 43.7% of variation in employee perceptions of customer satisfaction. Significant unique contributions to prediction were found for Professional and organizational esprit and Conflict and ambiguity.

Johnston, Spinks and Manning (2010) report data from 98 employees and 455 customers of 19 units of a coffee shop franchise system. Analysis at the employee level found THOCS scores explained 16.9% of variation in satisfaction reported by customers. Only Conflict and ambiguity uniquely contributed to prediction. Analyses aggregated at the franchise level found only one dimension, Regulations, organization and pressure, was related to customer satisfaction - explaining 27.0% of variation between franchise units of customer reports of satisfaction. No relationship, however, was found between climate and net sales – either at the individual or the franchise unit level of analysis.

Two hotel studies have used the OCM (Patterson et al. 2005), originally developed from a sample of manufacturing industry employees. Bellou and Andronikidis (2009) used the 17 dimensions of the OCM to compare responses of 104 managers and 113 non-managerial employees. Significant differences between these two groups were found for
only two dimensions, with managers displaying higher scores on Employee involvement and Organizational efficiency. O’Neill and Xiao (2010), using only three dimensions of the OCM, examined factors associated with emotional exhaustion of hotel managers. Their set of predictors explained 49.1% of variation in emotional exhaustion. Age was negatively related to emotional exhaustion but, interestingly, hours worked was not. Emotional exhaustion was significantly related to personality traits of extroversion (negatively) and neuroticism (positively), Job demands, and face time. Emotional exhaustion was found to be positively related to the climate dimension Pressure to produce but, surprisingly, negatively related to Effort and Quality.

**Service Climate and Organizational Outcomes in Tourism and Hospitality**

Patterson et al. (2005) propose domain-specific climate measures provide precise and targeted information regarding the particular domain of interest. Several tourism and hospitality studies have investigated service climate. The scales used have almost exclusively been developed from samples of employees in the banking industry.

In a study of 114 work units (58 hotel receptions and 56 restaurants), each comprising three employees and ten customers, Salanova et al. (2005) measured service climate using a reduced (four item) version of Schneider et al.’s (1998) Global service climate scale (originally developed using bank employees). SEM found organizational resources (Training, Autonomy, and Technology) to significantly predict work engagement (Vigor, Dedication, and Absorption), which, in turn, significantly predicted service climate, which predicted employee performance, which predicted customer loyalty. Service climate explained 2.25% of variation in employee performance and 7.29% of variation in customer loyalty.

Using a version of another service climate scale originally developed in the banking industry, Solnet (2006) used five scales derived from PCA analysis of responses of hotel employees to SERV*OR (Lytle et al. 1998). Hierarchical regression analysis found employee demographic variables to be significantly related to employee perception of customer satisfaction ($R^2 = 6.4\%$). The five dimensions of service climate significantly improved prediction ($R^2_{\text{change}} = 47.3\%$), as did the four dimensions of employee identification (Doosje, et al. 1995, as cited in Solnet 2006) ($R^2_{\text{change}} = 3.3\%$). Of the service climate dimensions, only Customer centricity displayed a unique contribution.

Kralj and Solnet (2010) used the original ten dimensions of SERV*OR in a study of 303 employees and managers of a casino hotel. The single full-scale measure Overall service climate was significantly related to employee perception of customer satisfaction for both casino employees (40% of variance explained) and non-casino employees (48% of variance explained). For each of the ten service climate dimensions, casino employees displayed significantly lower mean scores than non-casino employees. The set of ten service climate dimensions significantly predicted employee perception of customer satisfaction for both casino (55% of variance explained) and non-casino (57% of variance explained) employees. The authors concluded casino and non-casino employees displayed different patterns of climate dimensions acting as unique predictors of employee perception of customer satisfaction. Given the limited sample size, however, it is doubtful the two samples were of sufficient size to make meaningful judgments regarding differential patterns of prediction of independent variables (Manning & Munro 2007).

Chathoth et al. (2007) applied SEM to examine the relationship between organizational trust, service climate, and their impact on employee satisfaction from their modest sample of 77 employees of 4 hotels situated in a major city in Asia. The authors reported organizational trust to significantly affect service climate, which, in turn, significantly affected hotel employee satisfaction.
Using measures from several sources, He, Li and Lai (2011) examined three aspects of service climate - Customer orientation (Day 1994), Managerial support (Foley & Hang 2005), and Work facilitation (Shainesh & Sharma 2003). Analysis of responses of 216 employees of 30 Chinese hotels, found both Managerial support and Work facilitation to indirectly affect employee perception of customer satisfaction. Customer orientation, however, was found to directly affect employee perception customer satisfaction.

