Cross-sectoral Variation in Organizational Culture in the Fitness Industry

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ABSTRACT This study compared the perception and impact of organizational culture on staff working in for-profit and non-profit organizations in the fitness industry. The purpose was to examine whether there was any variation in the emphasis on certain values within these organizations which may distinguish the sectors of this competitive industry. The study also considered whether there were differences in the impact of certain values on employee behavior. Survey research was employed during a major fitness conference and trade show that organizations from both sectors attend. Data were gathered from 416 fitness industry staff, of which 209 worked in the for-profit sector while 60 worked in the non-profit sector. The findings revealed that cross-sectoral variation in organizational culture was limited to the greater emphasis placed on sales in for-profit organizations. The findings suggest that shared values exist within an industry. Findings also showed that a focus on sales in both sectors increased staff intention to leave, while connectedness was inversely associated with intention to leave in the non-profit sector only. Directions for future research on the variation and impact of organizational culture are presented.

Cross-sectoral Variation in Organizational Culture in the Fitness Industry

Organizational culture is typically conceptualized as the values, beliefs and basic assumptions that help guide and control member behavior and is, therefore, considered to be a micro-phenomenon that is specific to an organization (Martin, 1992; Sackmann, 2001; Schein, 1985). Research has
elucidated that organizational culture has a significant impact on staff attitudes and behaviors, making it one of the most important management theories to comprehend (Allen, 2006; Goffee & Jones, 1996; Silverthorne, 2004). Despite the acknowledgement that organizational culture is specific to a company, there is merit in examining culture from an industry-wide perspective. This idea is important since the external environment in which organizations operate may be a key determinant in the formation of salient values and beliefs (Choi & Scott, 2008; Ogbonna & Harris, 2002; Smith & Shilbury, 2004; Velliquette & Rapert, 2001). Values and beliefs may be shaped by common demands and dynamics, which may be similar across organizations in an industry (Lee & Yu, 2004). There is evidence of (in some cases unique) industry-wide cultures within several industries, including food retail (Ogbonna & Harris, 2002), high tech manufacturing, health care and insurance (Lee & Yu, 2004), sport (Choi & Scott, 2008; Smith & Shilbury, 2004) and, most notably, fitness (MacIntosh & Doherty, 2010).

Various environmental forces cause organizations to adopt and adapt certain ways of doing things (Dickson, Aditya, & Chhokar, 2000; Skinner, Stewart, & Edwards, 1999). This idea is consistent with institutional theory whereby an industry can influence organizational practices (DiMaggio & Powell, 1983; Lounsbury, 2001; Slack & Parent, 2006). Organizations change to “... conform with expectations in their institutional environment” (Slack & Parent, 2006, p. 242) and to be like other organizations (and their structures and systems) that have been deemed to be successful.

In sport management, O’Brien and Slack (1999) discussed how values such as amateurism (i.e. within an English rugby union Premiership club) are accepted based on the history and tradition of the games and are thus institutionalized. However, due to environmental forces (e.g. social, political) these values can evolve and change to fit new circumstances. Skinner et al. (1999) argued that environmental forces can result in complex changes to values that filter through organizations at different rates of speed. According to Zakus and Skinner (2008), there is evidence of environmental forces changing values within the International Olympic Committee (IOC). In particular, the authors found new values (e.g. transparent commercial focus) emerged within the IOC as a result of the commercial viability, corruption and ethical scandals surrounding the Salt Lake City Olympic Games.

According to DiMaggio and Powell (1983), the pressure to compete and survive forces organizations to take notice of successful organizational structures and processes. Furthermore, best practices of organizations that have experienced success can diffuse across an industry through the various networks that organizations share, resulting in replication. Replication of organizational structures and processes has been found in a variety of contexts due to environmental pressures and competition (Lawrence & Suddaby, 2006). The practice of replication or imitation may be particularly common in the fitness industry, where clubs offer comparable fitness programming (e.g. step-classes, spin-classes, mind-body classes) and amenities (e.g. change
rooms, lockers) (Alexandris, Zahariadis, Tsorbatzoudis, & Grouios, 2004; Chang & Lee, 2004). The existence of an industry-wide culture is another indication of pressure to adopt common values, beliefs and assumptions that guide daily practices in fitness organizations (MacIntosh & Doherty, 2008).

However, the idea of a dominant culture comprising the values and beliefs that is common across an industry leaves open the possibility of existing subcultures within that industry (MacIntosh & Doherty, 2008; Martin, 1992), where particular values are more important in some subsets of the industry than others. One possible basis of variation is industry sector—specifically, non-profit and for-profit organizations. Different mandates and stakeholder expectations in these two sectors may engender different values and ways of doing things, despite imitation of fitness programs and services (e.g. Rose-Ackerman, 1990; Ulseth, 2004).

