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INTERNAL MARKETING: A STUDY OF EMPLOYEE LOYALTY, ITS DETERMINANTS AND CONSEQUENCES

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Abstract

Relationship marketing and services marketing emphasize the importance of focusing on employees in creating and maintaining customer value and loyalty. It is commonly argued that there are links between employee loyalty, customer loyalty and profitability. Therefore, it is important to manage and improve job satisfaction and employee loyalty. Based on this view, the purpose of the paper is to develop and apply a model of employee loyalty. It presents a structural equation model with latent variables, linking employees' job satisfaction, and loyalty to its determinants, and, in turn, to its consequences: perceived contribution to the company value. The paper reports the empirical results from a study among employees in a large international hotel chain. To estimate the model, the partial least square (PLS) method has been used. The determinants of employee loyalty are examined to identify relevant areas of improvement. Priority maps are developed and interpreted in a managerially useful way.

Key words: Internal marketing, relationship marketing, employee loyalty, structural equation model, measurement system, management system.

Introduction

Today, the conditions under which a company is working are constantly changing. The customers demand more than simply the core product. They want a wide range of values, attitudes and experiences. To what extent a company is able to deliver such an 'expanded' product will essentially depend on whether the company employs staff with the 'right' competencies, motivation and commitment. To develop and create a holistic and more profound customer experience requires well functioning teamwork between employees, as well as successful interplay between employees and management. Hoekstra et al. (1999, p. 72) also emphasize the importance of focusing on employees: "every employee in a firm has his/her own responsibility for creating superior customer value".

A new challenge for marketing leaders is therefore to manage the human resources (Hoekstra et al., 1999, pp. 68-69). However, it is not only in practice that this challenge is accepted. Within the last few years, we have seen attempts to combine marketing theories with contributions from the human resource management area (Doyle, 2000, pp. 93-99; Egan, 2001, pp. 137-154).

The important relationship between employees (internal customers) and internal marketing is also stressed within the relationship marketing concept (Egan, 2001, p. 137; Gummesson, 1999) and the services marketing concept (Palmer, 2005, pp. 439-444). One approach to relationship marketing is the six markets framework (Christopher et al., 2002, p. 80), in which one of the key stakeholder 'markets' is the 'internal market' (the employees). Christopher et al. (2002, p. 80) even emphasize that "for most organisations three groups – customers, employees (internal markets) and shareholders – are specially critical". Later on, the authors argue that "people now recognize internal marketing as an important component of a customer-focused organization, and it is starting to be treated as an important management topic" (Christopher et al., 2002, p. 112). Grönross

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(2000, p. 330) also emphasizes that "without good and well-functioning internal relationships, external customer relationships will not develop successfully".

As early as 1981, Berry (1981) defined internal marketing as ”viewing employees as internal customers, viewing jobs as internal products that satisfy the needs and wants of these internal customers while addressing the objectives of the organization”, and highlighted the importance of employees for the company in its efforts to be customer oriented. This view of internal marketing is based on the premise: “to have satisfied customers, the firm must also have satisfied employees” (George, 1977, p. 91).

Companies that make an effort to achieve committed and loyal employees will achieve significant increases in the earnings per employee (Bashaw & Grant, 1994; Konovsky & Cropanzano, 1991; Mayer & Schoorman, 1992; Moorman et al., 1993).

There are strong arguments for a series of relationships between employee’s job satisfaction, employee loyalty, customer satisfaction, customer loyalty and bottom line results, and this conceptual framework has been termed 'the loyalty-based cycle of growth' (Reichheld, 1996, p. 20), 'the service-profit chain' (Heskett et al., 1997), 'the improvement loop' (Dahlgaard et al., 1998, pp. 154-155 and 343), 'the employee-customer-profit chain' (Brooks, 2000, p. 41) and 'the linkage model' (Christopher et al., 2002, pp. 196-197). Several studies provide documented evidence of this employee-customer-profit chain, either the entire chain or some of the links (Barber et al., 1999; Bhote, 1996; Brooks, 2000; Dahlgaard et al., 1998; Duboff & Heaton, 1999; Grønholdt & Martensen, 2003; Heskett et al., 1997; Homburg & Stock, 2003, 2004).

These approaches within the marketing area represent the reasons why we want to focus on employees and how to create satisfied and loyal employees.

Furthermore, it is becoming more and more difficult for companies to retain employees. Employees have very high expectations to their jobs, and their demands are increasing. The loss of key employees, however, can have serious consequences for the companies (Michaud, 2002; Reichheld, 1996, p. 96; Stroh & Reilly, 1997). According to the U.S. Department of Labour, it costs a company one-third of a new employee’s annual salary to replace an employee (Michaud, 2002; p. 36). Under these circumstances, it is important for companies to know how to retain competent employees. In other words, to know what creates satisfied and loyal employees? An intensive discussion on this question has been going on for years, e.g. Eskildsen & Dahlgaard (2000), Eskildsen & Nussler (2000), Graversen (1992), Hackman & Oldham (1980), Herzberg (1987) and Voyles (1999).

However, to have satisfied and loyal employees is not sufficient. From a company’s point of view, it is also important that the satisfied and loyal employees contribute to the value of the company. It is not sufficient to look at employee loyalty from a human resource management perspective, a more holistic and general company perspective is required.

In this paper, we discuss how such a holistic view may be included in the measurement of employee loyalty. It represents an approach to the loyalty area that has not yet appeared, but it complements the holistic views behind such general management models as the EFQM Excellence Model (Conti, 1997; Hakes, 1997; Oakland, 1999; www.efqm.org) and The Balanced Scorecard (Kaplan & Norton, 1996; www.balancedscorecard.com) very well.

Modelling employee loyalty, its determinants and effects

A conceptual model of employee loyalty

Figure 1 shows the conceptual model of employee loyalty. It is developed partly on the basis of the theories within the area, partly on the basis of experiences from practice (Eskildsen & Dahlgaard, 2000; Eskildsen & Nussler, 2000; Graversen, 1992; Hackman & Oldham, 1980; Herzberg, 1987; Herzberg et al., 1974; Martensen et al., 2000; McGregor, 1960, 1990; Schein, 1965; Smith et al., 1969; Spector, 1997; Voyles, 1999; Weiss et al., 1967).

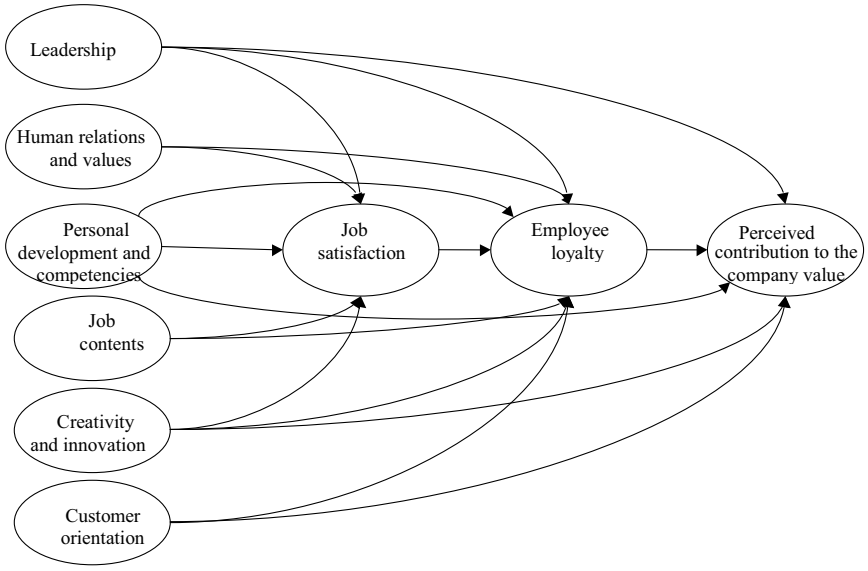

Fig. 1. The model of employee loyalty

The three variables to the right of Figure 1 are the results areas:

- Job satisfaction
- Employee loyalty
- Perceived contribution to the company value

The six variables to the left of the model should be viewed as determinants for the results areas. The determinants are:

- Leadership
- Human relations and values
- Personal development and competencies
- Job contents
- Creativity and innovation
- Customer orientation

The arrows in the model show the expected relationships between the variables supported by theoretical and empirical studies discussed below. Thus, the arrows show how the employees' loyalty and contribution to the company value are produced.

