Impact of organizational culture on frontline employee engagement in travel companies – An empirical study in Vietnam

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Abstract: The Covid-19 pandemic is posing increasing challenges for travel businesses in maintaining and strengthening engaged employees, especially the frontline employees who make a decisive contribution to the quality of service and the success of the company. In this context, organizational culture is seen as an effective way to enhance employee engagement. To clarify the impact of corporate culture on employee engagement, the study surveyed 156 frontline employees of travel agencies in Hanoi, a famous tourist city in Vietnam. The analysis results shows that cultural aspects including Innovation, Team orientation, Fair compensation, Result orientation, and Employee development have a positive impact on employee engagement.

Keywords: organizational culture, employee engagement, frontline employee, travel company.

1. Introduction

Human resources are increasingly valued by enterprises in the context of the industrial revolution 4.0 and the digital transformation. In fact, the lack or loss of experienced personnel who are able to apply and master modern technology can cause significant costs related to recruitment, retraining or employee rotation (Mushtaq et al., 2013). Therefore, managers are always looking for more effective solutions to improve employee engagement to ensure the stability of the staff as well as improve employee performance.

In the tourism industry, travel is one of the important pillars for the economic growth of many countries around the world. This is a sector where frontline employees are a decisive input to the quality of service and the success of the business. Improving the level of frontline employee engagement is a big challenge for managers, especially in the post-Covid-19 pandemic when travel businesses are accelerating the recovery process and trying to attract employees back to work and retain them in the future. At this time, organizational culture is more and more focused to help improve work results and employee engagement.

Organizational culture and employee engagement have attracted the attention of numerous scholars with diverse approaches. However, most of the studies focus on the relationship between organizational culture and results of enterprises such as revenue, profit, productivity, but have not mentioned much about the link between cultural values with employee result including employee engagement. Several studies have shown that organizational culture has a positive impact on employee engagement, making them loyal to the organization and willing to contribute more at work (Herminingsih, 2015). On the other hand, frontline employees, who directly provide services to customers, are a specific group of human resources in the tourism sector, but analyzing the impact of corporate culture on this group of staff has not been analyzed much in recent studies.

From these reasons, the paper aims to clarify the impact of organizational culture on the engagement of frontline employees in travel agencies in Hanoi. To clarify this issue, the paper first summarizes important theoretical bases on the linkage between organizational culture and employee engagement. After presenting the research methods, the article analyzes the analysis results in order to draw conclusions about the role of organizational culture in employee engagement improvement, thereby offering implications for managers in the travel sector.

2. Literature review

2.1. Organizational culture
With a vital role to play in improving an organization's performance, organizational culture has attracted the attention of academics and executives for more than half a century. However, organizational culture has not been uniformly defined. Organizational culture is understood as a set of basic values, beliefs and assumptions that an organization's members have discovered and developed in the process of adapting to internal and external problems of the organization, determining how members perceive, think, and respond appropriately when problems arise (Schneider et al., 2017). In other words, organizational culture consists of the values shared by the members of the organization and the underlying assumptions that explain the causes of the activities the organization is doing and the problems the organization is facing. Organizational culture is the product created by members who work together for a long time at an organization, creating a distinctive feature that distinguishes this business from other businesses.

2.2. Employee engagement

Employee engagement is a new topic that has been mentioned in research on corporate governance and organizational psychology since the beginning of the 21st century. Kahn's (1990) research suggests that each person will put their own cognitive, emotional and physical into the work they perform in the workplace. Base on this approach, Saks (2006) defined employee engagement as the degree to which a worker is psychologically present in a particular organizational role.

A number of empirical studies have shown that employee engagement has an impact on the turnover rate, turnover, labor productivity, job satisfaction and organizational citizenship behavior (Buil et al., 2019; Zhang et al., 2017). In addition, a high level of employee engagement also promotes creativity and innovation in the enterprise and is positively related to customer satisfaction. It can be seen engaged employees should be recognized as strategic assets of the enterprise and receive more attention from managers (Nutov and Hazzan, 2014).

2.3. Impact of organizational culture on employee engagement

More and more empirical studies have begun to be conducted to examine the relationship between organizational culture and employee engagement. There are a number of theoretical studies dealing with this topic. Research by Matin and Hetrick (2006) showed that organizational culture towards employee engagement can make it easier for businesses to attract and retain talented employees. Not only that, companies that build a culture where employees are closely attached to the organization will achieve better financial results than other companies in the same industry (Baumruk, 2006).

Other studies have shown a strong correlation between aspects of organizational culture and employee engagement (Barbars, 2018). Organizational culture that values the role of employees, respects their interests, and strives to build a strong bond between members of the organization often recognize the higher level of employee engagement and employees are also willing to put in more efforts to the achievement of the goals of the organization (Mohanty & P, 2021). An enterprise with a positive culture that promotes innovation, encourages internal communication, and emphasizes integrity creates strong motivation for employees even if the business does not offer too much financial rewards for employees (Najeemdeen et al., 2018).