Cross-sectoral variation with regard to commercial vs. non-commercial activity, service quality, adoption of technology, human resource management, social integration of members and survival has been considered in the context of hospitals (e.g. Chakravarty, Gaynor, Klepper, & Vogt, 2006; Gaynor & Vogt, 2003; Sloan, 1998), long-term care facilities (e.g. Ben-Ner, Flint Paulson, & Ren, 2009; Hirth, 1997, 1999), sport and leisure facilities (MacVicar & Ogden, 2001; Ulseth, 2004), and for-profit and non-profit organizations in general (Lakdawalla & Philipson, 2006; Rose-Ackerman, 1990). According to Rose-Ackerman (1990, p. 13),

Non-profits and for-profits coexist in the same industry when each type of firm can find a stable market niche that rewards its own special strengths: ideological commitment in the non-profit sector; access to capital and the profit motive in the for-profit.

These distinct ideologies are thought to be reflected in “… firm-level differences in the behavior and objectives of nonprofits and for-profits” (Lakdawalla & Philipson, 2006, p. 1683) Lakdawalla and Philipson (2006, p. 1683) further noted that industry performance is dependent on organizations that are not completely homogeneous nor “… perfectly competitive”. Although the non-profit (e.g. YMCA) and for-profit sectors (e.g. LA Fitness) are recognized subsets of the fitness industry (Fitness Business Canada, 2009; Mintel International Group, 2009), there is a considerable lack of research on cross-sectoral variation in this context. Knowledge of any variation between for-profit and non-profit fitness organizations may provide insight into any competitive advantage one sector has over the other, particularly with regard to retaining employees and clients, both of which are critical issues in this industry (Bishop, 2008; McCarthy, 2004).

This paper stems from a larger investigation of organizational culture in the fitness industry (MacIntosh & Doherty, 2010). Accordingly, the primary purpose of this research was to examine whether there is cross-sectoral variation in what has previously been identified as an industry-wide culture (MacIntosh & Doherty, 2008), with a specific focus on for-profit and non-profit fitness organizations. The secondary purpose was to examine whether
there is variation in the impact of organizational culture on employee behavior in for-profit and non-profit fitness organizations. The impact of organizational culture on employee attitudes and behavior has been widely noted (Allen, 2006; Egan, Yang & Bartlett, 2004; Silverthorne, 2004), including in the fitness industry (MacIntosh et al., 2010; MacIntosh & Doherty, 2005). One of the best methods for predicting employee turnover is examining behavioral intentions (Maertz & Campion, 1998). Given the intents of this research, this work contributes to the extant literature in several ways. First, the findings add to the growing body of research on the fitness industry in sport management (Alexandris et al., 2004; Bodet, 2006; Chang & Lee, 2004; Hurley, 2004; MacIntosh & Doherty, 2008; MacVicar & Ogden, 2001). Secondly, the examination of subcultures based on industry sector enhances our general understanding of industry-wide culture in the fitness domain and in general (cf. Ashkanasy, Broadfoot, & Falkus, 2000; Martin, 1992). Thirdly, the findings increase our understanding of the impact of organizational culture on staff behavioral intentions (Maertz & Campion, 1998). In order to satisfy these purposes, the researchers utilized a quantitative approach whereby a questionnaire was administered to a sample of fitness industry employees in both sectors during a major Canadian fitness conference and trade show.

This paper is organized into several sections. The following section provides an overview of the Canadian fitness industry with respect to its growth and size, a description of its for-profit and non-profit sectors, and the connection to sport management. A review of the theoretical framework follows, including notably a description of how organizational culture and subcultures are defined in this study and an overview of cross-sectoral variation examined in other research.

The Canadian Fitness Industry

In Canada, the late 1970s and early 1980s marked the period of remarkable exposure regarding the benefits of regular weight-bearing and cardiovascular exercise. During this time period, the fitness industry began a metamorphosis whereby “regular gyms” (e.g. weight bench, bar bells, dumb bells etc.) evolved to include more advanced machinery for exercise training purposes (e.g. nautilus equipment), and where more of a focus was placed on meeting consumer demand for state-of-the-art facilities. Indeed, exercise was being viewed as important for the regular person and no longer the domain of weightlifters or athletes (Spanning 25 Years: IDEA and Fitness Industry Milestones, 2007).

