A Study of How the Internal-Service Quality of International Tourist Hotels Affects Organizational Performance: Using Employees’ Job Satisfaction as the Mediator

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ABSTRACT

The purpose of this study is to explore the influence of internal-service quality on organizational performance of international tourist hotels in Taiwan with employee’s job satisfaction as the mediating variable. The target population in this study consists of employees of the rooms, catering and management departments at the existing 105 Taiwan-based international tourist hotels, selected using convenience sampling. The linear Structural Equation Modelling (SEM) was adopted to verify the goodness-of-fit effects among the overall model, structural model and measurement model. This study focuses on the path coefficients between “implicit/latent variables” (a.k.a. unobservable variables) of the structural model, with the Bayesian Estimation used to test the significance of the model’s direct effect, mediating effect and total effect. Findings from this study include: (1) internal-service quality has a positive, significant and direct influence on organizational performance; and (2) internal-service quality has a significantly positive influence on an employee's job satisfaction, which in turn affects the organizational performance in a significant and positive manner. In summary, the employee’s job satisfaction has a “partially” mediating effect.

Keywords: Internal-service quality, Job satisfaction, Organizational performance

RESEARCH MOTIVATION AND PURPOSE

Given the growing popularity of tourist and the easing of government’s tourism policies, the Taiwan-based travel and sightseeing industries have been thriving. According to some previous literature, “employees” are one of a sightseeing firm’s major assets, and what affects a hotel’s operating performance the most is its employees’ ability to provide services that generate a “sense of value” approved by customers. How hotel employees offer customers excellent-quality services is a vital part of a hotel’s survival; among all employees, whether or not they are in the front line dealing with customers (i.e., housekeeping staff, catering and management departments) possess market-oriented working attitudes and behaviours will directly affect the quality of customer services, and subsequently the hotel’s organizational performance. (Tsaur Sheng-Hsiung and Wang Li-juan, 2001) As a result, a company hoping to make external customers satisfied with the services it provides must first satisfy the internal customers/employees, because high-quality internal services improve an employee’s job satisfaction, which in turn encourages employees to render services with an aggressive, and enthusiastic work attitude, bolsters the satisfaction of external customers, and eventually enhances organizational performance. Therefore, this study attempts to verify and understand how employees’ job satisfaction at Taiwan-based international tourist hotels affects organizational performance, using internal-service quality as a mediating variable. The specific purposes of this study are listed as follows:

1. To verify and understand whether the internal-service quality of Taiwan-based international tourist hotels has a positive and significant influence on organizational performance.
2. To verify and understand whether the internal-service quality of Taiwan-based international tourist hotels has a significantly positive influence on an employee’s job satisfaction, and whether the employee’s job satisfaction affects organizational performance in a significantly positive manner. That is, whether or not the employee’s job satisfaction has a partially mediating effect if the above-mentioned hypothesis (H1) is supported.
3. To generate from an analytical study conclusions that may provide references for the management at Taiwan-based international tourist hotels when making management decisions.
LITERATURE REVIEW

Internal-Service Quality

The notion of internal-service quality was first proposed by Sasser & Arbet (1976), who considered employees as the internal customers. The so-called internal-service quality actually is applying a combination of such notions as marketing and service quality to the internal aspect of a business. The tangible quality of internal services involves personnel training, incentive programs and employee welfare measures, while the intangible quality involves the accessibility to an organization’s internal communication channels and/or the degree of autonomy for an employee exercising his authority on job (Ciu Yue-Xia, 2009). As for how scholars and experts worldwide define the internal-service quality, Hallowell, Schlesinger, and Zornitsky (1998) believe that an organization/business wishing to deliver good-quality external services must first offer satisfying internal services to meet the needs of employees. According to Lin Zhen-You (2003), a crucial part of internal-service quality is how the employees of each organizational unit deliver services to the other internal customers. Each individual in an organizational unit is supposed to offer fellow employees good-quality services, so as to achieve better performance while reducing waste/costs.