In general, current studies mainly analyze the influence of organizational culture and employee engagement from theoretical perspectives. The few empirical studies on this topic have only focused on a specific type of culture without fully examining the impact of different cultural dimensions on employee engagement. Therefore, it is necessary to conduct more empirical studies on the impact of organizational culture on employee engagement, especially looking specifically at travel companies in the context of developing countries like Vietnam.

3. Analytical framework

Based on an overview of studies on organizational culture and employee engagement in general and studies referring to organizational culture in tourism in particular, organizational culture profile – OCP (Tepeci & Barlett, 2002) is considered as an appropriate tool to analyze organizational culture of travel companies. Accordingly, organizational culture is considered in 5 dimensions: Innovation, Team orientation, Fair compensation, Result orientation, and Employee development.
Several empirical studies have shown a link between organizational culture and employee engagement. Research by Barbars (2018) shows that a culture that emphasizes employee development, encourages innovation, and is results-oriented has a positive impact on employee engagement. The impact of a culture that encourages working and sharing in groups also has a positive impact on employee engagement (Song et al., 2014). Therefore, the paper proposes the following hypotheses:

H1: Innovation has a positive impact on employee engagement.
H2: Team orientation has a positive impact on employee engagement.
H3: Fair compensation has a positive impact on employee engagement.
H4: Result orientation has a positive impact on employee engagement.
H5: Employee development has a positive impact on employee engagement.

The analytical framework of the study is depicted in Figure 1.

![Analytical framework](image)

**Figure 1. Analytical framework**

4. Data collection

The organizational culture scale was built based on the OCP scales of Tepeci & Barlett (2002). The scale reflects 5 dimensions of culture with 28 observed variables. The employee engagement scale is inherited from the study of Saks (2006). After building a preliminary scale, the author conducts in-depth interviews with 3 experts who have a deep understanding of organizational culture and employee engagement to adjust the scales to suit the characteristics of travel businesses in Vietnam. After removing and adjusting inappropriate observed variables, the final scale includes 30 observed variables measured according to the Likert-5. The survey questionnaire includes 3 contents: organizational culture, employee engagement and personal information such as age, gender and seniority.

The study collects data for frontline employees working at travel companies in Hanoi. To ensure reliability, the author focuses on employees who have at least 2 years of seniority working at the company. Due to the impact of the Covid-19 epidemic, the Google form survey link will be sent to respondents via email from August to December 2021.
Table 1. Descriptions of sample

<table>
<thead>
<tr>
<th>Gender</th>
<th>Male</th>
<th>42.9%</th>
<th>Female</th>
<th>57.1%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age</td>
<td>Under 25</td>
<td>26.9%</td>
<td>25-35</td>
<td>28.8%</td>
</tr>
<tr>
<td></td>
<td>35-45</td>
<td>24.4%</td>
<td>45-55</td>
<td>12.2%</td>
</tr>
<tr>
<td></td>
<td>Over 55</td>
<td>7.7%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Educational level</td>
<td>High school</td>
<td>5.1%</td>
<td>Colleges</td>
<td>20.5%</td>
</tr>
<tr>
<td></td>
<td>University</td>
<td>62.2%</td>
<td>Postgraduate</td>
<td>12.2%</td>
</tr>
</tbody>
</table>

From the 200 survey questionnaires sent, the author obtained 168 survey questionnaires with a response rate of 84%. After removing invalid votes, 156 questionnaires were included in the analysis. Characteristics of the research sample are summarized in Table 1. The study sample is mainly female, accounting for more than 55% and has a relatively young age with more than 50% of the respondents under 35 years old.

To ensure the reliability of the scale, the author conducted Cronbach's Alpha and exploratory factor analysis. The data was then entered into SPSS 20 software for descriptive statistical analysis, correlation and regression analysis to test the research hypotheses.

5. Analysis results

Descriptive statistics analysis results showed that travel companies have built a culture emphasizing Innovation, Team orientation, Fair compensation, Result orientation, and Employee development with the average score from 3.56 to 3.92 (Table 2). The employee engagement is above average with a value of 3.66. All 6 scales have reliability with Cronbach's Alpha coefficient greater than 0.6, eligible to conduct correlation and regression analysis.

