

**The Study of How to Improve the Quality of Corporate Culture  
within the Chinese Service Industry**



Bachelor's thesis

HAMK University of Applied Science and International Business  
Valkeakoski Campus

Spring 2018

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<b>Subject</b>	The study of how to improve the quality of corporate culture within Chinese service industry
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ABSTRACT

In the 21<sup>st</sup> century, human resource management has become more important than ever before, especially in the service industry, traditional management methods are kind of outdated. In 20<sup>th</sup> century 80s a new concept of corporate culture was come up and it has become an important element in management. Many enterprises now have their unique and outstanding corporate culture which benefit them. However in China, there are lots of enterprises whose corporate culture are poor which leads to various of problems and issues. Thus the author has analyzed the corporate culture in Hilton and another successful company in China in order to give a reasonable suggestion on how to improve the quality of corporate culture in the Chinese service industry.

The author used different methods to finish this thesis, firstly the author looked up different books and data to show the importance of corporate culture and then through the learning of Hilton and an interview with the manager of Hilton the author analyzed a successful enterprise within Chinese service industry. Through the process of the thesis the author found out different applications of corporate culture in an enterprise and the inadequacy in Chinese service industry, after analyzing all the data and information the author came up with several ideas and suggestions which could probably have positive influence on improving the quality of corporate culture in Chinese service industry.

**Keywords** Corporate culture, Hilton, HAIDILAO, Chinese service industry.

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# 1 INTRODUCTION

## 1.1 BACKGROUND

Nowadays, with the rapid economic growth of China as well as the global hospitality and service industry, the Chinese service industry is already in competitive environment. Enterprise competition within the domestic market is dramatic. And with the acceleration of the internationalization process, enterprise competition in international area is becoming more and more important. How to win competition, how to gain more market share and how to sustain a competitive edge is the eternal topic within the service industry.

And there are some existing problems in Chinese service industry such as the lack of talents, talents loss, inefficiency. Moreover according some news that cleaners in five star hotels use bath towel to bush the cups and toilets and sometimes they don't change the sheets. It is a quite serious problem cause it concerns about the customers' health. This phenomenon happens when the management is not efficiency and the employees don't respect their customers and their own company.

There is a famous saying from the Chinese economist Guangyuau Yu, the richness of a country relies on economic, the prosperity of economic relies on enterprises, the prosperity of the enterprises relies on management and the key of management is culture. (Yu, 1984)

It illustrates that there is a new trend in management. Managers should have clear awareness that the corporate culture could bring great advantage in the competition between enterprises, furthermore it could switch to visible business interests.

During the past several years, there have been some Chinese service enterprises which have had their own corporate culture, however those are only a few examples. Most enterprises are in the shallow stage of the construction of corporate culture. Some of them may have quotes or have trained their employees, yet the achievement is not significant. Some of the companies might have the awareness of corporate culture but didn't attach importance to it.

And the author of the thesis have been paying attention to this topic for a long time and came up with the research question of this thesis "How to improve the quality of the corporate culture within Chinese service industry."

## 1.2 RESEARCH OBJECTIVE

The research objective is to let people have a clear awareness on promoting the construction of the corporate culture and improving the quality of corporate culture within an enterprise in order to improve the the competence and performance of a company through systematically analyzing the Hilton and an example in China. By analyzing successful enterprises from both abroad and domestic market, the author is able to give more specific recommendations.

## 1.3 RESEARCH METHODS

The research methods contain three parts, firstly the author will analyze the meaning and application of corporate culture through studies of different data and documents. In the second part the author will introduce Hilton including its corporate culture, management and its founder, moreover an interview was done by the author with a manager of Hilton in Helsinki to get a deeper cognitive of Hilton. Thirdly, the author picked a hot pot restaurant called HAIDILAO as an example to compare with Hilton and came up with the result to make the research more complete.

## 2 THE LEARNING OF CORPORATE CULTURE

### 2.1 CONCEPT OF CORPORATE CULTURE

The word “culture” comes from Latin “Colere” which means Land farming originally, and it became the social behavior and norms found in human societies later. According to American Heritage Dictionary, Culture is the national religious beliefs, art, patterns of behavior, mass organization and other Human thinking activities, it is the sum of these essential features. And because of the purpose of studying culture and research point of view is different, scholars’ text are always different. Further, when discussing about corporate culture scholars tend to analyze it from two sides, which comes first is the connotation of the culture which means specific content including responsibility and collaboration.etc. The second is form of corporate culture which could be explained as how could corporate culture influence corporate culture under certain conditions.  
(Ahdictionary, 2017)

The rapid growth of the economy and the changes have brought a huge evolution of the enterprise management model. The former management method is losing its flexibility and advantage. After several hypothesis such as economic man, social people, self-realization man and complex man, the awareness of corporate culture was come up.(Studyingeconomics, 2016)

As the uncertainty of culture and the inconsistent exploring of corporate culture the author would first analyze organizational culture through looking up several famous books about it.

In Thomas J. Peters, Robert H. Waterman, Jr’s famous book, In Search of Excellence, which is one of the most popular selling business books ever. It explores the art and science of management used by several 1980s companies when America was in financial crisis. Also the eight themes are eternal classic now, they are

A bias for action(get on working rather than thinking a lot)

Close to the customer(learning from the customers is a good way to improve)

Autonomy and entrepreneurship(stimulate innovation)

Productivity through people,(how you treat your employees means how they pay back)

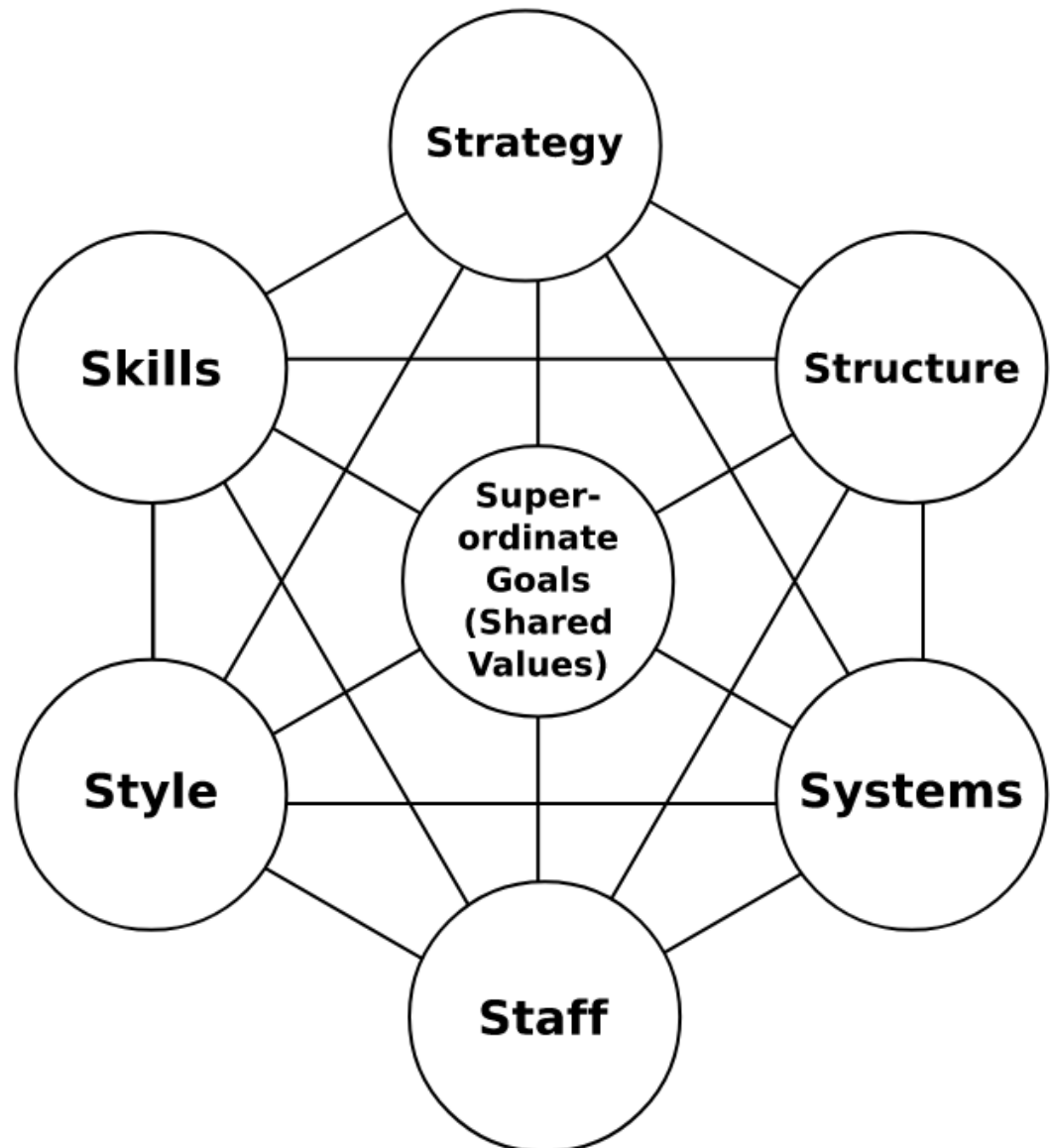
Hands-on, value-driven(management showing its commitment)