Hallowell, Schlesinger & Zornitsky (1996) noted that internal-service quality is the satisfaction an employee shows for the services obtained from internal service providers. According to the conceptual pattern of Service-Profit Chain presented by Heskett, Jones, Loveman, Sasser and Schlesinger (1994), the quality of internal services involves the design of workplace and content, the recruitment/development/rewards/recognition of employees, and also the tools for customer services. They also noted that a good internal-service quality will help enhance the employee satisfaction. All in all, many scholars believe that an organization must first improve the internal-service quality in order to render good-quality external services, and it is imperative that the organization provides satisfying tools, policies and procedures, teamwork, management, goal-oriented cooperation and training, and further increases employees’ job satisfaction (Hallowell et al., 1996). This present study adopted the definition proposed by Hallowell et al (1996) as the conceptual definition of internal-service quality. In the mean time, it took into consideration the “Service-Profit Chain” conceptual pattern presented by Heskett et al. (1994) as well as the dimensions of internal-service quality induced by Hallowell et al. (1996). After interviews with senior experts in the industry, the definition of internal-service quality was incorporated with the model of internal-service quality currently observed from employees at international tourist hotels, with factors irrelevant to entry-level employees ignored (e.g., work design, recruitment, company policies, and personnel training). Such a refining effort resulted in the four explicit variables of internal-service quality: (1) workplace equipment; (2) employee remuneration; (3) employee training; and (4) job promotion and teamwork.

Employees’ Job Satisfaction

The concept of “employees’ job satisfaction” was first put forth by Hoppock (1935) as the subjective reactions or satisfaction displayed by employees both physically and mentally with regard to the working environment. Meanwhile, employee satisfaction is also called job satisfaction. (Wang Song-Hong, 2005). According to Smith, Kendall and Hulin (1969), job satisfaction is the result of a worker explaining the distinctive nature of his/her job based on a particular referential dimension, and whether a specific work situation affects job satisfaction involves many other factors, such as the comparison of good/bad jobs, comparison with colleagues, how competent an individual is, and the previous work experiences possessed by a worker. Schneider and Zornitsky (1994) defined “employee’s job satisfaction” as an employee’s attitude or feelings toward his/her job, compared to the definition presented by Gerald and Robert (1995) that employee’s job satisfaction is the general attitude an employee holds toward his/her duties. Locke (1973) considers “employee’s job satisfaction” the pleasant/positive emotional response of a person evaluating his/her duties or work experiences. Since the definition proposed by Locke is the most academically cited one (Brown and Peterson, 1993; Morrison, 1996), it was adopted in this present study as the conceptual definition of employee’s job satisfaction.

Meanwhile, Smith et al. (1969) proposed the five dimensions of job satisfaction, namely the job itself, job promotions, salary, supervisors and co-workers. The existing Taiwanese studies pertaining to job satisfaction mostly adopt the definition of referential framework, which is why job satisfaction has been measured in a multi-dimensional approach (Zhong Yan-Yi, 1986). But since the best definition of job satisfaction remains disputed, this present study
took into consideration both the theory of Smith et al. (1969) and the argument of Jian Jin-Hong (2006) and decided to address job satisfaction in five dimensions (i.e., the job itself, supervisors, salaries/remuneration, status of job promotion, and colleagues). The operational definitions of these dimensions are briefly stated as follows:

1. Satisfaction with the job itself: This present study defines “satisfaction with the job itself” as how satisfied an employee is with his/her current duties in terms of the sense of achievement, the accompanying challenges and variety.
2. Satisfaction with the supervisor’s leadership style: This present study defines “satisfaction with the supervisor’s leadership style” as how satisfied an employee is with the work-related guidance and encouragement for well-handled duties received from his/her supervisor, as well as the influence exerted by that particular supervisor on the company.
3. Satisfaction with salaries/remuneration: This present study defines “satisfaction with salaries/remuneration” as how satisfied an employee is with the allocation of employee benefits and the actually received income from his/her company.
4. Satisfaction with job promotions: This present study defines “satisfaction with job promotions” as how satisfied an employee is with the opportunities, programs and the probability of job promotions available at his/her company.
5. Satisfaction with colleagues: This present study defines “satisfaction with colleagues” as how satisfied an employee is with the perceived loyalty displayed by his/her colleagues to the company, the colleagues’ sense of responsibility, and how he/she gets along with the colleagues.

Organizational Performance

There is a massive amount of previous studies addressing the measurement dimensions of organizational performance. Since the benefits of organizational performance will eventually be fed back to the financial dimension, most scholars in this field adopt financial performance as one of the measurement indicators. In an environment characterized by convenient ways of information delivery and rapid-changing markets, nevertheless, a company nowadays shall never solely rely on financial performance to achieve survival and competitiveness. That is to say, it is impossible to sufficiently gauge the organizational performance using financial performance as the single indicator. (Ya-Hui Ling and Ling Hong, 2010)

Moreover, Ya-Hui Ling and Ling Hong (2010) argued that organizational performance is the accomplishments attained by all businesses/departments involved in an organizational goal during a determined period of time, with the goal either meant for a specific stage or on the overall extent.