In the mid-1980s, fitness organizations began offering exercise classes to persons at all levels of fitness under the same roof. Group exercise proved to be a valued service in both sectors, providing new opportunities for exercisers to self-challenge as well as more marketable programs to attract greater numbers of people seeking new types of programming (e.g. spin classes, step classes, etc.). The later part of the 1980s also brought forth a relatively new service of one-to-one personal training (Spanning 25 Years: IDEA and Fitness Industry Milestones, 2007).
IDEA and Fitness Industry Milestones, 2007). This service offered members expert advice on exercise routines while providing additional revenue streams. At that point, the burgeoning fitness industry began to be met with criticism from concerned consumer groups as a result of the lack of a professional body to oversee how the industry operated, particularly related to membership fees (Perusse, 1992; Wolff, 1987). This type of external pressure began to challenge the status quo regarding fitness policies and pricing of memberships within organizations. In an effort to self-regulate, provincial organizations (e.g. the Saskatchewan Parks and Recreation Association) began offering certification to fitness personnel through the National Fitness Leadership Alliance starting in 1985 (Get SPRA Certified, 2010). In 1993, the organization of Canadian Fitness Professionals was born to be the voice of fitness professionals and act as an educational and certification body for personal trainers and exercise instructors across the country in both sectors (CanFitPro, 2010).

The attempt to legitimize the service offerings in the industry was supported by the Canadian Fitness Safety Standards which were first developed in 1990, and later reviewed, revised and republished in 2000 and 2004 (Canadian Fitness Safety Standards, 2004). Today, this initiative is a program within the Canada Safety Council. In addition, the formation of the organization Fitness Industry Canada, which acts in part to create an equal playing field for fitness organizations and lobbies the Canadian government to provide tax incentives for people that are active (e.g. Children’s Fitness Tax Credit; www.english.ficdn.ca/), has lent further credence to the growth of the industry in terms of more formalized control mechanisms. As of 2006, the industry is said to comprise over 4,700 fitness organizations across the country (McNeil, 2006) and continues to be in a period of rapid expansion with respect to club growth (Mintel International Group, 2006).

Varying types of organizations operate in the Canadian fitness industry. The broadest distinction can be made between those in the for-profit sector (e.g. GoodLife Fitness Clubs Inc.) and those in the non-profit sector (e.g. YMCA). For-profit organizations (as their name entails) have a mandate to maximize profit and distribute funds to the ownership, while those in the non-profit sector (also as their name entails) have a mandate to break even or use any surplus revenues to improve services and programming to benefit the membership and community (Chelladurai, 2009). Another distinguishing feature of for-profit and non-profit organizations is the preferential regulatory or tax treatment that non-profit organizations realize (Lakdawalla & Philipson, 2006). Non-profits are also more likely to receive monetary and in-kind subsidy; however, they are less likely to have access to equity capital (Rose-Ackerman, 1990). As a result, non-profit organizations may have “… weaker incentives than for-profits to be productively efficient” (Rose-Ackerman, 1990, p. 15), yet they often have higher levels of formalization and rule enforcement due to having to answer to governing bodies and other agencies and interest groups (Rainey & Bozeman, 2000).
A report from the Mintel International Group (2006) indicated that close to half of fitness organizations are for-profit (45%), whereas non-profit organizations comprise approximately 38% of the North American industry. Other organizations falling under the miscellaneous category are corporate facilities, hotel, church-based and military facilities (Mintel International Group, 2006). Further, 53% of the fitness industry workforce is employed with for-profit organizations (Mintel International Group, 2006). These organizations rely heavily on income derived from membership sales and ancillary services, such as pro-shops, tanning beds, and food and beverage sales as well as membership services such as personal training revenues (Mintel International Group, 2009). In contrast, non-profit fitness organizations rely in part on private donations and government funding as well as membership income to aid their operations (e.g. YMCA, 2008). Illustrating this point, in one community-based report, YMCA revenues which totaled in excess of CA$3 million for membership sales comprised less than one-third (28.8%) of revenues for that operating year (YMCA, 2001). Non-profit fitness organizations are also able to reduce their operating expenses with tax subsidies.

As mentioned, organizations in the for-profit and non-profit sectors of the fitness industry have (by definition) divergent mandates (MacVicar & Ogden, 2001). They are also likely to be distinguished by features consistent with for-profit and non-profit organizations in general, as described above. Thus, we may expect there to be cross-sectoral variation in the values and beliefs that reflect how things are done in these types of fitness organizations. However, non-profits in the fitness industry still need to attract and retain customers, and thus find themselves involved in what could be considered more commercial activities (cf. Rose-Ackerman, 1990; Schiff & Weisbrod, 1991). Similarly, competition from the non-profit organizations may place more pressure on the for-profit organizations to deliver socially beneficial services to communities in an effort to appear committed to societal welfare (Hirth, 1997). This intersection of for-profit and non-profit fitness organizations suggests we may expect cross-sectoral similarities in what is valued and how things are done in those organizations.