In the following, we will briefly discuss each of the nine latent variables.

Leadership

Quality and responsibility begin with the top management of the company, and are then spread to the rest of the organization. The tasks of the top management are thus primarily aimed towards the establishment and dissemination of company policies and strategies. The top management needs to develop company visions, establish long-term goals and use this platform to formulate strategies and plans for the short- and medium-term.

Visions, goals and strategies will only have the expected effect if all employees have a clear understanding of where the company is headed and agree that it is the right direction. One of the management's great challenges is to communicate this direction to the employees and motivate them to follow it. Studies have shown a significant, positive effect on employee loyalty within those companies that provide their employees with adequate information and explanations for future company policies (Greenberg, 1994; Konovsky & Cropanzano, 1991).

For information and communication to be useful, it needs to be a natural part of the company culture. An open dialogue, ensuring that the right information reaches the right employee at the right time, can be a platform for unison and support for concrete plans. Among other things, this requires information to flow up and down as well as across the different levels of the organization. Direct access to the top management can be an advantage and create trust and commitment among the mid-level managers as well as other employees.

The above-mentioned views have been confirmed in several studies, e.g. Reichers (1986), Harris (1997) and Stum (1998), who demonstrate that the development and communication of a company's vision and direction, in a format that is both motivating and stimulating, has a significant effect on the commitment and loyalty of the employees. One of the arguments for this is that employees today want to believe in and have confidence about their company's future.

All managers, including the top management, are responsible for the creation of a culture that supports the activities that are initiated to implement the formulated strategies and plans. The culture should be characterized by a positive environment that leaves room for creative exertions and the emergence of new ideas, and in which the employees wish to learn and improve their own abilities and skills.

Knowledge, creativity and innovation as a natural part of the company culture and value system need to be firmly rooted in the top management. This requires managers who appreciate the employees, and who make an effort to strengthen the basic human values and competencies (See e.g. Dahlgaard, 1999; McCusker & Wolfman, 1998; McGuiness, 1998; Selnow & Gibert, 1997).

It is our firm belief that the variable 'daily leadership' (cf. Figure 1) has a short-term as well as a more long-term effect. Thus, the daily leadership influences both job satisfaction and employee loyalty. If you do not feel comfortable as an employee and you are not satisfied with the way things are managed on a day-to-day basis, the likelihood of the employee remaining loyal to the company is small.

A good leader supports and encourages both the individual and the team. With the ability to 'lead the way', the basis for achieving a strong and successful business is present. Based on literature studies (e.g. Dahlgaard & Kristensen, 1997; Dahlgaard et al., 1995, 1997, 1998; Deming, 1993; Dubrin, 1998, Farkas & Wetlaufer, 1996; Kuczmarski, 1993) a leader must:

- *be a role model*. To the employees the leader must demonstrate interest, commitment and willingness to participate in the department's activities. The best way to demonstrate this is to 'walk the talk', i.e. through action rather than words.
- *be charismatic in order to get the participation and commitment of everybody*. Leadership through action is a clear signal that the leaders themselves believe in the company's visions, strategies and plans, and that it is necessary for everybody to participate to create a successful company (See e.g. Selnow & Gilbert, 1997).
- *create an environment based on trust and in which the employees are appreciated*. A leader must also provide advice and support, trust in her/his employees and believe that they will do their best, encourage them to be creative and open to new ideas and initiatives, and make it clear that mistakes will occur and that these are part of a learning process.
- *act as a coach – training and guiding the employees*. A leader who acts as a coach to her/his employees can help improve their performance.
- *motivate and stimulate the intellect of the employees*. The leaders also need to be able and willing to follow up on the suggestions and ideas of her/his employees and take them seriously. The employees should feel that their contribution is important to the company. Allen and Meyer (1990) and Lee (1992) have found a positive correlation between employee loyalty and leaders' commitment and openness to new ideas from employees. Therefore, it is important to have procedures that make it possible to quickly register, react to and possibly implement the employees' suggestions.

- *be professional and competent*. It is essential that adequate, relevant and accurate communication takes place. This provides a clear understanding of which role the department plays when trying to achieve overall goals, which strategies to follow, which actions are required, etc.

The leaders' expectations to the employees should also be communicated clearly to everybody. Companies that do not do this often find that the employees make mistakes, do not live up to requirements, perform tasks that do not add value to the company, etc. The leader's expectations of the individual employee should be prioritized to the extent that this communication also includes an expectation of growth and development. Ongoing feedback can be ensured by follow-up procedures, i.e. regular performance feedback and development conversations with the employees.

Human relations and values

Elements within the variable 'human relations and values' affect employees' every-day experience of their jobs – the greater the value of the every-day human interaction is, the greater the job satisfaction will be. This condition also significantly affects employee loyalty – good relations between colleagues are essential to whether the employee will stay in the company, whether s/he will talk about the company in positive terms and recommend it to others, and whether s/he will be interested in making an extra effort.

Most work situations take place in some form of social context, which will influence a great number of conditions such as the individual employee's performance, the relation between the employees, communication and cooperation between the employees, the atmosphere, etc.

Among other things, a good working environment is characterized by basic human values such as honesty, trust, respect for others, etc., which are naturally present among employees. The importance of these basic values has been emphasized by several authors as essential for job satisfaction as well as employee loyalty (McCusker & Wolfman, 1998; McGuiness, 1998; Selnow & Gibert, 1997; Vardi et al., 1989). In their daily contact and communication with employees, leaders should thus clearly demonstrate the importance of these basic values.

The basic human values – core competencies – can be divided into emotional and intellectual competencies.

Emotional competencies relate to the human abilities that are focused on having good relationships with other people and being able to communicate satisfactorily with them. Mutual respect and a greater understanding of each other's differences can help ensure an open and constructive criticism. This also makes it possible for the individual employee to improve her/his way of working as well as the group's way of working.

Intellectual competencies relate to those human abilities that involve argumentation, rationalization, common sense decision skills, analytical and assessment skills, etc. In other words, abilities to improve their work.

Whether an employee thrives in her/his job depends on whether s/he can get help and support from her/his colleagues when needed. This is especially important in the situations where the employee feels stressed or under pressure at work. Talking to colleagues and getting help from them can reduce the level of stress and even turn a negative situation into a positive experience, which may even end up improving the cooperation and social relations.