Stick to the knitting(stay with the business that you know),

Simple form, lean staff(some of the best companies have minimal HQ staff)

Simultaneous loose-tight properties.(Peters and Waterman, Jr.1982)

MCKINSEY 7S THEORY is created in this book, it claimed the strategic vision for groups as the graph below:



The seven elements could be explained as below:

Strategy: Plan devised to maintain current situation and improve the competitive advantage.

Structure: The way how the enterprise is formed and what everyone is in charge of should be allocated well.

System: The procedures and mission that employees should do to get everything done.

Shared value: It is called superordinate goals initially and it is the core of corporate culture, it is the general work ethic.

Style: The style of management.

Staff: The workers and their capability.

Skills: The actual skills and competence of the employees.

Through the research done by them they found out that if an enterprise performs well, these seven factors always aligned and reinforced well. And the shared values is what they regarded as the most important thing. The structure, system, strategy, staffs and skills were determined when the enterprise was established, the initial vision and mission of the company were based on the core value and when the value changes, others will also change.

(Peters and Waterman Jr 1982, 8-13)

Scholar Schein thought that organizational culture is developed by social practices under certain social conditions, it is the the value concepts, professional ethics, common sense, codes of conduct and norms that all the members follow. During the process of development, competitiveness will be improved through the process of adapting to internal integration and external environment.

(Schein 2004, 3-4)

John P. Kotter thought corporate culture is a set of symbols, etiquette and fictional characters that pass on the organization's basic beliefs and values to all employees.

(Kotter 1992, 1-5)

Scholar Pumpin thought that culture is the soul to an enterprise, it is the essence of a successful business. Thus, when the corporate culture develops, everyone has been recognized that it is the way of thinking and behaving shared by all members of the enterprise. \ Corporate culture can not only bring a spirit to employees, but also inspire them a sense of pride and responsibility to improve the overall effectiveness of the enterprise.

(Pumpin, 1987, 1-3)

Generally speaking from these scholars' perspective, corporate culture can be combed from the development of the enterprise management, especially the cultural management. It is the common value, beliefs and norms that people in an enterprise follow and believe. Under some conditions the corporate culture could be stated as the vision and mission of the company. The physical environment, human resources, and management are all elements of corporate culture.



## 2.2 THE DEVELOPMENT OF CORPORATE CULTURE

In early 20th century, a world-renowned American management scientist Peter Drucker once pointed out that management should be based on culture, On the one hand, management affects the formation of social culture, on the other hand the form of management is also deeply influenced by the culture.  
(Entrepreneur, 2015)

Corporate culture arises from modern business management practices, and its development had a profound historical origin with several management stages.

From early 20th century to 1920s, western industrialization was under the situation when the large machinery and production lines were the main mode of production. The thing that the businessmen concerned about was productivity and input-output ratio. At that time the principles of scientific management from Frederick Winslow Taylor and the Bureaucracy form from Max Weber had led to a series of rational management practices. However they thought the motivation was to meet their own self-interest and the job is to get financial reward which fit the economic situation at that time.  
(Mindtools, 2015)

During the period of 1920s to 1930s, the appearance and development of behavioral science became an attractive issue, the Hawthorne-Experiment raised peoples' awareness of the influence of the relationships in the organizations, informal groups and other factors on organizational effectiveness. People started to pay attention to the humanity which led to the appearance of a series of incentive theory.

The Hawthorne had a great impact on the future study of corporate because it was the first time that the human relationship was proposed in management.

The experiment took place in Western Electric Company's Hawthorne Works in Chicago, initially the experiment was done to examine the relationship between lightening and productivity. The original idea was to record the intensity of the lightening and check how the productivity change. There were three factories in total and the illumination was decreased in two of them. However the result was not like what they assumed, no matter how they changed the illumination the productivity stayed stable until they turned it too low and the workers could not see clearly which made the researchers confused.

Later, the professor Mayo Elton from Harvard continued to study, during 1927 to 1932 they did the research called relay assembly experiment which aimed to search the relationship between treatment and productivity. They used many methods such as providing food during break(output increased), setting more rest time(output increased), shortening the work time by 30 minutes(output per hour increased but total output decreased). These all had some impact however no matter how they changed the output kept increasing in the following two years. Another method was to had interviews with workers, the original idea was to ask them what their opinion was towards the policies and management of the factory. However the interview led to a great success, workers not only talked about the company but also what they were facing in their daily life. The researchers set the time of the interviews from one hour to two hours and it lasted two years. The productivity of workers increased dramatically. The conclusion of this period was the prior life experience of workers could play an important role in work life and it could influence their work attitude.

The following research was called bank wiring room experiment. Mayo wondered how payment incentive could change productivity and he set the payment method as the piece-rate wage system in a distinct department. He thought the output will increase, however the yield was just normal and everyone had nearly the same. In the further study he found out that workers in this distinct department had a norm that no one would do much or less because they thought if somebody could do much more then those who could not may lose their job or salary. The outcome of this experiment was a group could give up some benefit to maintain the unity of the group.(Referenceforbusiness, 2017)

The Hawthorne experiment had a great impact on the future management, to conclude the experiment has three main outcomes.

First, people are the main treasure of an enterprise, people, money and facilities are three essential factors of an enterprise and among these factors people are creative and active, thus how to treat the employees should always be well considered by the managers.

Second, communication is an effective in management. Management is art-oriented and so as communication. Those managers who are arrogant and always rebuke their employees should no longer exist, Mayo noticed the importance of communication during the Hawthorne experiment, they can understand the problems and the requirement of the employees and enhance the relationship between them which could improve the employees' work attitude. A good listener could learn a lot from others and improve the management and appropriate compliments could improve the confident and satisfaction of the employees.

Third, corporate culture is an effective way to seek the dynamic balance between efficiency and emotional, employees are not isolated individuals but a part of group and the behavior is easy to get influenced by others. The balance between the enterprise and employees is quite important which could maximize the utility of each employee and also enhance the unity of the enterprise.

To conclude management is not only to manage productivity but also thoughtful people.

(Referenceforbusiness 2017)

The world's economy has undergone huge changes during 1950s to 1960s, decision-making in business management has become more and more important, and the awareness of management science appeared at that time. It was a symbol that traditional rational management had become mature. At the same time the rapid economic grow in Japan since the End of the 1970s had drawn peoples' attention.

The development of japan had made a great impact on the United States and the whole Western Europe. People noticed the difference between the Japanese and American business management models and they started to reflect the rational mode of traditional management. People found that the traditional rational management mode rely on quantitative analysis and rigid management system too much which repressed people's creativity.(Taylor, 2014)

After 1980s, the appearance of the Irrational tendency in Western management theories represented the rise of corporate culture. Some scholars studied the difference between Japanese and American companies and came up with the basic theory of corporate culture and during this period the study of corporate culture was mainly based on theory. And, *Corporate Cultures: The Rites And Rituals Of Corporate Life* and *In Search of Excellence: Lessons from America's Best-Run Companies* are regarded as the cornerstones of the study of corporate culture. People regarded corporate culture as a new type of business management which is adapted to the new situation of information science and world market economy.(Deal and Kennedy, 1982)

After 1990s, with the popularity of corporate culture, many organizations started to realize the importance of standardized corporate culture to the development of business organizations and began to construct corporate culture in order to build up the image of the enterprise. Further more there have been some more research directions based on the research of last decade such as research on corporate culture measurement and the research of corporate culture and business efficiency.

