How Does Employees' Branding and Employees' Behavior Influence Hotel Service Quality?

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HOW DOES EMPLOYEES' BRANDING AND EMPLOYEES' BEHAVIOR INFLUENCE HOTEL SERVICE QUALITY?

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ABSTRACT

The primary aim of this research is to investigate whether organizational citizenship behaviors, in-role behaviors, employees’ empowerment and employees’ branding can influence customers’ perceived service quality. A model is proposed based on three interlinked literature strands that consider human resources management, brand management, and hospitality management. The survey instruments will be developed based on the results of the focus groups and the literature. A set of relationships among employees’ behaviors, employees’ branding and service quality will be examined by structural equation modeling. The findings would encourage hotels to allocate resources to improve those critical elements that can help to achieve the best results.

Key Words: organizational citizenship behaviors, in-role behaviors, employees’ empowerment, employees’ branding, service quality

INTRODUCTION

Branding is a topic of great significance in the hotel industry. A brand is unique and unlike products that might be imitated by competitors. Successfully branded hotels take brand as their strategic weapon and apply their resources to reinforce their brand advantages over their competitors (Damonte, Rompf, Bahl and Domke, 1997). O’Neill and Mattila (2004) in their study of hotel branding strategy found that brands with higher levels of guest satisfaction achieved both higher average daily rates and greater percentage increases in the hotels’ average room rates over time. The result is consistent with the study of Anderson and Mittal (2000) which suggested that satisfied customers will buy more, are less price conscious, and can generate positive word-of-mouth effect, thus contributing to bottom line profit. The previous branding literature also pointed out that customers are willing to pay a premium price for their preferred brand (Aaker, 1996). Knapp (2000) recommended five strategies for creation, management, and promotion of a genuine brand. They are:

• to build up brand management idea;
• to make brand promise;
• to communicate the best brand message;
• to realise the brand promise; and
• to promote brand equity.

As a brand can retain a special status in a consumer’s mind, it should be the most important asset of a hotel, and for this reason, the long term development of a hotel must be brand-oriented (Stobart, 1994). Building and successfully managing a strong brand is considered to be one of the key drivers of success in the hotel industry (Jiang, Dev and Rao, 2002). In view of the fierce competition of the hotel industry in Hong Kong and Mainland
China, the proposed study attempts to study how the branding process can provide practical solutions for hotel management in overcoming the challenges.

SIGNIFICANCE OF THE STUDY

This study is to offer insights on the development of a comprehensive Service Quality model for the hotel industry by taking into account three major components of company strategies, employee performance, and customers’ experience.

The expected contributions of this research to the academic literature would be:
1. A limited number of prior studies have taken into account the discretionary behaviors of employees. The effect of organizational citizenship behaviors on service quality has not been fully investigated. The results of the proposed study will thus contribute to the advancement of knowledge of organizational citizenship behaviors and service quality.
2. Most studies on brand management have focused on measuring customer satisfaction and customer loyalty (Jiang, Dev, and Rao, 2002; Kandampully and Suhartanto, 2000). The impact of brand management on employees’ performance is rarely proposed. The results of this study will therefore provide additional insight into hotel branding strategy on employees’ behaviors.
3. Previous studies measured the impact of branding on hotel performance by indicators such as average price, level of occupancy, revenue per available room (REVPAR), revenue per available customer (REVPAC), and return on investment (Forgacs, 2003; O’Neill and Mattila, 2004). The degree of influence of each element of employees’ branding on employees’ behaviors has rarely been investigated.

The expected contributions of this study to the hospitality industry would be:
1. This study focuses on the hotel industry in Hong Kong and mainland China. The behaviors of employees as well as customers’ experiences from service encounters are derived from the hotel industry. The critical elements of brand development selected for the study are also centred on the hotel industry. Given that branding is a topic of great interest in the hotel industry in Hong Kong and mainland China, this study will offer insights to the owners and operators of branded hotels and those considering brand development in the future.
2. The present study examines in-role employees’ behaviors derived from employees’ job descriptions. The results provide insight into which employee behaviors may directly enhance or cause customers to perceive service quality. The results could potentially help human resource managers to enhance service quality in their organizations.
3. An examination of the impact of employees’ organizational citizenship behaviors (OCB) on the organization’s service quality presents the importance of OCB on organizational performance in the hotel industry and customers’ perceptions of service quality. This will help hotel managers improve service quality by stimulating OCB in their organizations.
4. An investigation of the degree of influence of each critical element of employees’ branding on customers’ perceptions of service quality provides valuable information to enhance customers’ perceived service quality and satisfaction. This could help hotel management focus on those employees’ branding strategies that are important to service quality in the hotel industry and prioritize their branding activities accordingly. Furthermore, it would encourage hotels to allocate their resources to improve those critical elements in order to achieve the best results.