Graversen (1992) found that employees' well-being at work is controlled by how they are treated by their colleagues to a large degree. In a poor social working environment, where the employee is isolated, harassed or bad-mouthed by colleagues, this can be a significant source of stress.

Personal development and competencies

Development of competencies is related to the individual employee's possibility of personal development and self-realization, and is viewed as a very significant element by employees. The

greater the possibilities of developing competencies and self-realisation are, the greater the experience of job satisfaction and loyalty will be among the employees.

Mathieu and Zajac (1990) found that employees who perceive themselves as being very competent were significantly more committed and loyal than employees who perceived themselves as being less competent. This condition is also mentioned by Graversen (1992).

To a large degree, the point is to create a feeling of safety and to reduce the fear of failure. Fear leads to inefficiency and poor performance, and thus always to loss rather than a rewarding 'win-win' situation. Nobody can perform at their best unless they feel secure – this can be accomplished by making sure that the employees have the necessary and relevant knowledge in relation to their jobs – knowledge that can be obtained through training and education. If an employee does not have the necessary skills and knowledge to do her/his job, s/he may feel inadequate and experience increasing pressure and high levels of stress as a result of the job (Kondo & Dahlgaard, 1994).

Most people have an inner need for self-realization and personal development. An employee should therefore be given the opportunity to improve and develop her/his skills and abilities in her/his job. Several studies confirm this point of view and further emphasize the significant effect of training and education on job satisfaction, commitment and loyalty, e.g. McCusker & Wolfman (1998), Stum (1998) and Talley (1998).

The development of competencies and knowledge also affords better possibilities of promotion and career prospects. Maslow (1954) and Herzberg et al. (1974) mention promotion in relation to the need for self-realization and as a motivational factor. Based on this discussion, we believe that the possibility of promotion and good career prospects have a direct effect on job satisfaction as well as employee loyalty.

Job contents

Hackman and Oldham's (1980) Work Design Model is suitable for describing how a company may improve both the intrinsically motivation and job satisfaction of employees.

The authors assume that the core job characteristics

- skill variety, task identify, skill significance, autonomy and feedback from job influence the employee's critical psychological stages, namely
- experienced meaningfulness of the work, experienced responsibility for outcomes of the work, and knowledge of the actual results of the work activities.

This job experience is, in turn, essential for the personal and work-related outcomes that can be achieved:

- high internal work moral, high 'growth' satisfaction, high general job satisfaction and high work effectiveness.

Variation of work requires different skills and talents to be present with the employee. For psychological reasons, a job that requires different personal competencies will be perceived as more meaningful by most people.

The identification and unity of a task is a determining factor for satisfaction. An employee who takes part in a single sub process is not likely to be involved in the whole process, but it is important that the employee knows how her/his work affects the company results.

If possible, the individual employee should be allowed to plan and execute the job by her-/himself. The leaders should communicate visions and goals, and then leave it up to the employees to decide on the methods and processes they want to use to achieve them (Dahlgaard, 1998; Graversen, 1992; Hackman & Oldham, 1980) – the employee is given "freedom to succeed", so to speak.

Delegating responsibility and authority to employees will improve their motivation, attitude and commitment to the job. Employees who are more or less self-governed and responsible for their

own actions and decisions will experience confidence and feel appreciated, and will be better able to see the meaning in what they do. The important feeling of taking pride in one's job is thus achieved (Deming, 1993).

It is, however, important that all concerned know 'the rules' and the definition of acceptable behaviour in the company – otherwise empowerment and autonomic working conditions will not work in practice. The views are supported by studies, e.g. Mathieu & Zajac (1990), that showed a significantly lower level of employee commitment and loyalty among employees who are unsure what is expected of them or who have not quite understood 'the rules' in the company. It is important to experience a certain amount of joy and enjoyment in connection with the job, and to be adequately challenged – the possibility to use different abilities and skills, as well as develop professionally and personally, will have a positive influence on job satisfaction and loyalty (Deming, 1993). Many studies confirm a significant, positive relationship between employee loyalty and challenges on the job, degree of empowerment and using a variety of skills to do the job (Steers, 1977; Colarelli et al., 1987; Mathieu & Zajac, 1990; Graversen, 1992; Lee & Miller, 1992; Dunham, Grube & Castaneda, 1994).

Although the employee is looking for challenges, her/his knowledge and skills must match the job, otherwise there is a risk that s/he will not thrive and that her/his efforts will be unsatisfactory. This may be evident from a feeling of inadequacy on the part of the employee, increasing pressure and levels of stress on the job. This will not be motivating for the employee and can lead to absence. The same is true for an employee who is over-qualified for the job and who will therefore soon find the work boring and little challenging, leading to a decrease in motivation. Education and training should therefore also be a focus area, cf. the determinants 'personal development and competencies'.

Creativity and innovation

A company's ability to be creative and innovative is one of the most vital competencies since it reflects the company's ability to generate future earnings. The innovations that the company successfully develops today will be the foundation of tomorrow's earnings.

Among the core tasks in the future, for leaders as well as employees, will be to:

- Integrate creativity and learning into company processes;
- Motivate and manage knowledge, learning and creativity among employees.

The employees should also be given the opportunity to participate in all aspects of project development. When an employee finishes a project, s/he should be given enough time to learn from her/his experiences. There should be enough time to gather the relevant knowledge, so the company can build on this knowledge in the future.

Time is an important factor here. Creativity and innovation must continually fight with the day-to-day running of the company for time and resources. Employees need time to come up with new ideas. The employees should be encouraged to break with traditional way of thinking to create creativity and innovation. The company management should thus clearly communicate that time and resources can and shall be dedicated to creativity and innovation.

Customer orientation

It is seldom enough for companies to have employees with the right professional competencies. To deliver excellent customer service requires in addition employees with the presence of emotional competencies; the customer should experience attention, openness and commitment from the employee. Positive relations between the customer and employee help create customer satisfaction and loyalty. Through positive relations, the employee will also be satisfied beyond "just doing her/his job". Understanding and practicing customer orientation thus help create satisfaction and loyalty with the employee. This is not only true for those employees who specifically deal with customer service in practice. It is valuable for all employees to see the company and the individual processes from a customer point of view and feel part of the creation of satisfied and loyal custom-

ers. It can be motivating in itself to understand that this ultimately affects the company's business results in a positive way and thus also employee conditions.

Job satisfaction

An employee's job satisfaction in a company is a complex term. Do the employees find that the job is interesting and meaningful? Does the job satisfy the employees' demands and needs? Does it live up to expectations? Do the employees experience joy in their work? Do they feel that the work they do is appreciated? Are they generally satisfied with their job?

Job satisfaction results from the interaction between the experience of the job and the expectations you have. Obviously, the experience of the job is important, but the expectations also play a role for job satisfaction.

In relation to living up to employee expectations, an employee usually starts a job with certain expectations of her/his future employment. Wanous (1992) has studied the relationship between living up to expectations and employee loyalty. A correlation of 0.39 was found between the degree to which employee expectations were met and loyalty to the company.

According to Hackman & Oldham's (1980) Work Design Model, how meaningful a job is plays a significant role for job satisfaction. They argue that a job that is of great importance for other people's needs or situation within or outside the organization will be perceived as more important and the perceived meaning of the job will, other things being equal, be greater. If the employee feels that her/his work and subsequent results are important, i.e. it counts in the person's own value system, then it is likely to result in greater intrinsic motivation and thus greater job satisfaction.