## 2.3 THE ELEMENTS OF CORPORATE CULTURE

The corporate culture always concerns about business management which is influenced by traditional culture and human values. Concerning about the elements of corporate culture, different scholars have different points of view, the author picked two of them to analyze.

The first one is The 7 Elements of corporate culture from Toyohiro Kono.

Employee values: how the enterprise react to the employees on innovation or pro-activity will determine their orientation of values.

Whether conception is autonomous: An successful enterprise encourages employees to participate in the operation and management of the organization and provide them chances to express their opinions. under this condition could the enterprise stimulate the creativity of employees, they would like to consciously and actively provide constructive advice to the business. Fossilized companies require employees to obey the rules, and they do not allow "irregularities" of ideas and behaviors. In this kind of atmosphere the employees' job satisfaction is always low, the initiative is not strong either.

Information gathering orientation: If information gathering is customer-oriented, companies will value customer feedback from both external and internal. If information gathering is guided by the leaders' subjective will, the enterprise will not pay attention to the customer's response and demands, not even the staff's comments and suggestions.

Employees' interaction: The employees' interaction mechanism determines the effectiveness of the operation of the business to a very large extent.

From evaluation to implementation of the process: It shows the attitude of an enterprise when facing failure, those companies who have a positive attitude could encourage employees to face the failure, accept the challenge and go through it.

Employees' loyalty: When employees have high satisfaction, they will be motivated and constructive. Thus their recognition of the enterprise, their loyalty will be relatively high which could lead to high production efficiency. On the other hand, when their satisfaction is low, their sense of identity with the corporate values is low, leading to lower productivity.

Motivation: It means responsibility which could be explained as the attitude of employees on working. In a dynamic business, Organizations can not only meet the material needs of employees at a lower level, but also create a good condition for employees to achieve a higher level of

need in order to enhance staffs' sense of accomplishment and responsibility.(Kono 1998, 101-107)

The second one is the five critical elements of Deal and Kennedy

The business environment: The orientation of an enterprise within its area, a concentration on a distinct part could build up a unique kind of environment.

Values: Values is the core element of corporate culture, it includes beliefs and concepts among employees. it clearly shows what to advocate, what to oppose of an enterprise.

Heroes: Heroes are the personification elements of corporate culture. They are not only the embodiment of corporate values, but also the symbol of corporate image and also they the model of staffs.

Ceremonies and Rituals: It could reinforce the construction of corporate culture through activities such as sales conferences or birthday celebrations.

The Culture Network: It could be understood as an abnormal communication network, containing different ways such as stories or gossip. (Deal and Kennedy 1982, 9-12)

## 2.4 FUNCTIONS OF CORPORATE CULTURE

According to Deal and Kennedy, there are six functions of corporate culture and here the author will list them.

Guidance:Corporate could influence employees' behavior and it could be done by training, It is embodied in the following three aspects  
Regulate the value of business conduct.

Clarify the target of the business

Establish rules and regulations

The values, spirits and objectives are contained in the corporate culture as well as the past successful and failure experiences. The corporate culture could guide the managers to make the most suitable decisions, as for employees the corporate culture could lead them to the right way which suits business goals of the enterprise. Without the right guide people may make the wrong decision and do incorrect things.

(Cooke 1988, 245) (Deal and Kennedy 1982, 17 -25)

The incentive function: The employees could have a passionate emotion toward working through through the external stimulating such as Trust incentives or Vent motivation. Management nowadays regard human resource as the most important factor, and the corporate could make the traditional excitation more completed from the excitation of personal to

excitation of the group. A good corporate culture always emphasizes the importance of people and innovation which could form an atmosphere of relaxed and positive. Under this condition could staffs work hard and show their ability and help the long-term developing of an enterprise. On the contrary a bad corporate culture could have negative influence on staffs because nobody would like to work hard for the company which could lead to the collapse of the enterprise.

(Cooke 1988, 245)(Deal and Kennedy 1982, 17 -25)

The Cohesion function: Corporate culture works as the binder, it combines the employees closely to achieve the goal through Value cohesion and target cohesion. Human is a kind of complicated creature, the company can set rules and norms to form a unified code of behavior but it can not stimulate the centripetal force and creativity of the employees and it can not make everyone united. Each organization and every employee in the company has its own value criteria, every one has his or her own need. Only could corporate culture combine all these factors and consolidate them as a group. The company could communicate with its staff through the culture, only when each staff Integrates personal ideals and beliefs into the company's overall ideals and beliefs could it form a common value. When people have same value with the enterprise, they will realize they are not only working for the enterprise but also for themselves. This could enhance the pride, sympathy and sense of belonging which could help to gather each one together and maximize the efficiency.

(Cooke 1988, 245) (Deal and Kennedy 1982, 17 -25)

The Constraint function: successful corporate culture have potential effect on the thinking and behavior of each employee. different ways such as formed rules and regulations, ethics and codes of conduct to regulate the behavior of employees, by this mean could the company achieve the controlling of thinking and behave of workers. In a good corporate culture, every one has the common goal and value thus seldom people will break it, only doing the right thing could be praised or they would be criticized by others and this will help to maintain the good atmosphere dramatically.(Cooke 1988, 245) (Deal and Kennedy 1982, 17-25)

Stability: the corporate culture is the cornerstone of the enterprise, the enterprise can not rely on one manager totally and a wise manager would regard building corporate culture as the most important thing, the author would like to take APPLE,Inc as an instance, Steve Jobs have been dead for a couple of years however the products APPLE, Inc are making are still in a leading position and everyone in APPLE, Inc knows what his or her job is. This is a good example to illustrate the function of stability of corporate culture.

(Cooke 1988, 245) (Deal and Kennedy 1982, 17 -25)

## 2.5 FEATURES OF CORPORATE CULTURE

As the new stage of modern management, corporate culture is long-term developed and it is influenced by a numerous of factors thus it is impossible to find different corporate cultures with exactly the same characteristics. Different enterprises have their own advantages Since the corporate culture reflects the core values of the enterprise, corporate culture must also have common basic characteristics. And according to the research of some famous scholars these basic characteristics may contain several essential features.

**Theoretic:** Corporate culture is a new set of cognitive theory, it is a breakthrough in the traditional business concepts and business development theory. The construction of corporate culture should be carried out creatively under the guidance of corporate culture theory.

**Practicality:** Corporate culture mainly comes from the real business management life, it requires a combination of theoretical and practical work. Business managers, leaders and all staff should all work together to explore and create the most suitable corporate culture for them. Corporate culture can develop smoothly in practice.

**Sociality:** The sociality of corporate culture means that corporate culture is an integral part of social culture,they affect each other.Enterprises are social economic industrial organizations and they are cells of economic, Corporate culture is formed in the context of social culture to constrain and regulate the business Industry, individual behavior, group behavior and the corporate behavior. Corporate culture generally does not take the initiative to influence the thoughts and behavior of social members outside the enterprise ,however those common human moral awareness, Positive values as well as the advanced technology and ideas accumulated by enterprises in their production and operation will influence the society. (Stephanie Yu, October 9, 2014)

**Economical:** Enterprises and companies are self-management and self-financing economic organizations and their purpose is to gain profit, and the primary goal of its members is to dealing things concerning about economic rather than other things, thus corporate culture is inevitable to be economical, especially the value of the enterprise which could provide guidance for economic management.

**Periodicity:** Corporate culture is the production of modern economic market, and different enterprise has different corporate culture and even within an enterprise the culture changes when in different period.

**Diversity:** The culture style is unique in different counties, nations and regions. Even two similar companies who are in the same environment,

who have similar institutions and management they also show different characteristics. Organizational culture is influenced by several factors such as geography, economic and other external environment as well as management characteristics, entrepreneurial style and the overall quality of employees.

**Non mandatory:** Corporate culture does not force people to obey various rules, regulations and disciplines but emphasizes human self-awareness and initiative of agreeing to the culture which means enlightening people's awareness of self-control and self-discipline to reach the goal.

**Stability:** The formation of corporate culture is long-term. Once a positive corporate culture is formed it will become the soul of the enterprise and won't change easily.

