

## OBSERVATION OF INTERNAL AND EXTERNAL ORGANIZATIONAL FACTORS IN THE HOSPITALITY INDUSTRY OF NEPAL

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### ABSTRACT

*This research paper enlightens the internal and external organizational factors of hospitality industry of Nepal for their better understanding for environmental impacts. This research is based on quantitative research design as observation of external and internal organizational factors depends on adaptation of strategic plans in hospitality sector. To analyze the facts researcher thus use primary means of data collection and adopt field collected questionnaire techniques. Simply, to precisely analyze the data SPSS software is considered. The different data analysis techniques as descriptive statistics are used in this research. Research has high value and worth for promoting scattered hospitality sector. This research suggests various assertive factors where hospitality sector can work on. The hotel sector being the most suffered sector in pandemic, this research provide valuable suggestion to policy maker on how can they promote economic growth through hospitality enhancement. Likewise, research determines new ways for tackling crises seen in hospitality sector which can truly be helpful for growth of hotel sector.*

*This research work use ground study and has high worth and value. It is native work in field of hospitality. To enhance value, researcher has presented the field collected data with well-defined statistical tools as obtained. The researcher has collected data through self-structured questionnaire which ensure research being the primal work and is original work of researcher.*

**KEYWORDS:** *Organizational Factors, Hospitality industry, Organizational Dynamics, Post-Pandemic Recovery, Nepal, Strategic Adaptation.*

## **1. INTRODUCTION**

Nepal being the country with natural beauty and mesmerizing scenic view, hospitality industry is one of business of limelight. In the ahead of time before global pandemic, Nepal is getting ready to open the arms for guests all around the globe through warming program of 'Visit Nepal 2020'. But with unexpected turn around, hospitality industry are scattered by global pandemic crises. Nepalese hospitality industry has drastically clumped by hard hit of COVID-19 crises. In the contemporary era of globalization the cutting edge competition and financial crises has provided challenges in hospitality sector (Zhang & Enemark, 2016). This emerging period has provided enough challenges and to overcome from such crucial time is tough ask for hotel sector. On this hardship, glance of sparking hotel sector has faded somewhere which has become the barrier for organizational management of hotel sector (Basnyat, Lovelock, & Carr, 2017). The present context has hovered hotel sector in dilemma on managerial aspect. Hotel sectors are rigid sector for flexible organizational changes. There are many barriers for adopting new situation with ease especially in Nepalese hotel sector.

In contemporary period, hotel sector are unlikely to run business from their preliminary strategy. Through the period of crises, hotel sector has seen much more hardship and tourist visit from outside of country are stopped and is not likely to come by nearby early future any sooner. Hence, hotel sector on prevailing period has to consider recent situation and has to find way to attract internal tourism for promoting hotel business growth (Ulak, 2020).

Chalise (2021) indicated that employee qualification, administrative efficiency, and the training and experience provided to employees are strong predictors of organizational performance in Nepal's hotel sector, whereas the location factor does not significantly determine performance, suggesting that future research should explore additional variables impacting organizational performance. In this mean time, Nepalese hospitality industry need self-assessment to realize the pros and cons within them and has to upraise once again. To lift hospitality sector, observation of internal and external organizational factor has to be analyzed. This analysis can help promote internal tourism as well which can help hospitality sector to move ahead from current financial crises (Baker & Robsi, 2020). This help to discuss on critical question of whether internal and external factor influence hospitality industry.