Certainly, the ability of fitness organizations to survive in this competitive industry requires an emphasis on the service environment (e.g. MacIntosh & Doherty, 2007). The belief that providing high levels of customer service will increase member satisfaction and thus produce higher rates of return for fitness organizations is widely shared amongst industry leaders (McCarthy, 2004). This sentiment has been both implicitly assumed as well as empirically verified; in that service quality (e.g. equipment, programmes, facilities, ancillary services) has been found to be of the utmost importance to both for-profit and non-profit fitness organizations (Cavnar, Kirtland, Evans, Wilson, Williams, Mixon, & Henderson, 2004; MacIntosh & Doherty, 2007). Further, Lagrosen and Lagrosen (2007) reported that management practices with respect to service quality appear to be similar across the industry, although possible cross-sectoral variation was not a focus of their study. In general, the fitness industry continues to evolve as
educational standards and certifications have become more apparent in organizational operations within both sectors. In addition, the industry has developed a greater sense of the importance of professionalized services in both the non-profit and for-profit organizations.

Concomitantly, Chelladurai (2005, p. 49) noted that the fitness industry is linked to sport management, which he defined as “a field concerned with the coordination of limited human and material resources, relevant technologies, and situational contingencies for the efficient production and exchange of sport services”. Fitness organizations are classified in the category of sport participant services (as distinct from sport spectator services), offering consumers an opportunity to meet their pleasure and/or health and fitness needs through any or all of skill development, pursuit of excellence, sustenance and healing/restoration (Chelladurai, 2005). As such, fitness organizations can benefit from the examination of the coordination of resources, technologies and situational contingencies for the efficient production and exchange of their particular sport participant services. Indeed, research on fitness club management focusing on service quality for members and, to a lesser extent, a quality environment for employees, has been a mainstay of the sport management literature (e.g. Alexandris et al., 2004; Bodet, 2006; Chang & Lee, 2004; MacIntosh & Doherty, 2007). Research on the fitness industry provides insight into this segment of the broader sport industry and management of this category of sport services in particular.

**Theoretical Framework**

When organizations form, core values and beliefs emerge based on founding principles and ways of doing things (Schein, 1991). Over time, the ongoing negotiation and practices of group members who enter the organization further shape the values and beliefs central to organizational life, and inform both acceptable and unacceptable ways of how jobs are performed (Kusluvan & Karamustafa, 2003; Tyrrell, 2000). For this study, we followed the view of Schein (1991) who conceptualized organizational culture as the important values, beliefs and basic assumptions that guide organizational life and, in part, explain why an organization is the way that it is. Schein (1991) further argued that the common everyday practices are manifestations of what is most important and tend to reinforce the basic principles of why an organization exists.

Elements of organizational culture can form and evolve to fit industry dynamics and demands (Lee & Yu, 2004), similar to DiMaggio and Powell’s (1983) idea that organizations will develop similarities since they face comparable pressures to legitimize and survive. Slack and Hinings (1994) argued that when organizations face institutional pressures that emanate from regulatory bodies who require changes to structure, they adopt similar strategies to ensure success. Correspondingly, Leiter (2005) noted that institutional pressures and the pressure to compete will influence organizations working in different sectors of the economy (i.e. non-profit, for-profit).
within the same industry to adopt similar ways of doing things. As a consequence, organizations are likely to replicate some best practices for long-term survival, as well as values and beliefs that guide organizational life. This manifestation could partially explain the existence of industry-wide organizational culture (e.g. Chatman & Jehn, 1994; MacIntosh & Doherty, 2008; Ogbonna & Harris, 2002).

None the less, the idea that members of an organization (or industry members) think and act alike, and share a common understanding of the values and beliefs may be idealistic (Slack & Parent, 2006). As Martin (1992) suggested, it is likely that individuals, groups and organizations differ with respect to the intensity of shared values or even the nature of those values. This differentiation perspective is the basis of organizational subcultures (Martin, 1992). Such subcultures are thought to occur as a result of a number of different factors including similar demographics, common experiences and problems (Slack & Parent, 2006). Southall (2001) found evidence of subcultures based on revenue and non-revenue sports within university athletic departments, and MacIntosh and Doherty (2005) uncovered subcultures according to employees of head office and club staff in one fitness organization. Research has alluded to the various ways in which people and groups differ from the dominant culture paradigm. According to Martin’s (1992) differentiation perspective, a subculture supports the dominant values (i.e. enhancing), denies the dominant values (i.e. countering) or simply exists alongside the dominant culture (i.e. orthogonal). Given these possible subculture permutations within a dominant culture, it is of interest to examine whether there is variation in certain values among different types of organizations within a single industry. Ashkanasy et al. (2000) argued that an industry-wide organizational culture permits such cross-sectional comparisons. Given this commentary, the focus of this study is cross-sectoral variation in the perceived culture of for-profit and non-profit fitness organizations. An additional consideration was cross-sectoral variation in the impact of values on employee behavior and, more specifically, intention to leave, since research has shown that organizational culture has a significant influence in this regard (e.g. Egan, Yang, & Bartlett, 2004; MacIntosh & Doherty, 2005; Maertz & Campion, 1998). In addition, we sought to examine how values influenced employees of the different sectors in light of the identified industry problems relating to staff retention.