**Dynamical :** It is generally believed that the corporate culture is relatively stable. but it is undeniable that corporate culture sometimes is dynamical, it requires new methods, new knowledge and new technology to enrich the business.

(COOKE 2002, 323- 330)

(Schein 1982, pp88)

(Stephanie Yu, 2011)

## **2.6 THE INFLUENCE OF CORPORATE CULTURE TO AN ENTERPRISE**

Many researches within the field of management follow the research framework of the internal environment and the external environment of enterprises, and based on the framework the studies on the relationship between corporate culture and organizational effectiveness can be divided into four types: powerful culture, adaptation culture, opposite value and culture trait. According to the researches that the scholars did, powerful culture can have an obvious influence on the effectiveness of an enterprise, Robbins thought a strong and powerful corporate culture is the reason for achieving good business performance. Trice thought that powerful culture could reduce the Decision-making costs. And in practical business life the influence of corporate culture might be even more dramatic than the theory work, there are more factors which should be taken into consideration such as organizational structure and business management system.

(Robbins 1993, 2-8)

(M. Trice & Janice M. Beyer 1993, 5-7)

There is not a uniform conclusion about which corporate culture is the best or which one is the most efficient but it is generally believed that



measuring the effectiveness of the organization through the performance of the enterprise is the best way.

In Kotter 's book Corporate Culture and Performance he used mathematical statistics to analyze the impact of corporate culture on corporate performance. As the basic concept of corporate culture is difficult to quantify, Kotter used 5 points method (5 represents that the company has strong corporate culture and 1 means the corporate culture is weak) to conduct a questionnaire survey of the 6 top management people in each of the companies surveyed. He let the management people to rate other companies to get the grade and get the result of weighted average as the index of corporate culture.

(Kotter 1990, 197-205)

#### Statistic of corporate culture and performance

Name of the company	Corporate culture strength score	Enterprise net income growth index	average income investment of enterprises	Enterprise stock market average annual growth index	Business performance indicator
Procter & Gamble	1.18	16.4	13	6.42	0.77
Dow Chemical Company	1.26	14.5	9.27	11.45	0.77
Royal Dutch Shell plc	1.30	20.7	10.13	14.96	1.03
DuPont	1.32	25.6	9.83	12.25	1.10
IBM	1.34	19.1	18.81	5.39	0.91
Boeing Commercial Airplanes	1.38	31.4	16.75	20.45	1.53
Johnson&Johnson	1.39	23.2	17.89	11.02	1.13
Citibank, N.A	1.52	18.2	4.98	10.3	0.79
Dana Incorporated	1.67	13.2	9.64	7.7	0.66
Pepsi CO.	1.75	22.2	12.95	14.1	1.09
The New York Times	1.76	36.5	14.51	22.98	1.69
Dow Jones &	1.83	33.6	24.64	17.07	1.64

Company					
McDonnell	1.90	24.9	11.3	10.18	1.06
Douglas					
Time Inc.	1.91	24.4	11.98	20.13	1.27
Hewlett- Packard Company	1.93	40.2	16.35	17.5	1.71
Digital Equipment Co rporation	1.93	50.2	12.96	20.65	1.64
The Coca-Cola Company	1.94	21.5	20.65	12	1.06
Cooper Tire & Rubber Co mpany	2.00	40.2	10.83	30.88	1.27
The Washington Post	2.14	28.8	21.97	22.46	1.71
The May Department Stores	2.24	30.8	10.02	24.16	1.99
National Tele phone Company	2.24	21.5	7.48	13.36	1.14
General Motors Comp any	2.31	17.8	9.28	35.07	1.91
pacific insurance co	2.35	28.3	8.3	18.53	1.58
Northwest Airlines	2.48	10.3	5.24	10.65	0.58
Exxon Mobil Corporation	2.52	19.8	9.25	9.72	0.88
Karstadt Quelle	2.55	13.1	8.86	4.35	0.58
Atlantic Chemical & Equipment Co	2.57	17.5	9.98	9.05	0.81
Texas Oil Company	2.60	9.9	5.36	4.7	0.45
Lucky Department Store	2.69	20.7	12.12	6.77	0.89
AVON Products, Inc.	2.82	7	18.84	-8.51	0.29
United Airlines	2.82	32.5	3.65	14.88	1.25
McGraw-Hill	3.38	26.4	19.76	18.57	1.4

Federated Department Stores	3.56	13.1	10.41	10.66	0.74
Nation Ford Chemical Co	3.59	16.3	11.18	22.8	1.67
Universal Studios	3.67	37.3	11.98	22.8	1.67
Bank One Corporation	3.80	10.7	5.55	8.76	0.56

( Kotter 1990, 197-205)

After collecting these data the author used the tool SPSS get the Correlation coefficient. As the thesis is not about statistic the author will give out the result directly , the judgment coefficient is 23.44% which means 23.44% of the changes in business performance could be explained as the influence of corporate culture. As there are many factors which could affect the performance of enterprises such as the size of the enterprise technology, human resources or reputation,etc. The value is already high enough. This is enough to illustrate the impact of corporate culture on business performance.

The Scholars Peters and Waterman regarded corporate culture as one of the eight necessary elements of a successful enterprise. The corporate can not improve the performance of an enterprise directly but it could unite each employee to reach the common goal. MC Kinsey had been the most successful consulting company and when referring to the advantage of an enterprise many of the top managers mentioned and emphasized corporate culture, it proved again that corporate culture is playing an important role in management even though it is invisible.  
(MCKINSEY 2015)

Corporate culture could influence an enterprise from several parts and the author tend to think that it could be divided into three different aspects.

### 2.6.1 THE INFLUENCE ON CORPORATE LEARNING ABILITY

The learning ability is always a competitive advantage of an enterprise, companies can acquire new knowledge to adapt latest issues and situations through learning which could also promote the final performance.

For an enterprise the learning ability could be explained as the ability of try and imitate. If people in an enterprise are not afraid of making mistakes and trying, there is no doubt that management support them. There are many invisible interlace and conflict within a company which may

construct obstacle in learning, some managers do not forgive the mistakes the employees make and punish the such as deduction of the wage. Also some managers are not willing to award those who are eager to innovate which could reduce employees' enthusiasm as well.

Thus the positive function of corporate culture to the learning ability of an enterprise could be described as guidance, motivation and sharing. The culture could guide the employees to the right way and encourage them to learn and try. The spirit of mutual progress and assistance could improve the awareness of sharing. (Schumpeter 1912, 27-30)

### **2.6.2 THE INFLUENCE ON CORPORATE CREATIVITY**

Different types of culture and organizational structure decide the character of innovation. The theory was first proposed in 1912 by Joseph Alois Schumpeter, he thought that innovation is the basic of economic development, the process of innovation is to constantly break the balance of economic equilibrium. Since then more scholars studied the creativity of an enterprise and they thought it is a specific capability and culture, an atmosphere where everyone can maximize their potentials. If an enterprise want to have a strong ability to innovate there must a good corporate culture and innovative atmosphere as the foundation. On the contrary If corporate culture restricts the technological capabilities and the ability to grasp market opportunities, it is very difficult for companies to establish competitive advantages.

