Do employees truly value their brand values? Examining the specificity of employee-brand value fit for service brands

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Xiong, Lina; King, Ceridwyn; and Du, James, "Do employees truly value their brand values? Examining the specificity of employee-brand value fit for service brands" (2016). *Travel and Tourism Research Association: Advancing Tourism Research Globally*. 26.  
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Do employees truly value their brand values? Examining the specificity of employee-brand value fit for service brands

Introduction
Employee-organization value fit is often used to predict employee-organization relationship outcomes (Zhang and Bloemer, 2008). It is well-recognized that the higher the employee-organization value fit, the better the employee-organization relationship as reflected in higher organizational identification, job satisfaction, and intention to stay (Cable and Edwards, 2004; O'Reilly et al., 1991; Schwartz, 1992). The rationale underpinning this line of research is that values form the psychological “core” of self-concept (Zhang and Bloemer, 2008) and thereby determine what people consider as important, informing their subsequent behaviors. From an organizational behavior perspective, organizational values determine what is important to the organization and set the norms for desirable resource allocation and employee behaviors (Cable & Edwards, 2004; Schwartz, 1992). When employees perceive value fit between the organization’s values and their personal values, the common value system facilitates the exchange of information, reduces misunderstanding, and provides an opportunity for employees to act authentically (Meglino & Ravlin, 1998; Meglino et al., 1991; Pratt, 1998). As individuals generally desire to express themselves authentically (Pratt, 1998), employee perceived value fit can be a strong indicator of employees’ attitudes and behavior towards the organization.

Interestingly, despite the evidence to suggest that value alignment is important in influencing attitudes and behavior, limited attention has been given to value alignment in the service management literature, specifically with respect to the alignment between employee values and the organization’s externally projected brand values. This paucity is considered significant given that high contact service organizations, which characterize the tourism industry, rely heavily on employee-customer interactions as a significant part of their product offering, ultimately determining service brand success (Berry, 2000; Berry and Lampo, 2004). The benefits of having a differentiated and meaningful service brand (i.e. a competitive advantage) can only be realized to the extent that employees are knowledgeable and capable of demonstrating the externally communicated brand values in their thoughts and actions during service encounters (Burmann and Zeplin, 2005; King and Grace, 2008; Morhart et al., 2009). When employees are aligned with the brand, they are more likely to deliver the authentic brand experience to customers. Thus, it is expected that employee-brand value fit contributes significantly to employee brand performance.

This study defines employee-brand value fit as the extent to which an employee’s personal values match their perceptions of the organization’s brand values. Current research that attempts to measure employee-brand value fit tends to adopt reflective measures to reveal the overall level of employee-brand value fit (e.g., Morhart et al., 2009). However, such a measure often presents potential multicollinearity issues with other constructs in the broader nomological network that use self-reported measures. In addition, the reflect measure of value fit does not acknowledge the pluralistic nature of brand values. This approach can be problematic in that the same level of employee-brand value fit, as calculated using the reflective measure, can be informed by employees who perceive different brand values as being important. For instance, for a hotel brand that values both “beauty” and “simplicity”, an employee may perceive the brand value
“beauty” as very important and the brand value “simplicity” not so important, he or she can reveal the same level of overall employee-brand value as another employee who perceives the exact opposite. This inconsistency is important given that value alignment informs attitudes and behavior. If beauty is the foundational brand value for this brand, then the employee who perceives and values simplicity more so, may choose to think and act in a more functional and minimalist way without due consideration for the aesthetics. Organizations that seek a brand aligned workforce, need more specificity with regards to what brand values employees align with so as to inform if any remedial action is necessary, whether that be in recruitment or training, to ensure employee attitudes and behaviors reflect the brand promise.

To address this issue, this study adopted a multiple indicators and multiple causes (MIMIC) model (Jöreskog and Goldberger, 1975) to incorporate both reflective and formative measures that provides a holistic view of employee-brand value fit. The adoption of this MIMIC model is based on recent developments in measuring latent constructs that encompass distinct sub-components (Edwards and Bagozzi, 2000). Specifically, when the focal construct is a composition of distinct attributes (i.e., sub-components), a causal indicator configuration model with formative measurement should be considered. Conceptually, each of the formative composites represents a distinct facet, which is not interchangeable, but supplementary to other dimensions (Diamantopoulos and Winklhofer, 2001). A MIMIC model incorporates a mixture of reflective and formative measures that preserves the strengths of both measurement approaches simultaneously. The reflective items can serve as an eternal criterion (i.e., global item) to identify and retain only those formative indicators that are significantly correlated with the focal construct (Diamantopoulos and Winklhofer, 2001). That is, the mixture of both reflective indicators and formative indicators not only reveals a general employee-brand value fit level, it also yields insight with respect to which specific value attributes contribute to the overall value fit assessment. In doing so, this study highlights the contribution of each value fit dimension through the added formative indicators. As a result, managers can better understand how their most important brand values inform their employees’ perception of fit with the brand.