The specific objectives of this research are as follows:
1. To evaluate the influence of employees’ branding on customers’ perceived service quality.
2. To evaluate the influence of employees’ branding on employees’ in-role behaviors.
3. To evaluate the influence of employees’ branding on employees’ organizational citizenship behaviors.
4. To evaluate the influence of employees’ branding on employees’ empowerment.
5. To evaluate the influence of employees’ in-role behaviors on customers’ perceived service quality.
6. To evaluate the influence of employees’ organizational citizenship behaviors on customers’ perceived service quality.
7. To evaluate the influence of employees’ empowerment on customers’ perceived service quality.

CONCEPTUAL MODEL

Business researchers found the success of corporate brands is often attributed to employees’ alignment with the corporate brand (Barrett, 1998; Pringle and Thomson, 2001). deChernatony (2001) even argued that success of
the corporate brand is possible only if the corporate brand values are consistent with employees’ value. Morsing (2006) uses a theoretical analysis to highlight the challenges and limits of aligning employees to corporate brand values, nevertheless, no empirical investigations have been carried out to analyze and illustrate their relationships. Additionally, Schneider and Bowen (1985) found that when employees perceive their organization as one that facilitates performance, enhances career opportunities and provide positive supervision, and have more time to do the organization’s main work of serving customers. This finding did not test the service behavior and attitude of the employees as well as employees’ role to branding, as such employees’ branding should be empirically tested again to reflect the situation of the present business environment. In addition, a very limited number of research studies have empirically tested the impact of employees’ branding and employees’ behavior on service quality. The proposed study thus fills the void of the literature by attempting to empirically test employees’ branding, employees’ behavior and service quality together. Hence, a mediation relationship of employee behaviors is proposed in the study between employees’ branding and customer perceived service quality. The research model is presented in Figure 1.

Figure 1: Research Model and Hypotheses

Based on the review of previous literature, the hypothesis relating to employees’ branding and service quality is developed:

Hypothesis 1a: Employees’ branding is positively related to customers’ perception of service quality.

In a recent study of Henkel, Tomczak, Heitmann and Herrmann (2007), employees’ branding behavior is determined by formal and informal management techniques as well as employee empowerment. Formal management techniques are the standardized tasks needed to perform the routine aspects of the required job. Informal management inspires employees to perform in accordance with company values. Both formal and informal management control provide the needed information for the employees to perform their jobs. Management control when exercised with empowerment can make employees feel better about their jobs and become more enthusiastic about serving customers. When the relationships of the three dimensions are tested together, informal management and employee empowerment have a far stronger impact on the brand consistency of employee behavior than formal management. The limitation of the study of Henkel et al. (2007) was the incomprehensiveness of the model. The employees’ branding should be the driving force of the employees’ behavior. Based on the dimensions developed by Henkel et al. (2007) the present study uses the construct of formal management control which is employees’ in-role behavior, the construct of informal management control which is employees’ organizational citizenship behavior and the empowerment construct to build the dimensions of employees’ branding. Hence, the following hypotheses are developed to test the relationship of employees’ branding and employees’ behavior:
Hypothesis 1b: Employees’ branding is positively related to in-role behavior.
Hypothesis 1c: Employees’ branding is positively related to organizational citizenship behavior.
Hypothesis 1d: Employees’ branding is positively related to empowerment.

The end results of employees’ branding should be achieving higher service quality, customer satisfaction and even customer loyalty. Yoon and Suh (2003) proposed that employees’ role-prescribed behaviors could be a critical factor in determining the level of service quality perceived by customers. Developing operational definitions of constructs based on the behaviors of front-line staff, including the works and duties described in their roles that influence customers’ perception of quality, are the primary focus of the present study. Hence, the hypothesis related to employees’ in-role behavior is developed:

Hypothesis 2: Employees’ in-role behaviors are positively related to customers’ perception of service quality.

For the last two decades, Organizational Citizenship Behavior (OCB) has received much attention in the literature (Bateman and Organ, 1983; Organ and Ryan, 1995). The construct of OCB has been expanded in recent years (e.g., Van Dyne and LePine, 1998) and examined in different contexts. A number of studies examining a variety of predictors of OCB or contextual performance including job satisfaction, organizational commitment, perceptions of justice (e.g., Bateman and Organ, 1983; Moorman, 1991; Moorman, Niehoff, and Organ, 1993; Robinson & Morrison, 1995; Van Dyne, Graham & Diensch, 1994; Williams and Anderson, 1991), and personality behaviors (Niehoff and Moorman, 1993; Podsakoff, MacKenzie, Moorman and Fetter, 1990). Researchers have examined OCB and social exchange (e.g., Konovsky and Pugh, 1994), ingratiation (Eastman, 1994), leader-member exchange (Deluga, 1994), job satisfaction (Bateman and Organ, 1983), organizational support (Moorman, Blakely and Niehoff, 1998), performance judgment (Podsakoff, Ahearn and MacKenzie, 1997), compensation (Deckop, Mangel and Cirka, 1999), and cross-cultural issues (Farh, Earley and Lin, 1997; Van Dyne and Ang, 1998).