This present study is patterned after the research projects conducted by Daft (1978), Delaney and Huselid (1996), Johns (1993), Wu Se-Hwa (1998) and Ya-Hui Ling and Ling Hong (2010). In order to measure both the financial and non-financial aspects of organizational performance and to correctly gauge the influence of job satisfaction and internal-service quality on organizational performance, this paper defines financial performance as the output in terms of financial accounting that can be measured by indices regarding growth and profitability. For example, a company with satisfying financial performance is expected to exceed the average in the same sector regarding the Earnings per Share (EPS) and Return on Sales (ROS) as well. The non-financial aspect of organizational performance, on the other hand, is measured by means of innovation-related performance, which in turn is gauged from the multiple perspectives of organizational innovation that involves both technological and managerial innovations. The technological innovation here refers to technologies required by an organization for manufacturing products or providing services, while a managerial innovation occurs in the organization’s social system and is related to the hiring/management processes and the organizational structure. (Daft, 1978; Damanpour & Evan, 1984; Johns, 1993; Kimberly & Evanisko, 1981; Ya-Hui Ling and Ling Hong, 2010)

Relationship between employee’s job satisfaction and organizational performance

According to Fu Kai-Jian (2004), the employee satisfaction in a community of practice affects the organization’s innovation-related performance in a positively significant way. Lu Li-Ru (2006) said employee’s job satisfaction has a
significantly positive influence on organizational performance. Li Ming-Hong (2006) noted that employee’s job satisfaction has a positive and significant influence on organizational performance. Citing Taiwanese cosmetic service providers for example, Chen Xin-Mei (2009) explored the relationships among the organizational climate regarding innovation, job satisfaction and organizational performances, and concluded that job satisfaction positively and significantly affects organizational performance. Wong Qin-Nan (2009) also believes that employee satisfaction has a positively significant influence on job performance. In his study of non-profit organizations across Taiwan, Zhang Zi-long (2010) examined the relationships among the hierarchy of needs, pay-level satisfaction, job satisfaction and organizational performance before reaching the conclusion that job satisfaction has a significant and positive influence on organizational performance. We may derive the following hypothesis from the afore-mentioned analyses even if they do not focus on international tourist hotels: (H1): Job satisfaction has a positively significant influence on organizational performance.

**Relationship between the internal-service quality and employee’s job satisfaction**

Citing Bank A for example, Cai Meng-Xia (2003) discussed the relationships among internal-service quality, employees’ job satisfaction, organizational commitment and customer-oriented behaviours. She argues that a part of the internal-service quality significantly affects employee’s job satisfaction. According to Tsai Jui-Ho (2004), the factor affecting employee’s job satisfaction is internal-service quality, while Zhang Shi-Ping (2005) extended Tsai’s argument to include factors such as the internal marketing, gender, education background, seniority and remuneration. Heskett, Thomas, Lovemen, Sassser and Schlesinger (1994) argued that the quality of internal work affects employee’s job satisfaction (O’ Fallon and Rutherford, 2010). Hallowell, R., Schlesinger, L.A. and Zornitsky, J. (1996) considered the internal-service quality extremely important as a satisfying internal service helps improve the service-rendering competency and job satisfaction of employees, which in turn affects the quality of external services. Hallowell, et al. (1996) mentioned the strong connection between internal-service quality and job satisfaction, and how that connection is more important than the employee’s satisfaction with remuneration and benefits. Meanwhile, Hallowell, et al. (1998) said an organization/business wishing to deliver good-quality external services must first offer satisfying internal services to meet the needs of employees. Sun Li-Jun (2008) pointed out the positive and significant relation between internal-service quality and an employee’s job satisfaction. We may derive the following hypothesis from the afore-mentioned analyses even if they do not focus on international tourist hotels: (H2): The internal-service quality has a positively significant influence on employee’s job satisfaction.