Table 2. Results of testing the reliability of the scale and descriptive statistics

<table>
<thead>
<tr>
<th></th>
<th>Cronbach Alpha</th>
<th>Mean</th>
<th>Min</th>
<th>Max</th>
<th>Standard deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Innovation</td>
<td>0.79</td>
<td>3.56</td>
<td>1.00</td>
<td>5.00</td>
<td>0.70</td>
</tr>
<tr>
<td>Team orientation</td>
<td>0.85</td>
<td>3.92</td>
<td>1.00</td>
<td>5.00</td>
<td>0.82</td>
</tr>
<tr>
<td>Fair compensation</td>
<td>0.83</td>
<td>3.81</td>
<td>1.00</td>
<td>5.00</td>
<td>0.79</td>
</tr>
<tr>
<td>Result orientation</td>
<td>0.89</td>
<td>3.78</td>
<td>1.00</td>
<td>5.00</td>
<td>0.76</td>
</tr>
<tr>
<td>Employee development</td>
<td>0.90</td>
<td>3.73</td>
<td>1.00</td>
<td>5.00</td>
<td>0.85</td>
</tr>
<tr>
<td>Employee engagement</td>
<td>0.81</td>
<td>3.66</td>
<td>1.00</td>
<td>5.00</td>
<td>0.69</td>
</tr>
</tbody>
</table>

The results of the correlation analysis between the factors show that the employee engagement is correlated with all dimensions of organizational culture at the significance level of 0.01. In which, Employee development and Innovation has the strongest correlation with employee engagement with the correlation coefficient greater than 0.5. Result orientation has the lowest correlation coefficient with employee engagement of 0.391. Five dimensions of organizational culture are moderately correlated with each other.

Table 3. Correlation analysis

<table>
<thead>
<tr>
<th></th>
<th>(EE)</th>
<th>(IN)</th>
<th>(TO)</th>
<th>(FC)</th>
<th>(RO)</th>
<th>(ED)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee engagement</td>
<td>1</td>
<td>0.563</td>
<td>0.514</td>
<td>0.420</td>
<td>0.482</td>
<td>0.601</td>
</tr>
<tr>
<td>Innovation</td>
<td>0.328</td>
<td>1</td>
<td>0.289</td>
<td>0.311</td>
<td>0.365</td>
<td></td>
</tr>
<tr>
<td>Team orientation</td>
<td>0.218</td>
<td>0.403</td>
<td>1</td>
<td>0.394</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
The results of the regression analysis allow to assess the impact of 5 cultural dimensions on employee engagement. First, the adjusted R-squared coefficient of 0.59 shows that all five dimensions of organizational culture explain more than 59% of the variation in employee engagement. Specifically, Innovation has the greatest influence with a coefficient of 0.48. The next most influential are Fair compensation, Employee development, Team orientation and Result orientation with coefficients of 0.34, 0.30, 0.21 and 0.15 respectively.

Table 4. Regression analysis

<table>
<thead>
<tr>
<th>Cultural Dimension</th>
<th>Coefficient</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Innovation</td>
<td>0.48</td>
<td>0.00</td>
</tr>
<tr>
<td>Team orientation</td>
<td>0.21</td>
<td>0.01</td>
</tr>
<tr>
<td>Fair compensation</td>
<td>0.34</td>
<td>0.00</td>
</tr>
<tr>
<td>Result orientation</td>
<td>0.15</td>
<td>0.00</td>
</tr>
<tr>
<td>Employee development</td>
<td>0.30</td>
<td>0.00</td>
</tr>
</tbody>
</table>

In sum, with the results of correlation analysis and regression analysis, the hypotheses are all accepted. In other words, Innovation, Team orientation, Fair compensation, Result orientation, Employee development all have a positive impact on employee engagement.

6. Discussions and conclusions

From the analysis results, the paper proposed an appropriate research model and provides an empirical evidence on the impact of organizational culture on frontline employee engagement. On the one hand, the study has clarified the impact of different cultural dimensions on employee engagement. Accordingly, organizational culture that encourages innovation, teamwork, and emphasizes results and employee development through listening to employees’ opinions and creating a supportive working environment and could enhance employee engagement. Focusing on the interests of each individual will make employees more attached to the organization. This result is similar to previous studies by Johnson et al (2018), Kundu and Lata (2017) when emphasizing that a work culture gives employees the opportunity to learn, create and support teamwork will improve employee satisfaction, commitment and engagement.

The paper proposes several implications for managers in building organizational culture to promote employee engagement. First of all, companies need to focus on encouraging team spirit, empowering employees, accepting employees' risks and failures, listening to their new ideas to create an environment that makes them comfortable and ready to contribute more. More importantly, in the context of the current epidemic, managers need to pay more attention to employee development, especially focusing on the benefits and career planning of employees even if they have to cut working hours or work remotely. In addition, for frontline employees, who play an important role in travel businesses as the image representative, transmitting the organization’s cultural values to customers, travel companies need to provide training courses to make them understand and share those values, and make them feel part of the organization's success and want to stay with it for the long term.

Organizational culture is not only an invaluable asset of the company, but it is also the key to attracting and retaining talented employees to stay with the organization. Based on data collected from nearly 160 employees of travel companies in Hanoi, the study sheds light on the important role of organizational culture in promoting employee engagement. Through the construction and development of specific cultural dimensions, companies in the travel sector in particular and in the tourism industry in general can enhance the connection between employees and the organization, thereby make them more willing to put in extra effort and contribute to the overall success of the organization.
References