Method

Instrument

The questionnaire comprised the Culture Index for Fitness Organizations (CIFO) previously created to examine employee perceptions of cultural dimensions or underlying core values of daily organizational life in the Canadian fitness industry (MacIntosh & Doherty, 2010). Thirty-nine items representing eight dimensions of industry-wide culture in the fitness domain were examined: staff competency (knowledge, credentials, positive attitude;
Participants and Procedure

The questionnaire was administered during a major Canadian fitness conference and trade show attended by employees of organizations in both the for-profit and non-profit sectors of the industry. This strategy was advantageous since the researchers knew specific characteristics (i.e. gender and age) of the population of interest that would be attending the event and were able to collect data through an accessible cohort that gathered at one place over a short period of time, thus meeting the intent of the investigation (Baumgartner et al., 2002). It was estimated that approximately 4,000 delegates would be attending the conference based on the previous years’ registration (R. Macdonald, personal communication). Information from the trade-show host indicated that approximately 98% of delegates would be Canadian, 8 out of 10 would be female and the average age of delegates would be approximately 36 years. It was known that employees from fitness organizations in both the for-profit and non-profit sectors attend the trade
show; however, the percentage of those in attendance that worked in each sector was unknown.

To recruit participants and collect data, the researchers had an onsite booth where the questionnaires were administered. The researchers’ booth was located on the main floor of the trade show and was surrounded by fitness and other organizations (e.g. nutrition, apparel) that were displaying various products and services. The booth displayed a sign that announced “Research Study on the Canadian Fitness Industry”. Delegates who approached the booth were greeted and offered a letter of information which outlined the study and explained their rights as a potential research participant. If meeting the primary criterion for inclusion (i.e. working in the Canadian fitness industry) and upon their agreement to participate in the research, the individuals were provided with the questionnaire and asked to return the completed questionnaire onsite to the booth or (if they felt so inclined) return it by mail using the provided self-addressed stamped envelope. Participants were also invited to fill out a ballot for an opportunity to win draw prizes, such as one of two MP3 players. The ballots with the participant’s name and contact information were separated from the completed surveys to ensure anonymity of the data.

During a period of three days, a total of 612 questionnaires were distributed to delegates. The highest traffic during the first day occurred early in the morning, whereas on days two and three traffic was highest during the early afternoon. In total, 392 (91%) surveys were collected onsite and 40 (9%) were returned by mail within two weeks of the conference. In total, 416 were deemed useable, for a final response rate of 68%. The current paper is based on a sample of 269 participants who indicated whether they were employed in the for-profit or non-profit sector.

In terms of the sample’s demography, women comprised 82% of the respondent pool (n=221). The average age of respondents was 33 years (SD = 10.4), and the average tenure with their fitness organization was two years (SD = 0.78). Overall, 77% (n = 209) of the respondents were from for-profit organizations and 23% (n = 60) were from non-profit organizations. With respect to gender and age, the study sample is comparable to the profile of delegates at the conference and fitness industry personnel on the whole, according to labor force data (US Department of Labor, 2007) and is consistent with other fitness industry research (MacIntosh & Doherty, 2005). However, the sample appears to be over-represented based on sector according to the Mintel International Group (2006) report that 53% of employees in the fitness industry work in for-profit organizations. Given this, caution should be taken in the interpretation of the study findings.

Results

Cross-sectoral Subcultures

A 2 × 8 analysis of variance (ANOVA) with repeated measures on the eight cultural dimensions was used to determine if differences existed between
employees’ perceptions of organizational culture in for-profit and non-profit fitness organizations. The results showed a significant main effect for industry sector, $F(1, 267) = 8.62$, $p < 0.05$. Results of further univariate analyses revealed that only the cultural dimension of *sales* was perceived to be significantly different in the two sectors ($p < 0.001$), where *sales* were apparently a greater focus in for-profit organizations (Table 1). No other significant differences by industry sector were found regarding the employees’ perceptions of organizational culture.

**Cross-sectoral Impact of Organizational Culture**

Given that sector was a dichotomous variable (i.e. for-profit, non-profit), it was not possible to directly examine its moderating effect on the impact of organizational culture on employees’ intent to leave their organization (Todman & Dugard, 2007). Rather, correlation analyses and comparisons of the independent and dependent variable at each level of the moderator was possible and deemed appropriate (Todman & Dugard, 2007). Following the correlation analyses and to examine the unique contribution of significant variables, standard linear regression was employed. Linear regression treats variables as competing in explaining variation amongst outcomes (Newton & Rudestam, 1999) and subsequently provides the unique contribution of each variable in the equation (Fiss, 2007).

The results of bivariate correlation analyses between each of the cultural dimensions and intent to leave for both sectors are presented in Table 2. An inverse relationship suggests that the more a value is realized, the less likely staff will quit. As seen in Table 2, for-profit employees’ intent to leave the organization was significantly and directly associated with the values of *sales*, and inversely associated with *staff competency, atmosphere, connectedness* and *service programs*. Non-profit employees’ intent to leave their organization was significantly and directly associated with the values of *sales*, and inversely associated with *connectedness* and *service programs*.