Employee loyalty

An ongoing heated discussion about what characterizes a loyal employee has been taking place for many years (see e.g. McCusker & Wolfman, 1998; Meyer & Allen, 1997; Morgan & Hunt, 1994; Powers, 2000; Solomon, 1992; Stum, 1998). The common denominators for this discussion appear as follows: A loyal employee

- is less likely to look for work elsewhere – expects to stay with the company both in the short- and long-term,
- would recommend working for the company to others – proud to be working for the company,
- is interested in doing her/his best, and make an extra effort when required – this relates to the individual employee's performance and contribution to the company value,
- develops strong relations to the company – temporary dissatisfaction with the job is accepted,
- is interested in improving her/his own performance – offers suggestions for improvement, interested in participating in various training and educational activities, etc.,
- has an attitude and behaviour that match the company's values, visions and goals.

In short, a loyal employee is defined by her/his identification with involvement in and commitment to the company, and by being motivated to perform beyond expectations.

Perceived contribution to the company value

In line with the general view of employee loyalty and considering the above-mentioned perception of loyalty, it is reasonable to take things a step further and expect that the loyal employee is equally interested in contributing to the company value. The employees' perceived contribution to the company value is a significant element of the model of employee loyalty. Through the achievement of job satisfaction and employee loyalty, the above-mentioned determinants will also affect the company value.

A company's value is not solely determined by its financial results, but also by the value that lies in the company structure, customers, employees, partnerships etc., which will turn into financial results later on. This extended view of company value is for example expressed in The Balanced

Scorecard (Kaplan & Norton, 1996), which consists of four groups of capital: Financial, customer, internal business process, and learning and growth. The concept of intellectual capital (see e.g. Bukh et al., 2000, 2001; Edvinsson & Malone, 1997; Sullivan, 1998) also operates with different types of 'soft' capital, e.g. customer capital and employee capital, which all are core concepts in this connection.

These more recent accounting theories and practices have inspired the contents of the latent variable 'Perceived contribution to company value'. The value of a company should here be understood in broad terms, consisting of three types of capital:

- Employee capital
- Customer capital
- Financial capital

The EFQM Excellence Model (www.efqm.org), which consists of four result criteria, also inspires this division: customer results, employee results, society results and financial results. We have opted to leave out society results because it is not relevant in this connection.

Employee capital is the value of the competence, capability and knowledge that the employee holds for the company. It relates to the value of personal knowledge and commitment, which are important to companies who wish to be flexible and decentralized. Employee capital thus incorporates the type and quality of new competencies, such as intensity of knowledge, the ability to learn, mobility, innovation, conflict management, communication skills, networking abilities and the like that determine how companies perform in the future.

To a large degree, employee value depends on the employee's ability to be innovative, i.e. her/his ability to come up with suggestions and new ideas, which the company then actually realizes. A performance above the normal is a result of better learning and creativity. The interrelation between learning, creativity and innovation is that learning strengthens the creative competencies of a person, and that creativity is the prerequisite for being able to implement the learning organization (Morgan, 1993), and this is the underlying determinant for all improvement and innovation. However, it is not sufficient to have innovative and creative employees – their initiatives and suggestions must be good enough for the company to be interested in realizing them.

In order to succeed in creating competitive advantages based on knowledge and creativity, everybody in the company must support this effort. It is not the companies that learn – it is the people in the companies who learn. If learning is one of the key factors in creating a competitive advantage, the employees represent another. Thus, in order for this competence level to be improved in the future, it is central for the company to find out how it can make the employees committed to learning. If the companies are to benefit from the obtained knowledge and learning, they must be spread throughout the company. Learning and knowledge must be shared with others, and the employees must help each other to learn even more. Organizational learning is based on previous knowledge and experience, and the ability of the company to maintain this knowledge. For this reason, the companies should encourage employees to form networks and share knowledge, and to be innovative as well as creative.

The above-mentioned views may be operationalized simply by asking the employees to evaluate their level of attractiveness to the company in terms of knowledge and level of competence, their ability to come up with suggestions and new ideas, which the company then actually realizes, how good the company is at attracting employees with the right competencies, and whether the knowledge of the individual is made available to other people in the company.

Customer capital is also called *relation capital* and comprises the value developed through customers, persons and other companies and organizations with which the company has formed relations. Customer capital, among other things, depends on the ability of the employee to directly or indirectly contribute to the satisfaction and loyalty of the company's customers.

Financial capital depends upon the ability of the employee to contribute to the company's financial results, including improvements in productivity.

Methodology and data

Structural equation modelling

The conceptual model in Figure 1 is specified as a structural equation model with nine latent variables. Each of the latent variables in the model is operationalized by a set of indicators (measurement variables), observed by survey questions to the employees.

The measurement instrument for the model was developed based on literature studies (Weiss et al., 1967; Smith et al., 1969; Spector, 1997; Evans & Lindsay, 1999; Powers, 2000; Eskildsen & Dahlgaard, 2000; Eskildsen & Nussler, 2000; Martensen et al., 2000) and an initial explorative phase, involving qualitative research (focus groups) among employees. The questions were designed in a generic way, meaning that they are flexible and can be used across a wide variety of organizations. Additionally, each individual organization may include further specific questions. One of the methodology's central elements is the use of a general model and generic questions. Hereby, the estimated indexes and impacts are comparable across organizations.

The appendix lists the final 29 indicators (survey questions) for the operationalization of the latent variables, exemplified by a hotel.

The dependent variable in the model is 'perceived contribution to the company value', as indicated in Figure 1, the six determinants to the left in the figure are independent variables, and the two intermediary variables are mediators (Baron & Kenny, 1986). In relation to the moderator-mediator variable destinction, cf. the conceptual and statistical discussion by Baron & Kenny (1986), none of the variables can, by their nature, be seen as moderators, and this has been confirmed by following Baron & Kenny's (1986) approach to testing mediation/moderating.

The survey

To test the model and demonstrate its applicability, we conducted a survey using a large international hotel chain as our case. A total of approximately 1500 employees from Denmark, Norway and Sweden participated in the study. This article, however, only focuses on the results from the Swedish hotels, where data was collected among all employees during April-May 2001. Questionnaires were handed out to all full-time employees. With 532 questionnaires completed and returned, a response rate of as high as 81% was achieved. Sample characteristics are presented in Table 1. On these key characteristics the sample does appear to be representative of the population.

The questionnaire consisted of the above mentioned 29 generic questions, used to estimate the model in Figure 1, and 33 specific questions, capturing specific dimensions of the six determinants to the left in the figure. Furthermore, the questionnaire consisted of additional questions and background questions.

Table 1

Sample characteristics

Characteristic	Percent of sample size 532
Gender	
Female	75%
Male	25%
Age	
18-29 years	40%
30-39 years	35%
40-49 years	15%
50+ years	10%
Seniority at the hotel	
< 1 year	19%
1-2 years	24%
3-5 years	23%
6-10 years	17%
11+ years	17%

Table 1 (continuous)

Characteristic	Percent of sample size 532
Function	
Reception	25%
Housekeeping	22%
Restaurant and bar	19%
Kitchen	9%
Sales, booking, administration	14%
Other	11%
Position	
Manager	18%
Other employees	82%

Analyses and results

The structural equation model is estimated by using partial least squares (PLS) due to this methods' advantages: PLS is distribution-free, it is robust in the face of multicollinearity, misspecification and data noise, and the method is applicable to small samples (Chin, 1998; Fornell & Bookstein, 1982). Furthermore, PLS is a powerful method for predictive applications, as PLS aims at explaining variances (Fornell & Bookstein, 1982). For the estimation of the model the software SmartPLS (Ringle et al., 2005) is used. All latent variables are measured by reflective indicators, that is, it is assumed that the observed indicators are a reflection of an underlying latent variable (Fornell & Cha, 1994, p. 59); among PLS researchers, models with only reflective indicators are labeled mode A (Fornell & Bookstein, 1982; Chin, 1998, p. 305). In the PLS estimation missing values were removed on a case-wise basis.