The study focuses on the external and the internal organizational factors in the hospitality industry. The observation on internal and the external factors in the hotel industry helps in the development of the strategy. The five star hotels management systems can be improved by providing the quality service to the customer. Hospitality industry needs to take all internal and the external factors into mind before making any decision. In Nepal, hotels sectors paradigm has shifted drastically after COVID-19 pandemic. In the shed of crisis, hospitality sector has to find the way out to ensure profitability which is the primal aspect of this research. Hospitality industry of Nepal is one of the vertebrates of Nepalese economy. Chalise and Paudel (2024) emphasized the crucial role of leadership in the Nepalese commercial banking sector, highlighting its impact on organizational performance, innovation, employee engagement, and staff retention through transformational leadership, self-leadership strategies, and HRM policies. Due to recent hardship of lockdown, hospitality sector are scattered a lot. As just before globe hit hard by COVID pandemic, hospitality sector are investing large chunk of finance in promoting 'Visit Nepal' campaign. This huge investment in promotion of campaign and follow through of pandemic has strike hard in hospitality

sector. Thus, after hovering clouds of pandemic slowly passes by, hotel sector has to find external and internal organizational strength to back track their business. This research therefore has determined various potentials where hospitality sector can work on to enhance their business. Therefore, the objectives of research is.

To observe the internal and external organizational factors in the hospitality industry of Nepal.

## **1. Review of Literature**

Literature review provides the overview of prior work and helps understand the gaps in research which has been done previously. It provides the deep inside of the subject matter that has to be studied. Literature review therefore is the core of the study. The literature review provide the deepen learning and address the problems proceeding in the topic regarding subject. These can be enlisted under several headings as follows:

### **1.1. Internal Organizational Factors**

There are various factors that influence the overall development of organization. Hospitality sector being the service oriented sector has to manage internal and external factor in systematic manner to enhance the performance of hospitality sectors.

#### **1.1.1. Facilities**

Hospitality sector is the service providing sector and customer loyalty in this sector can be created through proper facilitation (Khuong, Khai, & Huyen, 2016). Thus facilities are the primal aspect of hospitality sector. As customer of hospitality sector are walking advertisers. Hospitality sector has to provide effective and efficient facilities within the industry through which overall organizational scenario of hospitality can be changed (Shik, 2017).

#### **1.1.2. Employee Management**

The massive challenge that has to be faced by hospitality sector is employee management. As hospitality sector required the employee to work on lengthy work schedule (Maung & Walsh, 2018). Hospitality sector therefore has to create atmosphere where employee can share ideas and though openly (Ghebregiorgis, 2018). Thus in this crises period hospitality sector has to adopt liberal policies to create effective management practices inside the hospitality sector to have positive results in days ahead.

#### **1.1.3. Conflict Management**

Hospitality sector is service oriented sector where to and from movement of personnel are common (Suharno, Purwanto, & Muzaffar, 2017). As there are numbers of people and massive work load with hectic working hours, it is common in hospitality sector that employee often are in distress and tension. So, these criterions of work load and lengthy work hours can create conflict between employees. Even management may not be aware in many cases that employee may have been facing problem (Ongori, Iravo, & Munene, 2013). Thus, hospitality sector to enhance performance has to create environment where conflict can be resolve with ease.

#### **1.1.4. Innovation**

Another important aspect of hospitality sector is monotonous working approach. In hospitality sector, work is of similar nature so slowly and steadily people lose creativity and innovative

thought process in the regularity (Zaki, 2017). Thus, hospitality sector has to provide common spaces for innovative ideas to reveals in proper platforms (Aithal & Aithal, 2019). This innovative though sharing can helps to obtain the solutions of utmost difficulty sometime. So, in mean time this aspect can create potential difference in organizational performance.

#### **1.1.5. Customer Relationship**

Hospitality sector are sector oriented with customer satisfaction. Customer can be advertiser and critics in hospitality business. Thus, building customer relationship can drastically change the performance of hospitality sector (Whysall, Owtram, & Brittain, 2019). Hospitality sector has to maintain the good and strong bond with customer. The bond with customer helps to provide strength in business of hospitality sector. Bonding with customer can help hospitality sector to build image and goodwill as well (Katsaros, Tsirikas, & Nicolaidis, 2014).