Thus, there are two main goals of this study. First, this study seeks to propose and validate a holistic MIMIC model for employee-brand value fit that can reveal both employees’ overall employee-brand value fit and specific levels of each value facet fit. Second, this study attempts to examine the role of employee-brand value fit in predicting employee brand performance. This examination also affords the validation of this newly proposed measurement approach in a nomological network for employee-brand value fit.

Two empirical studies were conducted. The first study is focused on testing the feasibility of using a MIMIC model to measure employee-brand value fit using a broad US based hotel employee sample with an additional nomological network test. With the demonstrated procedures and solid results in the first study, we conducted a second study that focuses on demonstrating how this approach can be used for a specific brand. A convenience sample from a boutique hotel brand with four main values. As a result, we were able to show the most important brand values that contribute to employees’ brand alignment in both studies, which is the key to brand success.

Study 1
To demonstrate the feasibility of use of a MIMIC model in a broad, nomological context, Study 1 drew a sample of 160 US based hotel employees and tested the MIMIC model approach in a nomological network. To do so, strict procedures were adopted with respect to specifying a number of potential service brand values to generate formative indicators. According to Diamantopoulos and Winklhofer (2001) with respect to constructing the formative measurement, the first step is to specify the domain that the construct attempts to capture. Secondly, formative indicators that capture the necessary facets of the focal construct need to be specified. The third step is to check indicator collinearity to provide support that the included formative indicators represent distinct facets of the latent construct (Jarvis et al., 2003). The next step is to check the external validity of the formative measurement, which involves the development of a MIMIC model to identify the significant formative indicators. Finally, a nomological network validation is recommended.

Thus, following the procedures described above, we first constructed a general service brand value pool through three phases. In the first phase, an initial brand value pool was developed based on a content analysis of official service brand websites. Nine items were identified. Having generated a list of themes that reflect various service organization brand values, the list was further consolidated and evaluated independently by two researchers (Phase 2). Seven additional values based on Sachs (2012) were added to the initial brand value list. A pilot test was then conducted in Phase 3 to further assess the quality of the identified brand values. Thirteen service management and marketing academics were asked if the service brand values provided were comprehensive and if new values should be added to the original list of service brand values. As a result, eighteen general service brand values were developed. They are Perfection (flawless), Richness (abundance and depth of experience), Simplicity (freedom from complexity), Beauty (aesthetic pleasure), Authenticity (sincerity), Uniqueness (creativity and nonconformity), Playfulness (joy, high spirits, and fun), People Centric (care for people, improving lives, developmental), Excellence (aim higher, go the extra mile, exceptional performance), Innovation (embrace change), Integrity (to do the right thing), Trustworthy (reliable), Respect (treat others with respect), Diversity (inclusion of difference), Accountability (take ownership of things and actions), Exclusiveness (Luxury, sophisticated), Friendliness (amiable, like home, cozy), and Good value for money (economical, affordable).

With a general service brand value pool established, we further examined item collinearity and external validity with quantitative data based on Diamantopoulos and Winklhofer (2001). A sample of 160 US based hotel employees were generated through a market research listing firm with a general population database of over 1 million people who are over the age of 18 and reside in the United States. Email invitations with the survey link were sent to these panel members. The response rate is 36.7 percent (160 out of 436). With respect to employee-brand value fit, respondents were asked two questions, “Thinking about the following values, please indicate how important you think each value is to you personally” and “Thinking about your organization's brand, please indicate how important you think the following values are to the brand”. The matching (i.e., product) between the two answers is used as the formative indicator of employee-brand value fit. Higher the product value, higher the fit. In addition, three reflective items (Table 1) were adopted from person-organization fit studies by O’Reilly and Chatman (1986) and Moynihan and Pandey (2008).
Table 1: Reflective items for measuring employee-brand value fit

<table>
<thead>
<tr>
<th>Construct</th>
<th>Reflective Items</th>
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<tbody>
<tr>
<td>Employee-brand value fit</td>
<td>FIT1: The reason I prefer this brand to others is because of what it stands for, its value.</td>
</tr>
<tr>
<td></td>
<td>FIT2: My values are similar to those represented by the brand.</td>
</tr>
<tr>
<td></td>
<td>FIT3: What this brand stands for is important to me.</td>
</tr>
</tbody>
</table>

With this dataset, multi-collinearity is assessed through Variance Inflation Factor (VIF) scores and tolerance scores of each brand value fit item via SPSS 21. According to Kleinbaum, Kupper, and Mueller (1988), VIF scores greater than 10 and tolerance scores smaller than 0.10 indicate multi-collinearity problems. No multi-collinearity problems (Maximum VIF score is 5.78, and maximum tolerance score is .38) were found.