The results will be presented in three stages; first, the measurement model is evaluated, second, the structural model is evaluated, and third, the relationships in the structural model are tested and the estimated model is provided. This sequence allows researchers to ensure latent variables have adequate reliability and validity before drawing conclusions on hypothesized relationships (Fornell & Larcker, 1981; Bollen, 1989; Hulland, 1999).

Evaluation of the measurement model

When assessing the measurement model, one must demonstrate satisfactory level of reliability and validity (Fornell & Larcker, 1981, p. 45). We will report reliability measures both for the individual indicators (item reliability) and for each latent variable's indicators jointly (composite reliability).

Individual *item reliability* is assessed by examining the factor loadings of each of the items with their respective latent variable. Many researchers suggest to accept items with loadings of 0.70 or more (Carmines & Zeller, 1979; Hulland, 1999). Since loadings are correlations this roughly means, that the item should explain at least 50% of the variance in the latent variable. However, several PLS studies report on used items with loadings all the way down to below 0.40, and there can be many reasons for this (e.g. sound theoretical reasons), but in general, items with loadings of less than 0.4 (commonly guideline in factor analysis) should be eliminated (Hulland, 1999). In the measurement model evaluation process the items that did not significantly contribute to the reliability were eliminated for parsimony, and the following results are based on the retained 29 items (listed in Appendix). Table 2 shows, that all 29 items' factor loadings exceed the 0.4 threshold, and 22 of them exceed 0.7.

Table 2

Item reliability and composite reliability results

Latent variable and indicators	Loading	Composite reliability	AVE
Leadership		0.86	0.68
L1	0.67		
L2	0.91		
L3	0.88		
Human relations and values		0.81	0.57
HR1	0.81		
HR2	0.72		
HR3	0.77		
Personal development and competencies		0.89	0.72
PD1	0.90		
PD2	0.90		
PD3	0.75		
Job content		0.78	0.59
JC1	0.90		
JC2	0.42		
JC3	0.87		
Creativity and innovation		0.81	0.68
CI1	0.80		
CI2	0.85		
Customer orientation		0.79	0.65
CO1	0.76		
CO2	0.85		
Job satisfaction		0.87	0.70
SAT1	0.86		
SAT2	0.87		
SAT3	0.77		
Employee loyalty		0.83	0.56
LOY1	0.84		
LOY2	0.83		
LOY3	0.47		
LOY4	0.80		
Perceived contribution to the company value		0.78	0.53
VAL1	0.45		
VAL2	0.54		
VAL3	0.71		
VAL4	0.51		
VAL5	0.68		
VAL6	0.76		

To asses *composite reliability* – also referred to as internal consistency reliability or convergent validity (Hulland 1999, p. 199) – we calculate the composite reliability measure, developed by Fornell & Larcker (1981, p. 45-46) and also recommended by other PLS researchers (e.g. Baumgartner & Hamburg, 1996, p. 154; Chin, 1998, p. 320; Hulland, 1999, p. 199). This composite reliability measure is superior to the commonly used Cronbach's coefficient alpha since it uses the item loadings obtained in the PLS estimation, and therefore it does not assume that all indicators are equally weighted. Interpreted like a Cronbach's alpha, a composite reliability measure of 0.70 is a threshold for 'modest' composite reliability (Hulland, 1999; Nunnally, 1978). The com-

posite reliability for all latent variables is, as shown in Table 2, very fine with a minimum value of 0.78, indicating that all the items in each latent variable form a single, strongly cohesive and conceptual construct.

Another measure to assess composite reliability that has been recommended (Chin, 1998, p. 321; Baumgartner & Homburg, 1996, p. 154) is the *average variance extracted* (AVE), developed by Fornell & Larcker (1981). For a latent variable, the AVE measures the amount of variance captured by the associated indicators relative to the amount due to measurement error. To use a latent variable, the AVE should be greater than 0.50, which meets the criterion that a latent variable's AVE should be at least 50% to guarantee more valid variance explained than error in its measurement (Chin, 1998, p. 321; Fornell & Cha, 1994; Fornell & Larcker, 1981). All the AVE values reported in Table 2 are greater than the threshold of 0.50, that is, also the AVE values demonstrate composite reliability for all latent variables.

Discriminant validity is the extent to which a latent variable is distinct. To evaluate discriminant validity, the square root of AVE can be compared with the correlation coefficients among the latent variables. It is recommended, that the square root of AVE of a latent variable should be greater than the correlations between it and any other latent variable in the model (Chin, 1998; Fornell & Larcker, 1981; Hulland, 1999). The results in Table 3 show that the square root of AVE is really greater than the correlation between it and all other latent variables, which indicates strongly that all the latent variables in this study both conceptually and empirically distinct from each other. Thus, discriminant validity is evidenced.

These initial results provide evidence of item reliability, composite reliability (convergent validity) and discrimant validity.

Table 3

Discriminant validity results

	Leadership	Job content	Personal development and competencies	Human relations and values	Creativity and innovation	Customer orientation	Job satisfaction	Employee loyalty	Perceived contribution to the company value
Leadership	**0.82**								
Job content	0.49	**0.75**							
Personal development and competencies	0.52	0.63	**0.85**						
Human relations and values	0.46	0.59	0.54	**0.77**					
Creativity and innovation	0.60	0.39	0.45	0.41	**0.82**				
Customer orientation	0.53	0.48	0.45	0.41	0.53	**0.81**			
Job satisfaction	0.67	0.59	0.62	0.58	0.60	0.52	**0.84**		
Employee loyalty	0.63	0.54	0.58	0.48	0.57	0.58	0.74	**0.75**	
Perceived contribution to the company value	0.63	0.51	0.54	0.50	0.54	0.61	0.71	0.65	**0.73**

Diagonal entries (in bold) are square root of the average variance extracted (AVE).
Off-diagonal entries are the correlations between the latent variables.

Evaluation of the structural model

To evaluate a PLS model researchers typically examine the R^2 values for the dependent latent variables (Chin, 1998, p. 316; Hulland, 1999, p. 202). Here the model goodness of fit is evaluated on the R^2 of 'job satisfaction', 'employee loyalty' and 'perceived contribution to company value'. Generally speaking, we have achieved a relatively high level of explanatory power by estimating the model in Figure 2. The model is able to explain 62% of what drives 'job satisfaction' (R^2=0.62), 63% of what drives 'employee loyalty' (R^2=0.63), and 56% of what drives 'perceived contribution to company value' (R^2=0.56). The three R^2 indicating reasonable explanations and good overall fit. Therefore, the findings indicate good support for the developed model.