**Relationship between the internal-service quality and organizational performance**

Ciu Yue-Xia (2009) said internal-service quality and internal customer satisfaction both have a direct and positive influence on external customer satisfaction, and subsequently affect a company’s operating profits/growth in a direct, positive manner. Citing the example of vehicle insurance-handling staff at Taiwanese property insurers, Wong Qin-Nan (2009) scrutinized the relationships among internal-service quality, employee satisfaction and job performance, and concluded that the quality of internal service has a positive influence on job performance. We may derive the following hypothesis from the afore-mentioned analyses even if they do not focus on international tourist hotels: (H3): The internal-service quality has a positively significant influence on organizational performance.

Based on the research purposes and literature reviews described above, we may obtain the research framework in Fig. 1
RESEARCH METHODOLOGY

Sampling method
This study surveyed employees of the rooms, catering and management departments at the 105 existing Taiwan-based international tourist hotels, selected using convenience sampling according to the statistics provided by Taiwan’s Tourism Bureau (2010). 50 copies of expert questionnaires were distributed in a pilot-test. A post-test was conducted after modifying the questionnaire in accordance with expert suggestions. 220 copies of the official questionnaire were eventually distributed, with 173 valid copies returned giving a return rate of 78.6%.

Designing the Questionnaire
The questionnaire of this study was designed on the basis of Multi-Dimension Measurement. It uses a 7-point Likert Scale to measure each answer, with 7 being “strongly agree” and 1 being “strongly disagree”. A higher point represents a higher degree of agreement, and vice versa.

The questionnaire of internal-service quality was mainly patterned after the one proposed by Hsu Shun-Wang, Kuo Yi-Jie and Chen Han-Hsuan (2010), with the “workplace equipment”, “employee remuneration”, “employee training and job promotions” and “teamwork” being the four major dimensions. The questionnaire contains 16 items in total.

The questionnaire of employee’s job satisfaction was patterned after the one proposed by Cranny, Smith and Stone (1992) and also based on the argument of Robbins (2003) concerning job satisfaction (i.e., employee’s job satisfaction is as a combination of satisfactions with “the job itself”, “remuneration”, “job promotions”, “leadership”, “colleagues” and “trust”). This questionnaire contains 20 items in total.
The questionnaire of organizational performance was a summary of those proposed by Daft (1978), Delaney and Huselid (1996), Johns (1993), Wu Se-Hwa (1998), and Ya-Hui Ling and Ling Hong (2010). It uses financial and innovation-related performances to measure organizational performance. While a multiple-perspective measuring technique is used to gauge the innovation-related performance, the managerial innovations are believed to occur in an organization’s social system and are related to the hiring/management processes and organizational structure (Daft, 1978; Kimberly & Evanisko, 1981; Damanpour & Evan, 1984; Ya-Hui Ling and Ling Hong, 2010). The questionnaire contains 8 items in total.

### Data Obtained from Questionnaire and the Measurement Model

To verify the research framework proposed, this study applied linear SEM to a CFA of the framework of research model. It divides the questionnaire into three implicit/latent variables (i.e., internal-service quality, employee’s job satisfaction and organizational performances), each containing observable/explicit variables as stated below. The survey was conducted using these observable/explicit variables, with several questionnaire items categorized under them each. After processing data collected in the survey, files were created for the primary data. Although the questionnaire design was based on Multi-Dimension Measurement, the “Odd-Even Measurement” was adopted to make sure the computer software-aided data processing goes as expected (Chen Shun-Yu, 2010). Table 1 shows the number of questionnaire items under implicit and explicit variables in this study, along with their reference resources.

<table>
<thead>
<tr>
<th>Implicit variables</th>
<th>Explicit variables</th>
<th>Number of items</th>
<th>References for Questionnaire</th>
</tr>
</thead>
<tbody>
<tr>
<td>Internal-service quality</td>
<td>Workplace equipment</td>
<td>4</td>
<td>Hsu Shun-Wang, Kuo Yi-Jie and Chen Han-Hsuan (2010)</td>
</tr>
<tr>
<td></td>
<td>Employee remuneration</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Employee training and job promotions</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Teamwork</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>Employees’ job satisfaction</td>
<td>The job itself</td>
<td>4</td>
<td>Hsu Shun-Wang, Kuo Yi-Jie and Chen Han-Hsuan (2010); Cranny, Smith and Stone (1992); Robbins (2003)</td>
</tr>
<tr>
<td></td>
<td>Supervisor’s leadership style</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Salaries/remuneration</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Status of job promotion</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Working relationship with colleagues</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Innovation-related performance</td>
<td>4</td>
<td></td>
</tr>
</tbody>
</table>