To conclude, why corporate culture has impact on creativity can be explained as several points, first, the value of the enterprise affects the direction of innovation of the enterprise. Second, corporate culture affects the system, structure, organization and process within an enterprise which all have impact on the creativity directly or indirectly. The last one is that innovation requires the cooperation between different departments and it requires good atmosphere and culture to unite everyone. (Schumpeter 1912, 27-30)

### **2.6.3 THE INFLUENCE ON INTEGRATION**

The integration is the ability of reasonable planning and control to resources within an enterprise, it could achieve the goal which can not be reached by individuals, and the integration of the enterprise is the integration and sharing of the external resources of the enterprise including technology, human resource and facilities. Penrose thought that the optimal allocation and the most effective use of resources by

enterprises could determine the growth direction of enterprises and the limits of development of enterprises.  
(Penrose 1959, 70)

Apparently with the good use of human resources, technology and facilities the firm can have a good performance however it requires different departments to cooperate well thus the integration is actually the collaborative capabilities among different departments within the company. If the employees are eager to contribute and regard themselves as one of the ownership the process if integration will become much easier and therefore corporate culture plays an important role in integration because it could influence employees' core value and unite them.(Penrose 1959, 70)

### **3 THE HILTON 'S CORPORATE CULTURE**

Since 1907 when The founder of Hilton Conrad Hilton opened his first hotel till now, it has been already one hundred and six years and Hilton Worldwide has now developed into one of the world's largest and most well-known chain hotels. Currently they own over 4,300 properties worldwide. Hilton Worldwide brands; Hilton Hotels & resorts and Hampton Inn by Hilton. More than 630000rooms are in service and up to 163000 employees are working for Hilton.  
(Statistia 2016)

How Hilton Hotels Corporation achieved such a brilliant achievement has become a question for many management scholars and once in an interview when facing the question raised by a journalist how to become an outstanding manager, Conrad Hilton firstly reviewed his experience and said that his brief military career made him to understand the profound thing that the cultural and common honor is the strength of the entire team. When he was managing the enterprise he attached great importance to the building of organizational culture. He tried to improved the staff's team spirit through a variety of ways. He emphasized that within an enterprise, only culture and team spirit can really gather employees, boost the morale of employees, make the enterprises gain benefits, and maintain a competitive position in the industry.(HILTON 2017)

The reason why the author picked Hilton as an example is based on the two considerations below.

First of all, within the service industry, Hilton Worldwide is currently in the leadership position among the whole world, the hotels they open throughout different countries' major cities. Its scale and reputation are

way bigger than other enterprises. As Hilton worldwide has such a brilliant achievement, there is no doubt that its entrepreneurial history and management mode has its own uniqueness which means its corporate culture may also have its own characteristics.

Secondly speaking, Hilton Worldwide has hotels in more than 100 countries. They are distributed in different geographical locations and people around the world have different customs. Under this situation Hilton Worldwide still successfully established a unified, standardized management of the hotels which illustrates that some core values of Hilton can be spread and revised.

Third, the author had once lived in Hilton for several times and the service they offer and the attitude of the employees are way better than others. Combining with the topic the author thought that they suit perfectly. (HILTON 2017)

### **3.1 THE DEVELOPMENT PROCESS OF HILTON**

The business of Conrad Hilton started in 1919, when Conrad Hilton bought his first hotel Mobley and he acquire some other hotels in Texas. In 1927 Hilton opens its first hotel (the Waco Hilton) with cold running water and air-conditioning in the public rooms. In 1946, Conrad Hilton formed the Hilton Hotels Group and listed it on New York Stock Exchange which is the first hotel company listed on it. During the following 40 years since 1964 Hilton International Group was separated from Hilton Hotel Group and in 2006 it was acquired by Hilton Hotel Group again. By 2016 with the opening of Hilton N'Djamena in Chad, Hilton had expanded its footprint to 100 countries and the number is keep growing now. (HILTON 2017)

### **3.2 BUSINESS OPERATIONS**

“One size is hard for everyone” said Conrad Hilton, to full-fill every customer’s need, Hilton offers different kinds of service and basically speaking there are 6 different types of hotels:

The airport hotel: since the 1959 when San Francisco airport hotel Hilton was establishment, the company has established over 40 airport hotel, they are generally located quite near the airport.

Business hotel: located in the ideal location, with high quality service, they are Hilton 's main products.

The meeting hotel: the Hilton Hotel owns 60 meeting hotel, 30680 guest rooms, they are mainly used for hosting meetings exhibitions forum, etc.

Full suite hotels: each suite has two rooms, and a big screen TV, radio, microwave oven, refrigerator, a sofa bed and so on. Each bedroom has a private toilet, every morning Hilton offers breakfast, for business guests there are also free business centers.

Resort hotel: when a personal choose the Hilton resort hotel, he also choose a hotel with convenient and rapid reservation, top accommodation, excellent conference facilities and flavor characteristics food and drink. People could relax, enjoy all kinds of entertainment facilities here. Business services are also available within resort hotels.

The Hilton Garden hotel (the Hilton Garden Inn): the Hilton Garden hotel contains 38 hotels, 5270 guest rooms. In 1998, Hilton garden hotels were established. The Hilton garden hotel's price is moderate however the environment and the service they offer is high quality. (HILTON 2017)

### **3.3 BUSINESS ETIQUETTE OF HILTON**

Smile is the most important etiquette of Hilton and it is significant in the construction of Hilton corporate culture. The corporate etiquette reflects the business philosophy and it could help to build a positive image among customers. The impression of the customers to the employees could directly affect the evaluation of the enterprise. In other words, once the corporate etiquette is formulated and implemented, the customs and norms could be formed gradually and good corporate etiquette helps to improve the self-cultivation of employees and create a good image of themselves.

Conrad Hilton knew the importance of business etiquette thus he drew great attention to etiquette education of the staffs. everyday he went to his hotels and reminded his employees to work with smile even in 1930 when there was an economic crisis and 80% of hotels in America collapsed. After they overcame the difficult time they began to recover and developed smoothly. Since then, the smile service has become the Hilton hotel's most distinctive corporate etiquette and business philosophy. No matter where the customer is, as long as he entered the Hilton Hotel, what they could see is always the warmest smile. (HILTON 2017)

### 3.4 CHARACTERISTICS OF HILTON

The vision of Hilton is to fill the earth with the light and warmth of hospitality, by being the first choice of hotel guests, team members, and owners alike all along and its mission is to be the most hospitable company in the world by creating heartfelt experiences for guests, meaningful opportunities for team members, high value for owners and a positive impact in our communities. Also the core value Hilton Hotels have consistently implemented are,

Hospitality-provide extraordinary customer service with extreme enthusiasm.

Integrity-Behave well and follow the ethical code.

Leadership-outstanding leader of the community and industry.

Teamwork-Work as a team in whatever job.

Ownership-guide own behavior and decision-making with a responsible spirit.

Now- don't hesitate, do your work now.

(Li&Zhang, 2011)

According to the development process of Hilton the author is sure that these are not just saying. In 1950, Hilton creates its first special amenity for female travelers – a sewing kit and booklet with helpful names and telephone numbers. In 1959 Hilton opens its first airport hotel. Hilton develops the first centralized reservation service using computer technology in 1973, these are only some examples and they have done more to maintain its leadership. They have created a complete set of functional facilities, integrated system to provide a full range of services for customers, except offering customers with a variety of cuisines and comfortable accommodations Hilton also have supporting services and facilities such as Coffee shop, conference room, banquet hall, gymnasium, swimming pool, shopping center, bank service point, travel agent, airline agency, etc. Rooms are divided into single, double rooms, rooms and luxury ones for the rich stars and national government officers, concerning about needs of different customers, the hotel also offers a high class restaurant and convenient restaurant. Further more, all rooms are equipped with air conditioning, television, telephone, internet, and more, making every customer feel as comfortable as possible.(Hilton 2017)

Hilton is now still working on full-filling customers' need, they are offering customized service and have special featured service for some district. Take China as an instance, Hilton offers discount for Chinese during Spring Festival or Mid-Autumn Festival. In addition, the hotel also has special services for infants and the elders.

These innovative hotel products and personalized services have helped Hilton hotels expand their brand reputation and gain many loyal customers.(Li&Zhang, 2011)



### 3.5 MANAGEMENT OF HILTON

The management of Hilton hotel group follows the same creeds, Every hotels needs its own characteristic in order to adapt and full-fill the need of different countries and cities, Precise prediction, Mass purchase, Use every inch of the hotel for profit, Guarantee the hotel's service quality and improve it continuously. Strengthen marketing, Emphasis on market research. Pay attention to public relations, help to book even in different hotel.