Estimation and testing of the model

The PLS estimation is carried out in a explorative manner including all hypothesized relationships in Figure 1 and then testing (using t-values) and removing the insignificant relationships based on the hierarchical principle e.g. removing one relationship at the time always taking the relationship with the worst level of significance, and then re-estimating and and testing the model. This procedure is carried out until all relationships are significant at the 0.05 level of significance. Figure 2 provides the final estimated model with performance indexes for each latent variable (these are shown inside the circles) and path coefficients between the latent variables (these are shown by the arrows). Only the significant relationships between the latent variables are shown in the figure. Other relationships may exist between the latent variables, in other case studies.

The performance index for a latent variable is estimated by a weighted average of scores from the corresponding indicators (survey questions), transformed from the original 5-point scale to a 0- to 100-point (poor-to-excellent) scale.

The path coefficients are unstandardized impacts. An impact score represents the effect of a change in the performance index of one point in a latent variable. E.g., a 1-point increase in the 'leadership' index directly results in a 0.29 increase in the 'job satisfaction' index as shown in Figure 2.

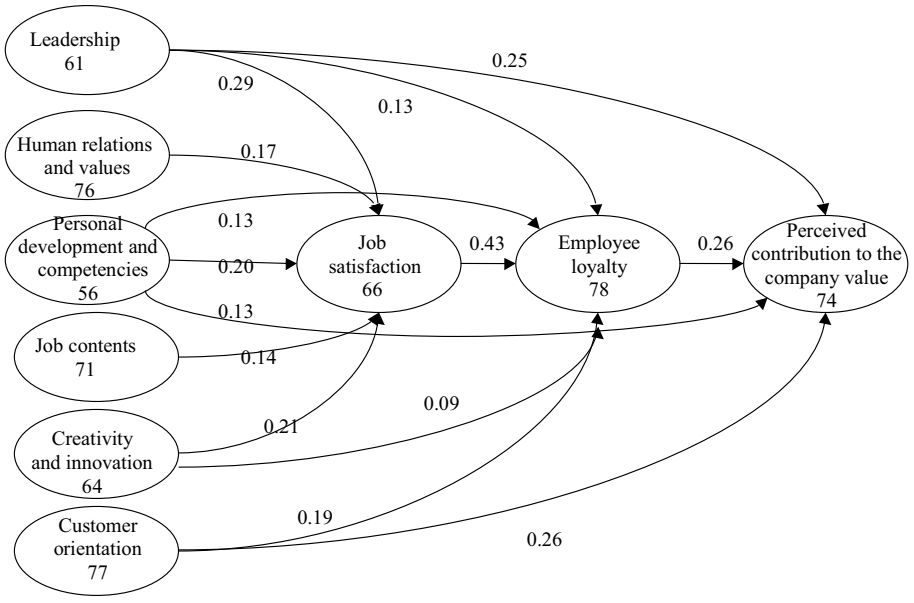

Fig. 2. The estimated model of employee loyalty

Discussion and applying the model

A strategic perspective

Based on the impact scores in Figure 2, the total impact, i.e. the direct and indirect impacts, on employee loyalty and perceived value have been calculated and are shown in Table 4.

Table 4

Total effect of a 1-point change in the determinants on 'employee loyalty' and 'perceived contribution to company value'

Determinant	Effect on employee loyalty	Effect on company value
Leadership	0.25	0.32
Human relations and values	0.07	0.02
Personal development and competencies	0.21	0.19
Job contents	0.06	0.02
Creativity and innovation	0.18	0.05
Customer orientation	0.19	0.31

We find that 'leadership' affects 'employee loyalty' most profoundly: if this variable is improved by one point, the loyalty index will rise by 0.25. This impact is calculated by adding the direct effect on loyalty and the indirect effect via job satisfaction. So a 1-point increase in the index for 'leadership' results in a 0.13 + 0.29 x 0.43 = 0.25 points' increase in the loyalty index.

If we calculate all the direct and indirect effects of the other determinants, you will notice that 'personal development and competencies' produces the second-largest effect – an improvement of one point will increase the loyalty score by 0.21. 'Human relations and values' and 'job contents' only slightly affect employee loyalty, albeit in a significant way, i.e. by a score of 0.07 and 0.06. This was expected since they only affect loyalty through satisfaction.

'Customer orientation' has a relatively high direct effect on loyalty, which is expected since the employees' job is to serve the customers and to be customer-orientated.

It is interesting to note that conditions directly related to the individual employee and her/his job – i.e. personal and competence development, job contents and creativity – represents almost 50% of the total effect on loyalty. If the company wishes to keep their employees, they should work hard to increase the knowledge of the employees and to make them more proficient, support their career plans, make sure that they are given responsibilities and power, make sure that their work is challenging and that they are given the opportunity to express themselves creatively and come up with new ideas, which the company is willing to embrace.

For the 'contribution to the company value', 'leadership' and 'customer orientation' are also the essentially decisive determinants – here with scores of respectively 0.32 and 0.31. Top management thus needs to be skilled in motivating the employees to 'head in the same direction' and help ensure that the creation and transfer of knowledge and skills are a part of the company culture. Moreover, it is important that the employees are satisfied with their daily leader. 'Customer orientation' means that in order for the employees to contribute to the company value, they must be able to vouch for the company's products and activities, as well as have a clear sense of what it will take to satisfy the customers (internal and external ones).

The fact that 'customer orientation' has a high effect on loyalty as well as the contribution to the company value should prompt the management to consider how focusing on the customer might become part of the company culture. A customer focused company culture will partly help attract employees whose behaviour is more customer-orientated, and partly help change the existing em-

ployees' values and norms, so that a customer focus may become a natural part of their every-day routines.

Furthermore, 'personal development and competencies' plays a central role in whether the employees feel capable of contributing to the company value.

It is interesting to observe that the same three conditions, i.e. 'leadership', 'customer orientation' and the employees' 'personal development and competencies', play an essential role not only in holding on to employees, but also for their perception of the extent to which they produce value for the company.

'Job contents' and 'human relations and values' have a significant, but very slight effect on whether the employees perceive themselves as loyal and contributing to the company value – effect scores of 0.06 and 0.02 for 'job contents', and 0.07 and 0.02 for 'human relations and values'.

Regarding the estimated indexes, the lowest index appears for 'personal development and competencies' (56), which is the determinant with the greatest influence on 'employee loyalty' as well as 'contribution to the company value'. 'Customer orientation' (77) achieves the highest index. The remaining determinants achieve indexes from 61 to 76.

The estimated total impact scores and performance (index) levels can be combined by categorizing each of the determinants into an impact-performance map. Such a data presentation is appealing from a managerial viewpoint and useful in priority setting and strategy development; therefore the map is called a priority map.