Using the three reflective indicators and 18 formative indicators, we built an initial MIMIC model that yielded a good model fit ($\chi^2 = 55.98 \ (p=0.018, \ df = 36.02), \ \chi^2/df=1.56, \ CFI=.997, \ TLI=.966, \ SRMR=.019, \ RMSEA= .059$). 51.7 percent of variance of the latent brand value fit construct was explained. However, not all formative indicators were significant. Since the non-significant formative indicators may not be interpreted as valid measures of the latent construct (Diamantopoulos and Winklhofer, 2001), this MIMIC model was re-estimated by eliminating the non-significant indicators one at a time until all formative indicators left are significant. The item-dropping sequence is based on the t value where an indicator with the lowest t value is dropped first. The re-specified MIMIC model (Figure 1) has three formative brand value fit indicators remaining, namely, simplicity ($p<.05, \ t=2.22$), playfulness ($p<.001, \ t=4.31$), and exclusiveness ($p<.01, \ t=2.90$). This model also achieved a good fit with $\chi^2 = 13.241 \ (p<.05, \ df = 6), \ \chi^2/df=2.2, \ CFI=.99, \ TLI=.974, \ RMSEA=.087, \ SRMR=.02)$. 43.5 percent of the variance in the latent brand value congruence construct was explained (Figure 1). A Chi-square different test suggested that the re-specified model was not significantly different from the original model with 18 formative indicators. Thus, with marginal difference found in the current analysis, it is believed that the three significant formative indicators provide sufficient strength to capture the construct’s content (Figure 1).
Next, a nomological test was conducted. Specifically, it is expected that using this new measurement, employee-brand value fit is still expected to link to conceptually related antecedents and/or consequences. Thus, to carry out this nomological network test, as well as to realize our research objective to understand how employee-brand value fit informs employee brand performance, the antecedent variable of employee perceived brand knowledge and the outcome variable of employee brand equity are considered. In the internal branding literature, many researchers have emphasized the role of brand understanding, communication, training, and leadership (Morhart et al., 2009; Miles and Mangold, 2004; Thomson et al., 1999) in guiding employees’ perceptions of the brand. Thus, we adopted employee perceived brand knowledge as a more direct antecedent of employees’ perception of value fit between the brand and themselves and hypothesize that employee perceived brand knowledge has a significant impact on employee-brand value fit. Three items were developed for this study to reflect employee perceived brand knowledge. In addition, a recent study by Löhndorf and Diamantopoulos (2014) also showed that employee-brand value fit (measured with reflective items) is a significant predictor of organization identification, which contributes to their research objective to understand how employee-brand value fit informs employee brand performance. Given that employee perceived brand knowledge also contributes to employees’ brand role clarity, which is a predictor of employee brand performance (King, 2010; King and Grace, 2010; Xiong et al., 2013), it is also hypothesized that employee perceived brand knowledge has a significant impact on employee brand performance.

The nomological network test (Figure 2), where employee-brand value fit was measured using the previously articulated MIMIC model, was tested through structural equation modeling. This model achieved a good fit ($\chi^2 = 424.295, df=177, p < .001, \chi^2/df=2.40$, CFI=.923, TLI=.91, RMSEA=.09, SRMR=.061). Consistent with previous literature, it was found that employee-brand value fit is a significant and strong predictor of employee perceived brand performance ($\beta = .61, t=6.8, p < .001$). Employee perceived brand knowledge significantly contributed to perceived brand value fit ($\beta = .37, t=4.88, p < .001$) and to employee brand performance ($\beta = .36, t=4.6, p < .001$). 54.8 percent of variance in employee-brand value fit was explained and 76.3 percent of variance in employee brand performance was explained by this model. Hence, nomological validity was established. In doing so, the retained MIMIC model performs as expected, demonstrating predictive capacity to explain well-established outcome variables.
As mentioned above, the goal of study 2 is to test the feasibility of using a MIMIC model that incorporates both reflective and formative indicators to measure employee-brand value fit for a specific hotel brand. As such, the formative indicators are based on the specific brand values of one hotel brand, which serve as the basis for differentiating this hotel brand from others. Considering the need to highlight the unique brand values and the personal touch of these values, a convenience sample was drawn from a boutique hotel brand as boutique hotels stand out amongst the standardization and commoditization of the hotel industry. They are also considered as having unique characters with personal touch and high quality services (Aggett, 2007; McIntosh & Siggs, 2005). The boutique hotel brand in Study 2 presented four distinct values, namely generosity, leadership, authenticity, and modesty. Only employees with corporate Email addresses were surveyed and 48 valid responses were collected with a response rate of 58.5 percent. Although the sample size is relative small, this is common for individual boutique brands. In addition, this survey only included employee-brand value fit questions that are based on four formative brand value fit items and three reflective items. Thus, the sample size is deemed sufficient.