Furthermore there some more specific codes. The first is that a leader must work as a role model in order to proactive the attitude of the salesman. Second, Hilton has established strict assessment towards rewards and punishment, it aims to give an employee the suitable and fair treatment, however Hilton not only use the sales as an indicator but also the employees' performance, so that the employees don't have the burden towards sales and they can focus on their own job more. Third, Hilton knows the importance of information and it has a platform where employees, customers, managers and policy makers could all view and look up information, this is to let everyone get in touch on what is going on and what to do.(Hilton, 2017)

Hilton knows the the importance of excitement clearly and excitement is a great part in Hilton management. There are several ways to encourage positivity of employees in Hilton, When entering the Staff access, everybody can see the slogan "The best employees in the world come through here". It clearly shows the respect and affirmation of employees. Further more, Hilton is committed to improving employee self-cultivation and ability thus Hilton online University is created. And it is offering more than 1000 courses including Human Resources, Finance, Marketing, Operate, etc. Also there are some regular training such as communication, coordination, negotiation, etc. Employees in Hilton could choose whichever they are interested in and the training department will pick some compulsory courses for employees based on their working characteristics. Different courses are arranged to everyone but the common purpose is the appreciation of the staff.(Li&Zhang, 2011)

For those who just enter Hilton they need a couple of days for the class about the history ,development, working methods, the department manager will tell them the skills when dealing with customers and the art of communication. Reward also plays an important role in excitement. honor can satisfy people's self-esteem and can also inspire people. Every month there will be an outstanding staff in each department being

selected and rewarded some presents such as Hilton buffet in order to praise the hard-working and attitude of the employees.  
(Li&Zhang, 2011)

### 3.6 THE FOUNDER OF HILTON

The founder of the Hilton is Conrad Hilton who was born in San Antonio, New Mexico in 1887, when he was a young boy he started to do business with his father Gus Hilton which laid the foundation of his future business life. In 1907, the economic crisis hit the United States and there was only a hardware store left for Hilton's family. In order to get out of the crisis, they sold their goods at low prices and vacated their houses to start "family hotels." His father worked as a manager, his mother cooked meals and Conrad worked as a waiter. However the performance was not satisfactory.

In 1917 World War I took place, Hilton was enlisted and later in 1919 he returned home. By that time his father was already dead and left him a deposit of 5 thousand dollars, he used the money to purchase the first hotel of his life- Wembley Hotel. In the following 6 years his career went more successful, in 1925 he open the first Hilton hotel located in Dallas and later he opened more Hilton hotels in America. Clearly Hilton's ambition is far more than that, he purchased Sir David Drake in San Francisco, Stevens Grand Chicago Hotel and Waldorf Astoria which was regarded as the Queen of World Hotel. And in 1954 he spent a total of 110 million U.S. dollars to buy the "Starra Hotel Series" with the title of "World Hotel Emperor," a hotel chain with 10 first-rate hotels. He didn't stop his step and kept expanding his career in the whole world and nowadays we can see Hilton hotel in nearly every big city of the world.(TIME 1963)

There is no doubt that Conrad is also a successful businessman who had clear strategic vision, for example in 1963 when the 33<sup>rd</sup> Hilton hotel was built in America he announced that temporarily the company would not build a new hotel in America because he forecast that the market of hotels would each saturation point and it is not wise to keep building new hotels and the empty room rate of 38% in 1964 proved his opinion. The foreign market drew his attention and he realized that while more and more people are traveling all over the world, building hotels in foreign countries could not only earn more profits but also expand its reputation. And it was a great choice that made Hilton become the most successful chain hotel ever.(TIME 1963)

Moreover, the management method of Conrad Hilton is kind of different. He emphasized on the construction of corporate etiquette. According to his autobiography he often went to different hotels and ask staffs at all levels" Did you smile to our guests today?" He required his staffs to meet the customers with their smile even in 1930 when 80 percent of the hotels

collapsed in the United States. And after they overcame the difficult time they developed quickly. Conrad Hilton is also a person who is good at exploring talents, many of the managers are promoted from basic level.(HILTON 2017)

To conclude, the succeed of Hilton based on the management method and the unique vision of Conrad, and the core value Conrad created initially kept the leadership of Hilton for a long time.

### 3.7 AN INTERVIEW WITH HILTON STAFF

In order to learn more about the Hilton corporate culture the author arranged an interview with a Hilton staff. After calling the operator she arranged a manager called Laura to accept my interview. The author will use the Scene dialogue mode to show the real scene.

Q: Do you know the story of the founder of the Hilton and what the meaning of Hilton is?

A: Yes, there is a compulsory course for us when entering Hilton, Conrad Hilton's story is known to every staff in Hilton, we know what he experienced and when he opened the first Hilton hotel. As for the meaning, H means Hospitality, I means Integrity, L means leadership, T represents teamwork, O means ownership and N means now.

Q: Do you think you have a strong organizational culture in Hilton?

A: Sorry but what is that?

( the author explained the meaning of corporate culture however she still seemed to be confused so the author kept on asking questions)

Q: How do you deal with your customers? I have heard of that smile is the most important thing in Hilton, is that true?

A: Exactly,smile is very important when working in Hilton,we always smile to our customers and solve their problems smoothly and in contrary if they are satisfied they will also treat us with smile.

Q: Then how do you think of your colleagues?

A: We work together and we treat each other like friends cause we have the common goal, we know the importance of teamwork and cooperation thus we always have teamwork well.

Q: Can you talk a little about the reward and punishment system in Hilton?

A: The punishment is like others if we are late we may get criticized or if we do something wrong to our customers we may also get punishment such as losing the bonus. As the reward, we can get promoted if we are doing well on our current job, managers were all originally general staffs. Every month there will be an best employee of the month in each

department and they will get some special gift. Generally speaking the reward and punishment system is quite fair, everybody has an opportunity if we work hard.

Q: Are feedback and different opinions welcomed in Hilton? From both customers and employees.

A: Of course yes, any of our customers' feedback as well as feedback from internal is precious for us, they will help us to improve our service better. And it is good for us if we just go to our leader and tell them our opinions.

Q: Can you talk about the atmosphere in Hilton?

A: It is hard to describe it but absolutely the atmosphere is good, take some examples, if we see some dirty things on the ground, usually we will just sweep it if we are not in hurry rather than calling cleaners, everyone is smiling so we feel relaxed as well as our customers. The salary is satisfying and we have opportunity to get promoted if we work hard. Working in Hilton is a good experience so I think the atmosphere is fine.

Q: One last Question is that will you keep working here?

A: Yes, I took some of the online courses and I am now learning more about managing, I don't know what will happen but as long as the company needs me I will stay here.

These are all the questions and answers, the interview cost 20 minutes and the author got a deeper understanding about Hilton and its management. The interview could show us clearly the loyalty, satisfaction and enthusiasm of the employees. Even though some of them may not know about the definition of what corporate culture is however it is already existed.

### **3.8 ANALYSIS OF THE INTERVIEW**

Analysis of question one: The definition of Hilton is known to the staffs and it is influencing the way how they think and behave. The story of Conrad Hilton could inspire the staffs and remind them of smiling to every customers.

Analysis of question two: The meaning of corporate culture is not widely known to everyone and it may be hard to let each staff get to know it however the following interview could prove that a good corporate exist in Hilton.

Analysis of question three: The business etiquette of Hilton as the smile service is a norm that every staff follows, what it could bring is not only the satisfactory of customers but also the good moods of the staffs. And it directly makes the atmosphere and environment better in Hilton.

Analysis of question four: The importance of teamwork doesn't need to be emphasized more. The staff in Hilton know it clearly and they often help other to solve customers' problems even they are not in the same department.

Analysis of question five: The management in Hilton is mature and it has its own punishment and reward system. It has the incentive and discipline function within Hilton. Every staff would like to work hard for the honor and the better welfare.

Analysis of question six: Hilton draws great attention to customers' feedback because it could help them improve their drawbacks and service. A successful enterprise could face their disadvantages and make changes. Also it could let their staffs know that it is normal that people make mistakes however what important is that you need to correct it.

Analysis of question seven: The atmosphere is hard to describe however some examples are taken and they could tell that the relationship between staffs and managers are good and the customers are usually satisfied, moreover the enterprise offers its staffs chances to promote and learn more. A virtuous circle is established.

Analysis of question eight: The loyalty of staffs is the treasure of an enterprise and Hilton owns it. It is the basic of the prosperity of Hilton.

### **3.9 SUMMARY**

In the 21<sup>st</sup> century, human resource has become more important than ever before. Service industry belongs to labor-intensive area, it requires manpower and resources thus high quality service is needed which means human resources has become the most important element. Most of the enterprises are focusing on the cultivating of the talents and human resource reserve and Hilton believes without satisfied employees there will be no satisfied customers. Hilton has done a lot of things for both customers as well as its employees such as establishing schools to cultivate its staffs and promote internal staff to engage in more senior positions. Hilton also has a satisfactory salary system. Some of the shares of the Hilton will be granted to every staff as a welfare. They also have their own resting rooms and restaurants. To conclude, a virtuous circle has been established, Hilton offers good environment for staffs to work and the staffs are willing to work hard for the enterprise and the customer come to enjoy the service. Each side benefits from it.