<table>
<thead>
<tr>
<th>Cultural dimensions</th>
<th>For-profit</th>
<th>Non-profit</th>
<th>$F (1, 267)$</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>5.88</td>
<td>3.72</td>
<td>156.12*</td>
</tr>
<tr>
<td>Staff competency</td>
<td>5.40</td>
<td>5.54</td>
<td>1.06</td>
</tr>
<tr>
<td>Atmosphere</td>
<td>5.77</td>
<td>5.77</td>
<td>0.00</td>
</tr>
<tr>
<td>Connectedness</td>
<td>5.20</td>
<td>5.09</td>
<td>0.44</td>
</tr>
<tr>
<td>Formalization</td>
<td>5.34</td>
<td>5.23</td>
<td>0.59</td>
</tr>
<tr>
<td>Service equipment</td>
<td>5.48</td>
<td>5.34</td>
<td>0.64</td>
</tr>
<tr>
<td>Service programs</td>
<td>5.73</td>
<td>5.51</td>
<td>1.92</td>
</tr>
<tr>
<td>Organizational presence</td>
<td>5.46</td>
<td>5.53</td>
<td>0.20</td>
</tr>
</tbody>
</table>

* $p < 0.001$
Based on the above findings, separate standard regression analyses were conducted for intent to leave among employees in the for-profit and the non-profit industry sectors. In order to maintain statistical power (i.e. by minimizing the number of independent variables), the analyses were based on only those cultural dimensions that were found to be significantly correlated with intent to leave in each sector. Therefore, the regressions examined the impact of sales, staff competency, atmosphere, connectedness and service programs in the for-profit sector, while the impact of sales, connectedness and service programs were examined in the non-profit sector. The maximum variance inflation factor (VIF) was 5.62 for the for-profit model and 4.87 for the non-profit model, indicating that multicollinearity of the independent variables in each model was not problematic, as they were below the critical threshold of 10 (Belsley, Kuh, & Welsch, 1980). Consequently, it was deemed appropriate to continue with interpretation of the regression results (Table 3). In the for-profit sector, the relationship with the cultural dimension of sales ($\beta = 0.25; p < 0.001$) made the only significant contribution to the prediction of intention to leave ($F(5, 203) = 3.61; p < 0.005$). The findings indicated that together the cultural dimensions explained 8.2% of the variance. In the non-profit sector, both sales ($\beta = 0.34, p < 0.01$) and connectedness ($\beta = -0.27, p < 0.05$) made unique contributions to the prediction of intent to leave ($F(3, 56) = 4.33; p < 0.01$), and the cultural dimensions together explained 18.8% of the variance.

**Discussion**

The findings suggest minimal cross-sectoral variation with regard to perceived organizational culture in the Canadian fitness industry. This provides some further evidence of a dominant industry-wide culture in the fitness domain. In addition, our work revealed fairly strong agreement among employees in for-profit and non-profit organizations that the cultural dimensions examined here represent what is valued and how things are done.

### Table 2. Correlations ($r$) between cultural dimensions and intent to leave for employees in the for-profit and non-profit sectors

<table>
<thead>
<tr>
<th>Cultural dimension</th>
<th>For-profit</th>
<th>Non-profit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>0.17**</td>
<td>0.29*</td>
</tr>
<tr>
<td>Staff competency</td>
<td>-0.17**</td>
<td>-0.28</td>
</tr>
<tr>
<td>Atmosphere</td>
<td>-0.17**</td>
<td>-0.13</td>
</tr>
<tr>
<td>Connectedness</td>
<td>-0.13*</td>
<td>-0.23*</td>
</tr>
<tr>
<td>Formalization</td>
<td>0.06</td>
<td>0.17</td>
</tr>
<tr>
<td>Service equipment</td>
<td>-0.09</td>
<td>0.23</td>
</tr>
<tr>
<td>Service programs</td>
<td>-0.12*</td>
<td>-0.22*</td>
</tr>
<tr>
<td>Organizational presence</td>
<td>0.00</td>
<td>-0.02</td>
</tr>
</tbody>
</table>

**$p < 0.001$, *$p < 0.05$**
in both sectors, with one exception—sales. Sales were perceived to be significantly stronger by employees in the for-profit sector. The relatively greater focus on sales in for-profit fitness organizations is perhaps not surprising given the different financial mandates in the two sectors. With for-profit organizations, revenue maximization is the goal of operations, with the intent of generating income for the owners (Chelladurai, 2009; Rose-Ackerman, 1990). These organizations rely entirely on sales to survive. Conversely, non-profit organizations have a mandate to break even financially with any surplus revenues turned back into the organization (Chelladurai, 2009; Rose-Ackerman, 1990). These divergent mandates are reflected in the extent to which the cultural dimension of sales is perceived to be a major focus of the organization. Lakdawalla and Philipson (2006) argued that distinct ideologies would likely result in cross-sectoral differences in organizational objectives and behavior. To this end, for-profit organizations tend to have employees specifically tasked to obtain increased membership numbers, and rewarded further for sales related to ancillary services. In contrast, non-profit organizations typically have customer service employees that take walk-in sales but are not specifically tasked with selling as part of their job. The perceived greater emphasis on sales among employees in the for-profit fitness organizations in this study is also likely due to the relative importance of this revenue stream for organizational survival and success (see Rose-Ackerman, 1990).