### **1.2. External Organizational Factors**

Internal factor can be managed by hospitality sector as these factors are within the control of organization. On the other hand, external factors cannot be managed by the organization because it depends on external derivatives. The various external factors of hospitality sector can be enlisted as follows:

#### **1.2.1. Political and legal**

Nepal is the country which has already practiced more than seven constitutions and has seen three major revolts within the country. Thus, hospitality sector has seen some of the striking blow in past due to political changes within the country (Basnyat, Lovelock, & Carr, 2017). Hospitality sector are larger related with policies practiced by country. Due to frequent changes in government, hospitality sector has largely been affected (Shimizu, Bushell, & Goto, 2018). As of now, Nepal has seen stable government but in mean time also hospitality sector has hit harshly by global pandemic which has affected the overall growth of hospitality sector.

#### **1.2.2. Economical**

Hospitality sector are related with service oriented field. In Nepal, another crucial factor is the lack of potential human resources (Thapa & Kunwar, 2016). Skilled human resources are the need of hospitality sector. But, potential skilled manpower has higher migration rate in Nepal and brain drain is one of the common problem of Nepal (Kattel & Sapkota, 2018). On other hand, employee working in hospitality sector are paid comparatively low wage rate as for similar job they perform outside of country. There for economic condition of country has also been supportive aspect to reduce potential hospitality manpower of country.

#### **1.2.3. Social**

Other significant factors for providing challenges in hospitality sector are social paradigm (Kunwar & Khanal, 2018). Our Society still has sophisticated thought while talking about hospitality sector (Karki, 2018). Hospitality sector often has lengthy working hours which mean working late night are quite common in hospitality sector especially like hotel and clubs, but in Nepalese society work night has not been considers as positives. Although, constitution has provided us rights for nondiscrimination on gender, but female working in hospitality sector often has to face complexity in workplace and community which future add challenges in hospitality sector.

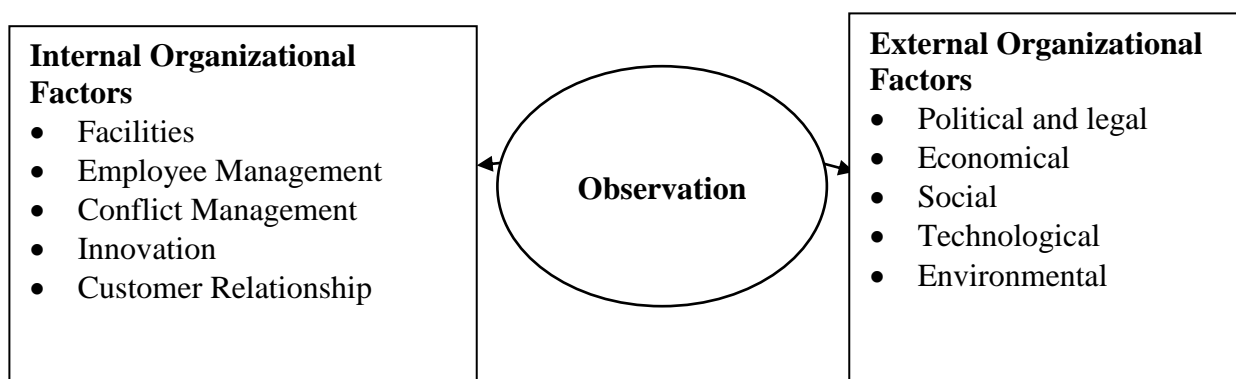
#### **1.2.4. Technological**

Nepalese hospitality sector still adopt primitive technology in hospitality sector (Khatri, 2019). As, hospitality sector are one of the most widely known for tech savvy nature, Nepalese hospitality lacks in this areas. The default on adaptation of latest technology has also back drawn hotel sector (Davahil, Karwowski, Sonmez, & Apostolopoulos, 2020). The tech-friendly hospitality sector can only achieve progression thus technology friendly dynamics has to be created in hospitality sector.