We also deployed partial least square Structural Equation Modeling (PLS-SEM) with bootstrapping technique to test the proposed MIMIC model to accommodate the small sample. This method can also estimate a structural model that incorporates both reflective and formative measurements simultaneously (Hair et al., 2014). The findings revealed that all three reflective indicators were significant and only one formative indicator (i.e., authenticity fit) was significant with coefficient of .875 (p< .05). That is, respondents' brand alignment is primarily contributed by their perceived value fit of the brand value authenticity. In total, 23.1 percent variance in employee-brand value fit was explained by the included formative measures. As a result, the results support the feasibility of constructing a MIMIC model in measuring fit and specifying the most important formative indicators for a specific brand.

**Discussion and Implications**

Figure 2: nomological network test results
Given the growing importance of achieving a distinct position in the tourism and hospitality industry through brands, the examination of employee-brand value fit is considered to be crucial because employees’ attitudes and behavior that are consistent with brand values serve as a strong evidence of brand uniqueness to customers. This study proposed and tested a MIMIC model that not only reveals the general level of employee-brand value fit, but also exposes the specific value attributes leading to such value fit. Through two empirical studies, we have established a strong theoretical and statistical basis for adopting this measurement approach in future studies when measuring brand value fit. As revealed in the nomological network test in Study 1, the significant predictive power of employee-brand value fit with respect to brand performance confirms the importance of promoting this employee brand alignment when developing internal branding initiatives for tourism organizations. Study 2 further illustrates its practical relevance by identifying the perceived values that drive employee alignment in contrast to what the organization sees their brand values are. From this applied perspective, when adopting this MIMIC model approach to measure fit, practitioners should use their specific brand values as the basis for formative indicators for the interpretation of results to be meaningful for that brand. In contrast, from an academic perspective that seeks a more robust way of measuring fit from a sample who does not work for the same brand, the general service brand value pool used in Study 1, is appropriate.

By rigorously following the procedures articulated by Diamantopoulos and Winklhofer (2001), this research realized the articulation of a new measurement for employee-brand value fit. The results are considered as a significant methodological advancement in the heavily researched person-environment fit/value congruence literature using a MIMIC model. To the best of the authors’ knowledge, this is the first study that attempts to develop a systematic formative measure that is incorporated within in a MIMIC model for the purpose of providing a robust and informative measure of employee perceived brand value congruence. Although previous studies have predominantly used reflective measures for similar constructs, we highlighted the shortcomings of such measures and offered a new holistic perspective with added formative measures. In addition to this methodological advancement, we also contribute to IBM literature by developing a service brand value index including 18 distinct value attributes for service organizations. This service brand value index establishes a solid foundation for future brand management studies that seek to examine value congruence from either the consumer or employee perspective.

Further, it is expected that when there is alignment between employees’ values and brand values, employees’ brand performance is more likely to be authentic and genuine, which is very important in developing positive employee-customer interactions, and subsequently, customer brand loyalty in the tourism industry (Grandey, 2003; Grandey et al., 2005). The result of this study supports organizations that aim to achieve brand success through hiring employees who possess similar values to those of the specific brand. It also provides a solid foundation for designing efficient internal branding training programs that highlighting certain brand values. For instance, although a service brand may be underpinned by several brand values, it is likely that only a selected few values resonant the most with employees. If the organization wants to emphasize the brand values of beauty, exclusiveness and friendliness and the assessed value congruence only indicated “beauty” and “exclusiveness” as significant predictors of employee-brand value fit, then training sessions and other IBM interventions should be developed to help
employees to make sense and internalize the ‘missing’ (i.e. friendliness) value. Managers are also encouraged to adopt this new approach for recruitment purposes as it affords an objective and robust assessment of a potential employee’s fit with the brand.

References