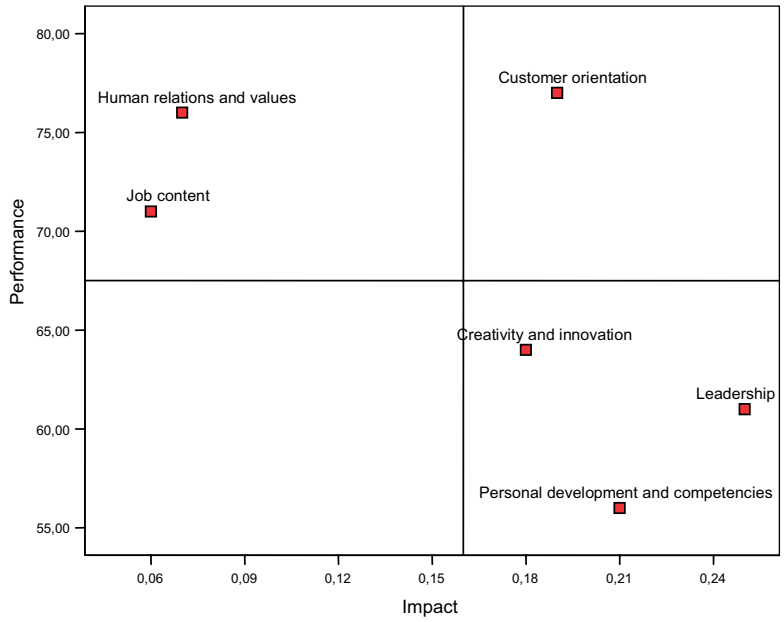

Fig. 3. Impact versus performance in driving employee loyalty: Priority map

A priority map for 'employee loyalty' is shown in Figure 3. Each driving variable may be placed in one of the four cells in the map. The four cells can be interpreted in managerially useful ways (Christopher et al., 2002, pp. 70-73; Johnson, 1998, pp. 23; Johnson & Gustafsson, 2000, pp. 70-73; Martilla & James, 1977, pp. 77-79; Rust et al., 1996, pp. 265-267).

The upper-left cell is where performance is strong, but the impact is low. At best, this suggests maintaining the status quo. In some cases, there may be opportunities for transferring resources from the areas in this cell.

The upper-right cell is where performance is strong and impact is high. This area presents competitive strengths, and therefore the company should keep up the good work.

The lower-left cell is an area in which the company is not doing particularly well, although it does not matter. It is best to ignore these areas – at least they should have a very low priority.

The lower-right cell represents the area of the greatest opportunity. This area is important, and the company is not doing well. The company should concentrate its effort here, and add resources to this area.

The lines separating the respective cells are based on the average of impacts and performances, respectively, and thus the cells are defined in a somewhat arbitrary manner. This means that areas close to a borderline should be examined carefully. Furthermore, if there is not much variance along a dimension, then the results should be interpreted carefully.

Figure 3 shows that the greatest potential for improving employee loyalty, providing that the implementation costs are the same for all six determinants, relates primarily to 'personal development and competencies'. The employees find that it is very important that their job provides an opportunity for personal development, that the job increases their knowledge so they become more proficient, and that they are given the opportunity to advance and establish a career internally in the company. However, the company achieves the lowest score in exactly this area. Thus, if the management wishes to improve employee loyalty significantly, they should plan and initiate activities that may improve the work environment to become more developing and qualifying.

The second-greatest potential to improve the loyalty of employees is leadership issues. Issues related to management are the second-most important issues for employees and, generally, they are not quite satisfied with the leaders' performance. Employees want more from their leaders than they are getting today. The employees want the leaders to provide more motivation for them to aim for the same goals, they want the leaders to put more emphasis on the creation and transfer of knowledge and skills as a part of the company culture, and they want their daily leaders to become better leaders in general. The last mentioned conditions clearly suggest the initiation of a number of management courses for first level managers.

A final area that it would be advantageous for the company to improve is 'creativity and innovation'. Employees find that it is important to work for a company that is able to anticipate the developments of the industry, a company that is characterized by a creative and innovative environment, where creativity and new thoughts are considered to be important parts of its every-day work.

'Customer orientation' is the company's areas of strength. It greatly affects 'employee loyalty' as well as 'contribution to the company value', and the company should thus keep up the good work here. As discussed previously, the company may continue to include customer focus as a part of the company culture, and thus continue to make the employees naturally emphasize the relationship to the customers.

At this point, the company does not have any weaknesses. However, 'job contents' and 'human relations and values' are areas that may be perceived as future areas of possibility. The company does well in these three areas today, but unfortunately they do not carry much emphasis with employees compared to the other areas. Consequently, the areas do not contribute greatly to the establishment of employee loyalty.

An action-oriented perspective

Apart from the 29 generic questions we used to estimate the model in Figure 2, all of the employees answered a number of specific questions. These specific questions may now be used for the purpose of diagnosing – i.e. elaborating on the strategic areas that we are interested in acquiring more detailed information about.

To expand a generic model with specific variables has been discussed and implemented in the area of customer satisfaction and loyalty (Kristensen et al., 2000). The same method is applied here.

Since the greatest potential for improving 'employee loyalty' is linked to 'personal development and competencies', it is natural to want to elaborate on this area. The six specific questions are:

- "I am satisfied with the further education and training that I am offered"
- "Knowledge and experience from other jobs are available when I need it"
- "My employment in the company positively influences my chances of getting a job elsewhere"
- "I know enough about the company's systems and products to be able to do my job"
- "I would like more professional courses for employees"
- "I have the necessary competencies to report to headquarters"

These questions were subsequently used as regressors with the estimated index for 'personal development and competencies' as a dependent variable in a bivariate regression analysis. All six questions have a significant effect on the latent variable 'personal development and competencies' in the expected direction (p-values < 0.01).

Based on the results of the bivariate regression analysis, the estimated relative importance scores and performance levels (average performance on a 0-100 scale) were then combined and placed in a priority map. This is depicted in Figure 4, where it appears that the variation between the specific questions is large (index between 51 and 73).

There is quite a lot of evidence to suggest that the company does not provide adequate training and education for its employees. The employees regard training and further education as very important to competence development, but they do not think the company will support these demands (index 51 and relative importance 0.35).

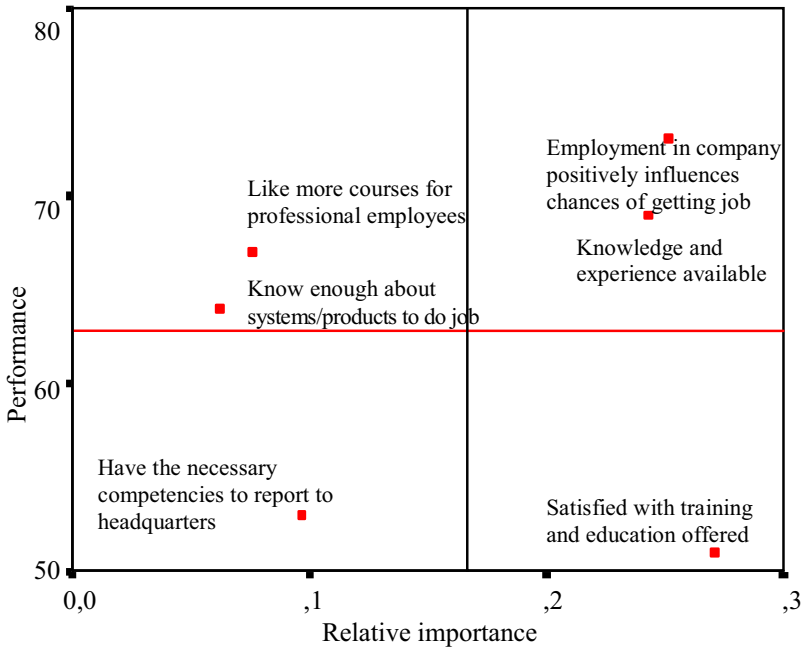

Fig. 4. Importance versus performance for 'personal development and competencies': Priority map

The lack of/poor training and further education may be the reason for the fact that the employees do not really feel that 'creativity and innovation' helps to contribute to the company value and that 'customer orientation' does not affect loyalty. Perhaps the employees are not getting the necessary input and knowledge about what needs to be done to make the customers more satisfied, about how to manage customer complaints and how to improve own job routines, so they become more efficient and productive, etc.