#### **1.2.5. Environmental**

Hospitality sector are correlated with environmental factor (Milanes-Montero, Stone, & Perez-Calderon, 2014). Good climatic condition and hygienic environment is common ask for hospitality sector. But, Nepal extremely lacks in this regards also as environmental pollutions in major cities of Nepal are synonymous of each other. Thus, to enhance productivity of hospitality sector environment factors has to be considered seriously (Wang & Sun, 2015).

**Figure 1 Study Framework**



**Source: Zhang, J., & Enemark, A. E. (2016).**

## **2. Method**

Researcher uses descriptive research design to observe the internal and external organizational factors in the recent study. Quantitative techniques are used for the study to observe the data which is obtained from the hospitality industry of Nepal. Researchers investigate the real situation in the hospitality industry. Researcher focuses on the five star hotel of Nepal which is specially located on the Kathmandu valley. Primary and secondary both data are used to analyze the data. The data are collected from the five star hotels in the Kathmandu valley of Nepal. 115 sample sizes are selected using sampling method to collect the data. All the researcher fill up the questionnaire. The personal information are kept confidential while collecting the data. Cronbach's alpha test measures the internal and external Organizational factors of the questionnaire. Internal organizational factor consist of 5 factors and external organizational factor consist of five factor. Internal organizational factor consist of facilities, employee management, conflict management, innovation and customer relationship. External organizational factor consist of political and legal, economical, social, technological and environmental.

**Table 1 Alpha Test of Internal and External Factors**

<b>Reliability Statistics</b>	
Cronbach's Alpha	N of Items
.888	10

The result is table 1 shows that the internal organizational factors and external organizational factors scores .888. The cronbach's alpha .888 explains that the questionnaire used in the study is found to be reliable.

### 3. Results and Discussion

The main focus of the study is to observe the internal organizational factor and the external organization factor. Researcher selects descriptive statistics as the best data analysis techniques for the study. All the data is interpreted using IBM SPSS software using Likert five scale. Descriptive statistics analyses the data through Likert five scale questionnaire i.e. 1. Strongly agree, 2. Agree, 3. Neutral, 4. Disagree and 5. Strongly Disagree. Internal organizational factor holds five factor and external organizational factor holds five factor. Each factors are observed through the mean.

#### 3.1. International Organizational Factors

The internal organizational factors i.e. facilities, employee management, conflict management, innovation and customer relationship are observed through descriptive statistics. The highest mean, lowest mean and the standard deviation are shown in the following table:

**Table 2 Descriptive Statistics of Internal organizational Factors**

	<b>N</b>	<b>Minimu m</b>	<b>Maximum</b>	<b>Mean</b>	<b>Std. Deviation</b>
Facilities	115	11.00	36.00	22.4870	4.99010
Employee management	115	10.00	39.00	23.5304	5.68056
Conflict management	115	12.00	43.00	27.8870	6.75741
Innovation	115	10.00	41.00	23.0435	5.71761
Customer relationship	115	10.00	34.00	21.6957	4.92251
Average	115			23.72872	5.613638

In the table 2, the average mean and standard deviation found on descriptive statistics of internal organization factors are 23.72872 and 5.613638. The highest mean is found on conflict management i.e. 27.8870 and lowest mean is found on customer relationship 21.6957. Similarly mean found on facilities is 22.4870, employee management is 23.5304 and innovation is 23.0435. The hospitality sector in Nepal shows the good result in customer relationship whereas; hospitality must focus on conflict management.

#### 3.2. External Organizational Factors

The external organizational factors i.e. political and legal, economical, social, technological and environmental are observed through highest mean, lowest mean and standard deviation in



descriptive statistics.