The findings of this study suggest that, with the exception of sales, distinct subcultures do not exist by sector based on the cultural dimensions examined here. Instead, it appears that organizational culture within the for-profit and non-profit sectors enhances the dominant values of the fitness industry (Martin, 1992). For some of the dimensions, it was somewhat surprising that no cross-sectoral variation in employees’ perceptions was observed. For example, research has posited that formalization in non-profit organizations may be higher since they have more constituents to report to,
more rules to follow and more policies in place that inform acceptable work behaviors within organizations (Rainey & Bozeman, 2000). However, the current study suggests that organizations in both sectors were perceived to subscribe fairly heavily to formalization; specifically, policies and procedures, rules and regulations, staff grooming standards and staff training (MacIntosh & Doherty, 2010). As a result, it appears that this particular cultural dimension was perceived to be similar across the sectors and this may indeed be a function of the external pressures emanating across the industry for employee certification, safety standards and operating practices; a reflection of institutional pressures (Leiter, 2005).

No variation in the perception of organizational presence was also a surprising result given that this cultural dimension represents a focus on the image and importance of the organization within the community. One important mandate for non-profit organizations is to serve the community by fostering and growing programs and services that meet personal and social needs (e.g. health of community). It was notable that the image and presence of the organization in the community was perceived to be of equal focus by employees in for-profit and non-profit fitness organizations. This may be a function of competition from non-profit fitness organizations placing pressure on for-profit organizations to be more focused on their role in the community (see Hirth, 1997).

The findings also revealed no significant difference in the perception of atmosphere, suggesting that daily operations in for-profit and non-profit fitness organizations focus on creating a welcoming, upbeat and fun environment. This was not all that surprising given reports that management of fitness organizations need to focus on creating enjoyable environments for their clients to alleviate monotony with exercise routines (Mintel International Group, 2009). Employees were also similar in their perception of connectedness within their organizations, suggesting that there is a focus on creating a sense of affiliation and belonging in both sectors of the industry.

The results also suggest similar perceptions of both service programs and service equipment, highlighting the focus on the variety, quality and availability of equipment and variety and innovativeness of programs in fitness organizations in both sectors. These findings are consistent with the need for these organizations to be attuned to providing quality equipment, programs and services in order to achieve their mandate and survive (e.g. Cavnar et al., 2004; MacIntosh & Doherty, 2007) and complements the evidence that management practices with regards to service quality are similar across the industry (Lagrosen & Lagrosen, 2007).

The suggested evidence of an industry-wide culture in the fitness domain, with limited cross-sectoral variation, strengthens the argument that industry demands and dynamics shape the values, beliefs and underlying assumptions about how things are done in an organization within that industry (Choi & Scott, 2008; Lee & Yu, 2004; Ogbonna & Harris, 2002; Smith & Shilbury, 2004; Velliquette & Rapert, 2001). Consistent with institutional theory (Dickson et al., 2000; DiMaggio & Powell, 1983; Lounsbury, 2001), it appears that environmental forces may have caused fitness organizations to
adopt and adapt certain ways of doing things across the industry, likely as a result of both regulation and competition, resulting in the replication and imitation of successful practices (DiMaggio & Powell, 1983; Lawrence & Suddaby, 2006; Leiter, 2005). Given such strong similarities, an argument can be made that the industry influences the values and beliefs operating across both sectors (Lounsbury, 2001; Slack & Parent, 2006). Perhaps one of the reasons why there appear to be such similarities is that both sectors compete for the same members. Hence, both sectors will engage in forms of replication (e.g. best practices and/or standards) in order to compete against one another. Within the fitness industry, certifications and regulations are ways in which fitness organizations can legitimize their service offerings to client-members. With high client-member turnover, and the competition for client-members (in general), catering to client-member demands (e.g. service quality) may have engendered an industry where the cultural dimensions of atmosphere, connectedness, service equipment, service programs are all key values present in daily operations. Further, both sectors interact through the same conferences and trade shows and thus are afforded ample opportunities to investigate innovative ways to improve operations. Fitness equipment and programming are large parts of the conference and trade-show circuit, with supplemental material relating to industry standards, education, and safety rules and regulations. Given such focus, it may not be surprising to find convergence with respect to the cultural dimensions examined.