Despite the fact that a number of studies have been conducted on OCB, a review of the literature in this area reveals a lack of consensus about the dimensions of this construct (Podsakoff, MacKenzie, Paine and Bachrach, 2000). Indeed, the examination of the literature indicated that almost 30 potentially different forms of OCB have been identified, and some of them conceptually overlap. Podsakoff et al. (2000) summarized them into seven common themes or dimensions of: 1) helping behavior, 2) sportsmanship, 3) organizational loyalty, 4) organizational compliance, 5) individual initiative, 6) civic virtue, and 7) self development. The present study will adopt Podsakoff et al.’s (2000) seven OCB dimensions as they are the extra-role behavior, the discretionary behaviors which have an impact on service quality through the socialization process (Yoon and Suh, 2003). Socialization research suggests that one type of helping behavior is more likely to facilitate other types of helping behaviors due to the personal value acquired through the socialization process (Grusec, 1991; Kelley & Hoffmann, 1997). Employees who exhibit higher OCB for co-workers of their organization will be more active in the fulfillment of customer needs in customers’ best interest, which will be reflected in the customers’ evaluation of service quality (Yoon and Suh, 2003). In the proposed study that focuses on the hotel industry, a people-orientated business will be an ideal context to test and validate the dimensions of OCB. Hence, the following hypothesis of OCB and service quality is adopted:

Hypothesis 3: Employees’ organizational citizenship behaviors are positively related to customers’ perception of service quality.

In previous research, empowerment has been identified as an important means to increase customer satisfaction. Lee, Nam, Park and Lee (2006) used a sample of Korean hotel employees to examine factors influencing customer oriented behavior of customer contact employees, and found empowerment to have a significant effect on customer service. Similarly, Klidas, van den Berg and Wilderom (2007) attempted to understand how employees’ empowerment can be attained in luxury hotels in Europe and proposed that it can be achieved through careful management and organizational development. If it is done well, service enhancement may be within reach. Daft (2001) argued that in order to be able to empower employees, four different elements are vital to employees’ empowerment. The elements give employees space to act more independently in accomplishing their jobs by information, knowledge, power and rewards. Employees receive information about the performance of the company. Employees have the knowledge and skills to be able to contribute to the goals of the company. They have the power to be able to make substantial decisions and finally, they are rewarded on the basis of the company’s performance. In other words, the successfullness of employees’ empowerment depended on the organization’s support. Sutton, Constantinos and Lars (2004) studied empowerment and customer satisfaction strategies in hotel restaurants in Dubai’s five-star hotels and found managers perceived empowerment as beneficial and support its
application. As previous research reveals employees’ empowerment to be a critical determinant on customer satisfaction and service quality, the following hypothesis on employees’ empowerment and service quality is established:

Hypothesis 4: Employees’ empowerment is positively related to customers’ perception of service quality.

The issue of service quality has received considerable attention in the marketing literature (Bolton and Drew, 1991; Cronin and Taylor, 1992; Parasuraman et al., 1985, 1988). Parasuraman et al. (1988) offered what could be considered as the first generally accepted instrument to measure service quality. These authors conceptualized service quality as the difference between perceived performance and the expected performance of the service. They came up with a 22-item scale entitled SERVQUAL, which they claimed was generally applicable across service industries. SERVQUAL measures service quality, breaking it up into five dimensions: tangibles, reliability, responsiveness, assurance, and empathy. In today’s competitive environment, the pursuit of service quality is considered an essential strategy. Several researchers have recently applied the conceptual and measurement approach used to develop SERVQUAL in different service industries (e.g. Hedvall and Paltschick, 1989; Vogels, Lemmink and Kasper, 1989). During the last decade researchers have focused on the issues surrounding the conceptualization and measurement of service quality (Grönroos, 1984: Lehtinen and Lehtinen, 1991; Parasuraman et al., 1985, 1988). As much progress has been made in this area, researchers are now endeavoring to gain a better understanding of the relationship between service quality and a range of consumer behavioral intentions (Zeithaml and Bitner, 1996). Alexandris, Dimitriadis, and Markata (2002) investigated the degree to which behavioral intentions could be explained by service quality dimensions in hotels in Greece. The results indicated the service quality dimensions explained a very high proportion of variance in word-of-mouth communications and purchase intentions. The study has practical implications to marketing managers in designing customer retention strategies. It also has implications to human resources managers in designing service training programs. To explore the relationship between service quality and human resources management, Tsaur and Lin (2004) in their empirical study examined the relationship among human resources management practices, service behavior and service quality in tourist hotels in Taiwan. They found a positive relationship between service behavior and service quality. If there is high positive service behavior, the customers’ perception of service quality will increase.

The proposed study attempts to investigate the relationship of employees’ branding, employees’ behaviors and service quality. Despite many researchers’ calling for the development of behavioral measures to better define the meaning of employees’ good service behaviors (Bowers, Swan and Koehler, 1994; Knutson, Steven, Wullaert, Patton and Yokoyama, 1990; Luthans and Davis, 1990), relatively little is known about how customers evaluate service encounters (Winsted, 2000). Furrer, Liu and Sudharshan (2000) argued perceptions of service quality vary across cultural groups, nevertheless their study did not explore what the actual behaviors of service delivery personnel really mean to customers.

REFERENCES