Using the seven item service climate scale of Schneider et al. (1998), Tang and Tang (2012) report responses of 1,133 customer contact employees and 119 hotel HR managers of 119 Taiwan hotels. Support was found for a model proposing justice climate (Ambrose & Schminke 2009) and service climate fully mediated the relationships between high-performance HR practices (Murphy & Murrmann 2009) and service-oriented organizational citizenship behavior (Bettencourt, Gwinner & Mute 2001). No evidence of a direct link between high-performance HR practices and service-oriented organizational citizenship behavior was found.

**Conclusion**

Lewin’s (1943/1975) psychological field empirically operationalized within the workplace environment as psychological climate provides individual level scores appropriate to investigate individual level outcomes. Aggregated at the group level, as generalized organizational climate, or in a domain-specific form as service climate, provides group and organizational level measures potentially useful for the investigation of drivers of organizational outcomes such as customer satisfaction. Patterson et al. (2005) proposed, “Rather than considering the global and domain-specific approaches to organizational climate as opposite sides of one coin, it is worthwhile viewing both as a valid basis for the investigation of work environment perceptions” (p. 381). In tourism and hospitality, where service provided by employees is so central to success, both approaches provide opportunities for research and management practice.

Generalized organizational climate has the potential to provide an overall snapshot of an organization’s functioning (Patterson et al. 2005). The small number of studies conducted in tourism and hospitality indicate this snapshot can explain significant proportions of variation in important variables such as employee turnover intention, customer satisfaction, and financial performance. The relationships are of a magnitude to be not only statistically significant, but of a magnitude to be of practical significance. For example, studies using the THOCS have found generalized climate dimensions explain: variation in financial performance between hotels as high as 23% (Davidson et al. 2002); variation in employee perception of customer satisfaction between hotels as high as 30% (Davidson et al. 2002); and variation in customer satisfaction between units of franchise coffee shop chain as high as 27% (Johnston et al. 2010).

Domain-specific climate measures, such as service climate, provide the researcher with “precise and targeted information” (Patterson et al. 2005, p. 382). The small number of studies conducted in tourism and hospitality indicate this information can explain significant proportions of variation in important variables such as employee perception of customer satisfaction. For example, studies using variations of SERV*OR (Lytle et al. 1998), have found service climate to explain variation in employee perception of customer satisfaction of the order of 47% (Solnet 2006) to 57% (Kralj & Solnet 2010).

Measurement of both generalized organizational climate and service climate remains something of an issue. The THOCS (Davidson et al. 2001) and THOCS-R (Manning et al. 2004) developed on the basis of responses of tourism and hospitality employees display a different factor structure than does the PCQ of Jones and James (1979) initially developed.
on the basis of responses of Navy, fire brigade, and healthcare employees. Similarly, SERV*OR (Lytle et al., 1998) originally developed on the basis of responses of bank employees displays a different factor structure when presented to hotel employees (Solnet, 2006). These results, for both generalized and service climate, serve to reinforce claims by Davidson et al. (2001) and Manning (2010) that climate scales developed in other industries do not directly translate to tourism and hospitality.

A question for any psychometric scale is whether the initial battery of items was sufficiently broad to encompass the universe of the construct being measured (Gregory 1996). Although the initial battery of items used in the development of the THOCS (Davidson et al., 2001) encompassed 35 potential a priori concepts, more recently in the development of the PCS-SB with small business hospitality employees, Manning (2010) conducted qualitative research in an attempt to identify any additional relevant concepts. This led to the addition of several items relating to scheduling. It is quite possible these items are also relevant to tourism and hospitality employees in large organizations – and therefore may be sensibly included in studies within larger organizations. It is also possible several other relevant generalized climate dimensions exist for tourism and hospitality – but have not been identified as relevant items have not been included in factor analytic studies. Unless initial items exist encompassing a underlying dimension, they cannot be extracted and identified in a factor analysis.

This issue is also relevant for service climate scales. Solnet (2006), for example, found only five underlying dimensions from responses of hotel employees to SERV*OR. SERV*OR, initially developed from analysis of responses of bank employees, was described to measure ten service climate dimensions (Lytle et al. 1998). Clearly, this shows a different factor structure for banking and tourism and hospitality, but it also raises the question as to whether the initial battery of items, filtered and culled as they were on the basis of responses of bank employees, encompass all possible concepts relevant to service climate in tourism and hospitality.

W. Edwards Deming stated, “the climate of an organization influences an individual’s contribution far more than the individual himself” (as cited in Holt 1993). The small number of studies of both generalized and service climate conducted in tourism and hospitality support the notion these relatively easy to administer measures can provide managers with information regarding broad organizational issues and specific service related practices which impact on: employee turnover, customer satisfaction, and financial performance. Aggregation of these measures can also provide a manager with information regarding relative climates within different departments and parts of a larger organization. These tools, potentially, may provide a manager with tools for both diagnosis of problems, and for evaluation of interventions.
Reference List