**Table 3 Descriptive Statistics of External organizational Factors**

Descriptive Statistics		N	Minimum	Maximum	Mean	Std. Deviation
Political and legal		115	11.00	36.00	22.4870	4.99010
Economical		115	10.00	39.00	23.5304	5.68056
Social		115	12.00	43.00	27.8870	6.75741
Technological		115	10.00	41.00	23.0435	5.71761
Environmental		115	10.00	34.00	21.6957	4.92251
Average		115			23.72872	28.06819

In the table 3, the average mean and standard deviation found on descriptive statistics of external organization factors are 23.72872 and 28.06819. The highest mean is found on social i.e. 27.8870 and lowest mean is found on environmental i.e. 21.6957. Similarly mean found on political and legal is 22.4870; economical is 23.5304 and technological is 23.0435. The results shows good impact on environmental in external organizational factor but hospitality sector in Nepal must be social as well.

#### 4. DISCUSSION

The findings indicate that the instrument used in this study is reliable, with a Cronbach's alpha of .888. Descriptive statistics for internal organizational factors show an overall average mean of 23.73 with a standard deviation of 5.61. Among these factors, conflict management recorded the highest mean (27.89), while customer relationship yielded the lowest mean (21.70). In contrast, the descriptive statistics for external organizational factors reveal the same average mean (23.73) but a considerably higher overall standard deviation of 28.07. Specifically, the social factor had the highest mean (27.89) and the environmental factor the lowest (21.70).

Chalise (2021) argues that, amid a financial downturn and global pandemic, Nepal's hotel industry must adopt innovative organizational change management strategies to overcome barriers and drive success. The results are calculated through the descriptive statistics. The observation on internal organizational factors shows good results on customer relationship but hospitality should manage the conflict that arise in the day to day working hours. The observation on external organizational factors shows the hospitality has good result on environmental but hospitality industry in Nepal must be social too (Basnyat, Lovelock, & Carr, 2017). These results suggest that while internal dynamics such as conflict management are relatively strong, there is room for improvement in customer relationship management within the hospitality sector. Externally, the social environment appears to be favorable; however, variability in environmental factors indicates potential instability or inconsistent performance in this area. Although both internal and external factors share similar average scores, the higher variability in external factors calls for more adaptive strategies. Overall, effective management of both internal and external organizational factors is crucial for enhancing the performance and resilience of Nepal's hospitality industry in the post-pandemic era. In Nepal changes are rarely been welcomed especially in hotel sector as hospitality sector entirely been run by prevailing practices adopted

from prior eras (Karki, 2018). But, in recent time organizational change management is the essence for understanding need of situation (Basnyat, Lovelock, & Carr, 2017). As tourism sectors are largely been effected all around the world, this theory can provide the basics for move the hospitality sector. There are minimal chances of foreigner visit so through organizational change management hotel can enhance internal tourism which can provide initiation to hospitality sector in mean time of crisis (Baker & Robsi, 2020). So, for hospitality sector this research can create scenario for enhancement. This research also helps to adopt organizational change management as practices that can mitigate the barricade surrounding hospitality sector rigid managerial practice (Davahil, Karwowski, Sonmez, & Apostolopoulos, 2020).

## **5. CONCLUSION**

The findings suggest that the assessment tool for organisational factors used in the Nepalese hotel sector exhibits a strong degree of reliability. Descriptive analysis reveals that conflict management stands out as the most prominent internal organisational aspect, highlighting its comparatively advanced evolution within the industry. Conversely, customer relationship management shows the lowest average score, highlighting the necessity for additional improvement. The social aspect of external organisational factors exhibits the highest average, while environmental factors are positioned at the lowest rank. While the average scores of internal and external variables are similar, the increased variability in external factors indicates a more significant impact on organisational performance.

The results hold considerable importance for those in positions of authority and management within the hospitality sector. Focused strategies are crucial for improving customer relationship management, which is a vital factor in gaining a competitive edge in the hotel sector. Moreover, efficient conflict management ought to be regarded as a standard for other internal processes. Even with advantageous social conditions, variations in natural factors require the formulation of stronger strategies to stabilise and enhance this domain. The analysis underscores the importance of thorough change management strategies that consider both internal and external organisational dynamics, allowing the hotel sector in Nepal to respond effectively to a swiftly evolving global landscape.

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