## 4 THE CORPORATE CULTURE OF CHINESE SERVICE INDUSTRY

### 4.1 CURRENT SITUATION AND ISSUES

In 2017, the total turnover of Chinese domestic tourism was 3.94 trillion yuan and 4.578 billion people went for at least one trip during the whole year. And the total turnover contributed to the GDP of 6% which was already high enough, thus the market of related industry such as catering and hospitality are under a good situation. The hospitality and service industry are now playing an important role in the total contribution to the GDP.

However, in 2016 and 2017, several events were exposed several five star hotels such as Shangri-La, Kempinski and Sheraton didn't pass the basic hygiene checks, cleaners at the Shangri-La and Kempinski were videotaped cleaning the rooms' cups with a toilet brush. They also washed the towels in the toilets before using them to clean the floor.

(chyxx 2017)

This is only a small part and these issues happened in 5 star hotels and it happens frequently in some other chain hotels. The price of the hotels per night cost their customers 100 dollars to 400 dollars and still they can not make sure that they have a clean place to live. Rather than hygiene issues, the attitude of Chinese staffs is also disappointing. When talked to those people who had been to China about their impression about China, most of them were impressed about the food and the sightseeing and also the service of the waiters. Most of them are not able to speak English fluently and they kept them waiting for too long. Cecilie had once been to Yunnan and he lived in a hotel called Shangri-La which cost him 300 dollars and he offered 2 bottles of Jack Daniels and they waited twenty minutes until they called the manager which let them kept waiting for another 10 minutes cause the manager was busy.

(Post Magazine, 2017)

In Hanqiu Zhang's book *Tourism and Hotel Development in China: From Political to Economic Success*, According to a study of 5401 Chinese hotels, many problems such as over staffing, low productivity, low morale and poor service attitude, and the core problem is low salary. According to the data the monthly salary of waiter is 2500 CNY and for manager is 4500 CNY per month which is quite low comparing with other countries'. Thus many young and talented people are willing to work in such places. The author as a Chinese would like to give an explanation of this phenomenon. The first reason is that in traditional Chinese custom we separate jobs into first class and low class and service industry belongs to low class which means

it is not a respected job, and this led to the recruitment condition is loose, when looking up the recruitment jobs in hotels in China the requirement is always reaching legal age, have some work experience and then nothing more. After some training they can go to work, many mid aged people can work as a cleaner in hotels as well, Under this kind of condition there is no wonder why the general quality of staffs is not good. After they are employment and gaining enough experience they might change a better place to work in however they have few improvement because of they don't have enough knowledge to support their promotion. This phenomenon doesn't only appear in hospitality but also appear in many other area and industry and it is important to make a change. (Zhang 2005, 223-226)

#### **4.2 THE DEVELOPMENT AND PROBLEM OF CORPORATE CULTURE IN CHINA**

The development of corporate culture in China can not separate from the Chinese economic reform. early 80s, Chinese enterprises found out the importance of corporate culture when learning from the rapid growing of western enterprises, later in 1988, with the establishment of China Enterprise Culture Research Association, the concept of corporate culture was separated and many enterprises had in-depth study about it. By combining the national conditions and traditional culture and learning successful experience of foreign companies in building corporate culture, more and more Chinese companies have their own unique corporate culture such as "High class service" of Haier and "wolf culture" of HUAWEI, etc. (Zhang, 2009)

However comparing with many other companies the construction of corporate culture is still in its infancy, Chinese corporate culture research still stays in the superficial stage, most of the books are still researching and exploring the significance of corporate culture, most are still in theoretical stage and it lacks long-term in-depth research which made the corporate culture rigid. Also many companies imitate American and Japanese corporate culture and because of the difference between different countries those culture may not suit the Chinese companies.

Second, most Chinese enterprises developed from self-employed households to large scale enterprise and they ignored the construction of corporate culture initially, when the enterprise developed into a certain scale, the loss of corporate culture might bring some problems, the employees have no clue what their vision and mission are which has a negative impact on the mid and long-term planning of the company. Building corporate culture with a utilitarianism does not work well. Third, the propaganda methods of building corporate culture are mostly through publicity, training and slogans which are hardly to be deeply rooted. Thus

this kind of corporate is only formal and can not help to enhance the identity of the staffs.(Zhang, 2009)

Third, In Chinese traditional management,there is a general lack of awareness of democratic negotiation and scientific decision-making. The dictatorial management is efficient but the enterprise may face the risk cause of it. A people without restriction always gets influenced by his or her own interests as well.(Zhang, 2009)

Fourth, In Chinese custom humanity and relationship are quite important thus the promotion and punishment are always lacking of fairness, which may lead to the dissatisfaction of the staffs.(Zhang, 2009)

Fifth, managers always emphasize on norms and regulations which represses the polarity and creativity of employees. As the author wrote above, the norms and regulations could not help to build a corporate but only form a unified behavior.  
(Xu&Yang 2009)

#### **4.3 A GOOD EXAMPLE IN CHINESE SERVICE INDUSTRY.**

Even though there are a lot of issues and phenomenons which might be disappointing and disgusting, there are still many successful enterprises whose corporate culture is outstanding in Chinese service industry.

There is one famous hot pot restaurant in China called HAIDILAO, there are more than 100 HAIDILAO distributed in different cities and more than twenty thousand people working for it, the annual turnover reached three billion Yuan in 2017. The customers and staffs are quite satisfied with the shop. It has not only become the most famous restaurant but also a brand with a high reputation. There are many posts in Chinese about the amazing service HAIDILAO offers, for example if the customer praised that the melon was sweet they might get a whole melon when they leave, some people said that when they went to HAIDILAO along the waiters will not only stand close to you to talk with you and also you will have a doll sitting opposite to you. (HAIDILAO, 2017)

According to the official website of HAIDILAO the average wage is 3500 Yuan per month which is not too much better than others and the working hour is 10 hours everyday including rest time. It seems there is no difference between HAIDILAO and other restaurants, then what the secret is? The author looked up a lot of posts and get several conclusions.(HAIDILAO, 2017)



First, empowerment, authorization is a core of HAIDILAO corporate culture, even waiters have the authority to give a free order for their guests such as when the customer is having birthday there or they are not satisfied with some kind of dishes however this seldom appears because most customers are always satisfied.(Lao, 2017)

Second, treatment, the treatment is not only concerned about wage but also every part in their work and daily life. Most restaurants in Chinese catering industry are in charge of employee's accommodation and meals however most people in other shops can only eat something bad and live in basement. People who are living in HAIDILAO can live in the apartment where they have TVs and private washrooms, they also have chefs to cook for them. Also most waiters come from countryside so they are not familiar with big cities, HAIDILAO will teach them how to create bank accounts and how to use ATM machines and every part in their daily life. This enterprise is helping people from countryside to get involved in big cities. Moreover the owner of HAIDILAO thinks that the work in HAIDILAO is hard thus the managers should have more, if any of the community manager want to leave he or she will be reward 200 thousand Yuan, if the regional manager want to leave he will be reward 8 million Yuan. However since the company had opened for already 16 years and there are hundreds of managers only three of them left.(Lao, 2017)

Third, assessment, most restaurants draw great attention to KPI(profit rate, single customer spending, turnover, etc.) However HAIDILAO ignores it, what it emphasize is customer satisfaction, employee's enthusiasm and so on. The owner of HAIDILAO says that he doesn't want to see cleaners are using the broken sweepers or the melons they offer is not sweet because they bought cheap ones because of KPI.(Lao, 2017)

Fourth, respect, the respect is shown everywhere in HAIDILAO, besides the accommodation and meals which means the respect for their daily life, the ideas from staffs are also respected. People who wear glasses may often face the situation that the glasses are fogged up while eating and a waiter noticed it then he came up with the idea that every customer who is wearing glasses should be given a clean cloth. Also some people like to take photos and post it on the social media however sometime they might drop it into the hotpot but waiters in HAIDILAO will give you a small plastic bag to protect it. These ideas all raised up by waiters and these ideas are widely separated now. Also the respect is shown to customers, everyone try to serve the customers with the warmest smile, the service industry is absolutely hard and tiring but most people are not regret working there. (Lao, 2017)

#### **4.4 THE ANALYSIS OF HAIDILAO CORPORATE CULTURE**

According to the example of HAIDILAO, the author came up with some summaries, first, empowerment is a way to get employees involved in the organization and could also help develop a sense of ownership. Second, how the managers treat their employees could directly decide how the employees pay back. If you are offering them with bad treatment either on daily life or work time there is no doubt that they won't work hard for the organization. Third, definitely KPI is important for a restaurant or hotel however if the manager draw too much attention on it, it might lead to the loss of customers' satisfaction. The satisfactory and employee's enthusiasm should also be emphasized. Fourth, respect is always important in social.