The understanding of perceptible variation between for-profit and non-profit fitness organizations may offer insight into any competitive advantage one sector has over the other, particularly with regard to retaining employees and clients which have been noted to be of central concern for management in this industry (Bishop, 2008; McCarthy, 2004). Findings demonstrated that a focus on the cultural dimension of sales increased staff members’ intention to leave the organization for both sectors. This suggests that an emphasis on sales may be precipitating issues with turnover in the fitness industry. Additionally, findings indicated that a lack of connectedness increased staff intention to leave non-profit organizations yet did not significantly influence staff in the for-profit sector. This nuance suggests that promoting a greater sense of staff affiliation and belonging to the club, while recognizing member accomplishments in the non-profit sector is more important for management and can be a method used to retain staff services longer. This particular finding is noteworthy because it includes an emphasis placed on celebrating the client-member. This may be an indication of ideal values at play in this sector since non-profit organizations exist to socially benefit community welfare (Hirth, 1997) and are not intended to maximize profit and distribute funds to the ownership as in the for-profit sector (Chelladurai, 2009). Thus, for non-profit staff, celebrating member success is a key tangible outcome to their feeling of accomplishment and overall sense of connectedness with the organization.

Lastly, several have argued that organizational culture influences corporate image (Hatch & Schultz, 1997; Kowalczyk & Pawlish, 2002) and there is evidence that clients do perceive organizational culture in the fitness industry
(MacIntosh & Doherty, 2007). However, the findings of the current study suggest that organizational culture is not a way that clients could distinguish fitness organizations in the different sectors (other than sales), and thus it is not a source of competitive advantage for those organizations in attracting clients. Hence, there are likely other organizational phenomena that differentiate organizations in the two sectors and explain why a client would choose one type of fitness organization over the other.

Conclusion and Limitations

In sum, our findings contribute to the growing body of research on the fitness industry (Alexandris et al., 2004; Bodet, 2006; Chang & Lee, 2004; Hurley, 2004; MacIntosh & Doherty, 2008; MacVicar & Ogden, 2001) and enhance our understanding of industry-wide culture and cross-sectoral variation. The findings suggest an industry-wide culture in the fitness domain based on the limited cross-sectoral variation in values and beliefs that guide staff behavior and organizational practice. However, the findings should be considered with caution as the sample was overrepresented by employees of for-profit organizations and was limited to those attending the conference and trade show. Although the numbers of delegates in attendance and the sub-samples by sector were sufficiently large to conduct the appropriate analyses, the under-representation of employees from non-profit organizations in this study should be acknowledged.

Another limitation was the focus on values and beliefs originally identified by fitness industry leaders and further refined by fitness professionals (MacIntosh & Doherty, 2008). Hence, there may be other cultural dimensions that are relevant to the study of industry subcultures, including dimensions that are part of orthogonal or counter-subcultures (Martin, 1992). These may be uncovered through further qualitative or mixed-methods work. Overall, further research is required to examine other possible cross-sectoral variations within the fitness industry, with the objective of understanding whether and how for-profit and non-profit organizations may be distinguished.

Future Research

Future research should examine whether there are subcultures in the fitness industry based on, for example, organizational size (e.g. large versus small client membership), organizational type (i.e. co-ed, hybrid, female only, fitness chain, independent fitness club) and job position within the organization itself (e.g. personal trainer, fitness instructor, management). These characteristics represent other ways that organizations in the fitness industry are distinguished and may be further examples which highlight similarities and differences. Exploring the possibility of subcultures according to these various levels of analysis, can further research on the fitness industry in general, and organizational culture in particular (Martin, 1992), with implications for a variety of management functions (e.g.
marketing, human resource practices). It would also be of interest to examine the perceptions of employees who have worked in both sectors of the fitness industry, thus uncovering any cultural similarities or differences from their perspective.

Further, a comparison of the perception of values in the fitness industry cross-culturally would be of interest, particularly since the fitness industry appears to be growing in multiple countries (Mintel International Group, 2006, 2009) and there is evidence that national culture influences organizational culture (Hampden-Turner & Trompenaars, 1993, 2000). Lastly, in order to continue to enhance our understanding of the fitness industry, it is also of interest to determine whether there is cross-sectoral variation in other elements of organizational life. For example, do facets of job satisfaction (e.g. employee compensation, job design, supervision, sales commission) help employees distinguish between for-profit and non-profit organizations in any meaningful way and further contribute to their retention? How does person-organization fit influence or predict turnover amongst the sectors? Can demographic information predict the various managerial outcomes related to staff retention?

Overall, the fitness industry is an important sector of the economy of several developed nations (e.g. UK, Canada, USA and Australia) and a key component of the field of sport management. Yet, much exploration and understanding remains regarding the organizations and personnel that support this growing industry.

References