Within the determinant 'personal development and competencies', there are two areas that the employees perceive as strengths, i.e.:

- Knowledge and experience from other jobs or other people are available when I need it (relative importance 0.32)
- My employment with the company has a positive influence on my chances of getting a job elsewhere (relative importance 0.33).

'Positive influence on getting a job elsewhere' and 'available knowledge and experience' receive performance scores of 69 and 73, respectively; consequently, they do not stand out as improvement areas. The scores qualify them as areas where the good work should be continued. Even though the organizations are doing a fine job today, it is important to watch the development of these areas in the future – in which direction are they moving?

Furthermore, it appears that the employee perceives the level of professional courses in the company to be relatively high (index 67). This represents a future possibility for the company, as it matters little to employees at present; at the same time, the employees perceive the company to be good at fulfilling the needs in this area. Either the employees' perception of the importance of this area must be enforced in the future, so that it may become an area of strength, or the resources must be cut back, so the balance between resources and perception may be improved. If the result is compared with the low index and the high level of importance that the area 'satisfied with further education and training' achieves, we feel that it is safe to conclude that the employees do not perceive professional courses as part of their training and further education. The company may therefore want to consider changing the contents of these professional courses, so that they support the problems and situations the employees encounter in their every-day work to a greater extent.

'Adequate knowledge about systems/products to do the job' may also be considered a future possibility, but because of the relatively low index, it is close to being an area of low priority. At present, we would not recommend spending extra resources in this area; rather the direction in which it is moving should be observed. If it moves into the area of low priority, where it ceases to be unimportant to the employees and where the company's efforts are poor, no further work should be done in the area.

Managerial implications

When the model of employee loyalty and its measurement instrument are used for tracking and benchmarking, it is based on the generic measurements, i.e. a battery of similar questions for different companies and organizations. These generic measurements provide information on a general, strategic level. However, they are not sufficient for diagnosing improvement areas at an operational level. In order to do this, the basic model must be extended to incorporate other driving determinants. Each determinant is associated with actionable alternatives, and this methodology can help management in the priority setting and strategic development process.

Thus, the benefit and practical implications of the model and its measurement instruments are evident. The model may be a useful tool for each organization in three different ways:

Tracking

Current employee loyalty measurements and analyses give answers to the following important questions:

- What is the employees' perception of top management, immediate manager, human relations and values, job contents, personal development etc.?
- How satisfied are they with their job?
- How loyal are they?
- To what degree do they perceive themselves as contributing to the company value?
- How do these relationships develop over time? Are the employees' job satisfaction and perception of their contribution to the company value increasing or decreasing?

- Which are the most important determinants for job satisfaction, loyalty and perceived contribution to the company value?

Benchmarking

Using a battery of similar questions, the model may be used consistently by different types of companies and organizations over some time. In this way, it represents a unique platform for benchmarking. Thus, the focus is on how this company performs in relation to other companies and organizations.

Priority setting

- Which determinants should have low priority or high priority? Which determinants should the company try to keep up the good work? Are there determinants where resources should be adjusted?
- What is the effect of various improvement activities for job satisfaction, employee loyalty and perceived contribution to the company value?
- Which areas should be allocated limited resources so that job satisfaction, employee loyalty and perceived contribution to the company value increases?

Conclusion

The model of employee loyalty was developed based on literature studies. It is a cause-and-effect model with three effect variables, i.e. 'job satisfaction', 'employee loyalty' and 'perceived contribution to the company value'. Six determinants have been identified for these result areas. Looking beyond employee satisfaction and loyalty to include the employees' perception of their contribution to the company value is a new approach.

Using such a cause-and-effect model enables us to understand employee loyalty, its drivers and its relationship to the contribution to the company value better.

The developed model has been applied within an international hotel chain, and our experience with this application of the model was very positive. The model and the measurement instrument seem to be sufficiently flexible for general use in companies and organizations.

The model may be used both descriptively and normatively in support of management's decisions on actions for improvement of employee loyalty. Our concrete example has demonstrated that the use of the model's results yields clear action oriented recommendations for improvement efforts.

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Appendix: Latent variables and indicators (survey questions)

	Leadership
L1	"Overall, I am satisfied with my immediate manager" [1]
L2	"The top management in my hotel is able to motivate the employees" [1]
L3	"The top management emphasizes that creation and transfer of knowledge and experience are part of the company culture" [1]
	Human relations and values
HR1	"All in all, I am satisfied with the working relationship with my colleagues" [1]
HR2	"I can easily obtain help and support when I am under pressure at work" [1]
HR3	"The way we talk in my department is nice" [1]
	Personal development and competencies
PD1	"All in all, my job gives me the opportunity for personal development" [1]
PD2	"My job gives me the opportunity to increase my knowledge and become more skilled" [1]
PD3	"My job gives me the opportunity for promotion and a career internally in the hotel" [1]
	Job contents
JC1	"I am generally satisfied with my daily work" [1]
JC2	"My private life functions well together with my working life" [1]
JC3	"I feel that there is a match between my tasks and my personal skills" [1]
	Creativity and innovation
CI1	"This hotel is among the leading edge hotels within the industry" [1]
CI2	"Here, creation of ideas is considered an important part of the daily work" [5]
	Customer orientation
CO1	"Generally, I experience that the hotel focuses on the guest" [1]
CO2	"I can vouch for the hotel's products, service and activities" [1]
	Job satisfaction
SAT1	"The employees often feel job satisfaction" [5]
SAT2	"The job is in general perceived as meaningful and stimulating" [5]
SAT3	"Do you feel that there is respect for the wok you do?" [6]
	Employee loyalty
LOY1	"Overall, how satisfied are you with being employed in this hotel?" [2]
LOY2	"Would you recommend others to be employed at this hotel?" [3]
LOY3	"In general, how attractive do you find this hotel as a workplace compared to other hotels you know about?"[4]
LOY4	"To what extent do you feel motivated to perform your very best at work?" [8]
	Perceived contribution to company value
VAL1	"Do you feel you can contribute to the satisfaction of the hotel guests?" [6]
VAL2	"How often does it happen that the hotel executes an idea that you have proposed?" [7]
VAL3	"Do you think the hotel attracts employees with the right skills?" [6]
VAL4	"Do you make sure that your knowledge and experience are available to others?" [6]
VAL5	"The majority here contribute to the hotel's progress and financial results" [5]
VAL6	"Do you believe that the hotel's employees have generally become more efficient within the last year?" [6]

Notes:
[1] Measured on a 5-point scale from 'Strongly disagree' to 'Strongly agree'.
[2] Measured on a 4-point scale from 'Completely dissatisfied' to 'Completely satisfied'.
[3] Measured on a 4-point scale from 'No, on the contrary advise against it' to 'Yes, I have already done that on my own initiative'.
[4] Measured on a 3-point scale from 'Less attractive than others' to 'More attractive than others'.
[5] Measured on a 4-point scale from 'Wrong' to 'Complete right'.
[6] Measured on a 4-point scale from 'No, definitely not' to 'Yes, definitely'.
[7] Measured on a 4-point scale from 'Never' to 'Often'.
[8] Measured on a 4-point scale from 'I do not feel motivated at all' to 'To a high extent'.