#### 4.5 SUMMARY

Currently, the quality of corporate culture in Chinese service industry is not good and there are several factors influencing it.

First, the low average salary reduced employees' motivation, they are not eager to work hard cause even if they do they can not get more and would be regarded as a fool by others.

Second, the definition of corporate culture is not widely separated, many managers don't have a clear vision and awareness about the importance of corporate culture. Many companies are just a place for working and employees don't have passion for the work and emotion toward the companies. And the loss of corporate culture could lead to the low efficiency and productivity.

Third, The existing corporate culture comes from others but not established by themselves. The succeed of Western and Japanese companies were dramatic thus many companies just copied their ways and methods but ignored the domestic situation and what is lacked in their own business.

Fourth, not everyone could get involved in the company, the gap between employees and managers are quite high, ideas from grassroots are often ignored, in traditional Chinese management, only top managers are in charge of decision making and other important issues.

Fifth, relationship is one of the most important thing that people draw attention to. And it has become a custom since thousands years ago, many employees are loyal to their managers but not their jobs, this kind of concept could maybe enhance the relationship between employees and managers or within employees, however it might influence the rationality of an enterprise when facing promotion or decision making.

To conclude, the quality of corporate culture is not superior not only in Chinese industry service but also many other areas. There are some companies with good corporate culture and they have made a great success which others could take as an sample to imitate.

## **5 RECOMMENDATION**

### **5.1 RECOMMENDATION BASIC ON THE ANALYSIS OF HILTON AND HAIDILAO**

Concerning about the situation of Chinese custom and the quality of corporate culture in Chinese service industry the author would like to come up with some suggestions.

First of all, relationship is one of the most important thing between employees and managers and also within employees themselves. It is the basic of building corporate culture. From the interview of the manager of Hilton the author find out that one factor of Hilton corporate culture is cooperation and teamwork. Teamwork makes people united and could make the work more efficient, thus to improve the connection between employees could help to build a better atmosphere. Considering the situation of Chinese custom the author tend to think dining together once every two months could be a good way to enhance teamwork. The dining doesn't have to be compulsory but once people try to take part in and most of them might fall in love with it cause everyone is eager to be involved in an organization. Setting restrooms and restaurants for employees can not only help them get to know each other better but also improve their satisfaction.

Second, an enterprise should have clear core value and vision. The vision of Hilton is to fill the earth with the light and warmth of hospitality, and the core value could be illustrated as Hospitality, Integrity, Leadership, Teamwork, Ownership. According to the interview the core value is always remind them of their mission and how they should act. It has a positive influence on the performance of staffs. As for the value of HAIDILAO is that they are always the first choice when people want to eat hotpot. Their core value is to change their own fate with their hands. The vision and mission are clear so that the staffs have the passion to work and the core value is shared to everyone, most of employees come from countrysides and HAIDILAO offers them the opportunity to live and settle down in big cities. So the suggestion is that every manager should have clear awareness of

the importance of core value and core value, furthermore the deeds should follow the words to make a good example for staffs.

Third, assessment methods are unique in Hilton and Haidilao, most hotels or restaurants always draw great attention to KPI and they only assess indicators such as profit rate or average room rate, etc. However what these two successful enterprises emphasize are customers' satisfaction and employees' passionate rather than profit but they are earning a lot not only money but also the reputation. There is no doubt that profit and efficiency are extremely important for an enterprise but if they overemphasize them it would lead to the loss of customer satisfaction cause the quality of service can not be guaranteed with limited budget. It would be a nice try if every company put the customers' and employees' satisfactory into the first place to be consideration which means assessment methods enterprises use before can be changed from efficiency evaluation to culture evaluation.

Fourth, excitement is necessary within an enterprise, Hilton and Haidilao have mature award and punishment system, many companies in China only set award for attendance per month but if someone is late then he or she will lose it which will absolutely depress them. These are not excitement but constraint, Hilton give out some of the share as welfare to their employees and they select one people as the best employee every month. Awards should contain target incentive and honor incentive and be more abundant so that the employees are eager to work for you. The proper competition can help to enhance the atmosphere in an enterprise as well. Treatment is also a part of it. Hilton has resting room and restaurants for staffs and Haidilao offers them accommodations, moreover they are helping staffs get involved in big cities and they have guarantee if they leave. These factors make them feel safe and moved.

Fifth, empowerment is an important factor in both Hilton and Haidilao, staffs in Hilton are able to give suggestions and so as the people in Haidilao, also waiters in Haidilao have the power to free the bill for customers if they are not satisfied or they are spending a special day there. Through giving them power, employees have the awareness that they are part of the group and a sense of ownership and respect. This is a good example that every other enterprise in this area can imitate.

Sixth, the last thing is the interaction with customers. Service industry is high-intensity repetitive work industry and it requires institutionalization, standardization, and process to maintain the quality of service and production. The importance of them can not be questioned but they are also repressing the humanity, the creativity of employees and the sense of accomplishment. Thus the importance of interaction with customers are reflected. Hilton emphasize smile service and it could bring joy and pleasure for both employees and customers, staffs in Haidilao are offering many special service for their customers, girls can even get free

nail polishing while waiting because there are always many people going to HAIDILAO so that people have to wait outside. If some one go there alone there will be one staffs standing near you and have small chats with you to let you feel accompanied. They can also help customers with the condiment, giving customers best collocations. People are mostly eager to communicate with others even employees need it. The emphasize on interaction with customers can let the customers get impressed and also the staffs could work with joy.

Seventh, currently there are many elements which might have negative impact on the quality of corporate and it is necessary to make changes, for example, many employees are not well educated and therefore he or she might get separated because of the uncivilized, a lot of companies may just ignore them as long as they are making profit for the company. However these uneducated employees may lead the dissatisfaction of the customers like what Cecilie experienced in Shangri-La. Systematic education should be provided by the firms before everyone enters, the etiquette and the manner should be learned by each employee. And the promotion within an enterprise doesn't always depend on the performance of an employee but the relationship between workers and their boss, this phenomenon should be rubbished by setting specific rules and system. The promotion that relies on the relationship will reduce the enthusiasm of employees directly.

## 6 CONCLUSION

Basic on the research and analysis of good examples, the author would like to describe corporate culture as an unique tool to create an virtuous cycle. The enterprises treat their employees with respect and the employees are eager to pay back with their hard work and loyalty, the customers come to enjoy the service and the products and improve the reputation and the company could get more profit and income meanwhile they can offer their employees more.

According to the study of Hilton and HAIDILAO, the author find out that the staffs are always satisfied with their work because they are well treated no matter on material or spiritual. They have common value and vision, they know what they are supposed to do and they are always hard working because they know if they are strive hard enough the enterprise will not disappoint them. The relationship between each other are mostly good, they are always cooperating with each other thus the awareness of teamwork is deeply into everyone's mind. All of these factors formed a good atmosphere and their own corporate culture.

Currently there are many existing problems in the construction and the quality of the corporate culture in Chinese service industry and the author had shown some examples which are fair enough to point out the condition, thus the successful corporate culture become quite rare and commendable which could be a great example on others, many enterprises are imitating HAIDILAO on how they treat customers and what kind of service they are offering but ignore how they treat their employees and why the staffs in HAIDILAO are willing to do this. Some enterprises just want their workers to do more but offering less and this is not corporate culture but oppression. A good corporate culture can not only help to unit each other but also improve efficiency, the ability of innovation, the ability of integration and also reputation from both customers and employees and only when enterprises own these precious elements could they gain long-term success.

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