### RESULTS AND ANALYSES

#### Linear structure model analysis

The CFA is an analytical approach opposite to the Exploratory Factor Analysis (EFA). This study conducted a CFA of three unobservable/implicit variables (i.e., internal-service quality, employee’s job satisfaction and organizational performance). Consisting of the Structural Model and Measurement Model, the SEM provides an effective solution to the cause-effect relation between implicit/latent variables. Besides, the models verified in this study have three parts: (1) verifying the goodness-of-fit of the Measurement Model; (2) verifying the goodness-of-fit of the Structural Model and (3) verifying the overall model’s goodness-of-fit to make sure it conforms to the goodness-of-fit indices. That is, the goodness-of-fit of the overall SEM was judged with related goodness-of-fit indices. (Diamantopoulos & Siguaw, 2000)

#### Analyzing fit of the Measurement Model

The factor loading of latent/implicit variables and manifest/ explicit variables mainly measures the intensity of linear correlation between explicit and implicit variables. A factor loading close to 1 indicates the explicit variable is relatively capable of measuring the implicit one. In this study, all explicit variables’ factor loading are between 0.7 and
0.9, hence the satisfying reliability. Consequently, all explicit/manifest variables in the model’s measurement system are capable of appropriately measuring the implicit/latent variables. Moreover, the Average Variance Extracted (AVE) is used to calculate the explanatory power of variance between implicit/latent variables” versus explicit/manifest ones; the higher the VE value, the greater reliability and convergent validity of the latent/implicit variable. Usually, the VE value must be larger than 0.5 to indicate the explanatory variance of explicit variables is larger than measurement error (Fornell and Larcker, 1981). In this study, all AVEs are larger than 0.5, hence the explicit variables’ excellent reliability and convergent validity (See Table 2 and Fig. 2).

<table>
<thead>
<tr>
<th>Implicit Variables</th>
<th>Explicit Variables</th>
<th>Variance Extracted (VE)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Internal service quality (X)</td>
<td>X1 0.83</td>
<td>0.56</td>
</tr>
<tr>
<td></td>
<td>X2 0.84</td>
<td>0.57</td>
</tr>
<tr>
<td>Employees’ job satisfaction (ME)</td>
<td>ε1 0.76</td>
<td>0.51</td>
</tr>
<tr>
<td></td>
<td>ε2 0.77</td>
<td>0.53</td>
</tr>
<tr>
<td>Organizational performance (Y)</td>
<td>Y1 0.78</td>
<td>0.54</td>
</tr>
<tr>
<td></td>
<td>Y2 0.79</td>
<td>0.55</td>
</tr>
</tbody>
</table>

**ANALYZING FIT OF STRUCTURE MODEL**

**Path analysis results of structure model**

After the overall model passed the goodness-of-fit test, Table 3 shows such results as the parameter estimates, S.E. and Critical Ratio (C.R.) between implicit variables.

<table>
<thead>
<tr>
<th>Path Coefficients between Implicit Variables</th>
<th>Estimate</th>
<th>S.E.</th>
<th>C.R.</th>
<th>P</th>
<th>Label</th>
</tr>
</thead>
<tbody>
<tr>
<td>Internal service quality (X) → Organizational performance (Y)</td>
<td>.481</td>
<td>.032</td>
<td>15.031</td>
<td>***</td>
<td>c</td>
</tr>
<tr>
<td>Internal service quality (X) → Employees’ job satisfaction (ME)</td>
<td>.532</td>
<td>.024</td>
<td>22.167</td>
<td>***</td>
<td>a1</td>
</tr>
<tr>
<td>Employees’ job satisfaction (ME) → Organizational performance (Y)</td>
<td>.523</td>
<td>.039</td>
<td>13.410</td>
<td>***</td>
<td>b1</td>
</tr>
</tbody>
</table>

Note: * indicates P<0.05 ; ** indicates P<0.01 ; *** indicates P<0.001

**Coefficient of Determination**

The R^2 value, or Squared Multiple Correlation (SMC) is the degree of explanatory power of “independent variable” regarding “dependent variable” under each implicit variable. Therefore, the R^2 value shown in Table 4 indicates that the implicit independent variable has an adequate ability to explain the implicit dependent variable.

<table>
<thead>
<tr>
<th>Coefficients of Determination</th>
<th>R^2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Internal service quality → Organizational performance</td>
<td>0.75</td>
</tr>
<tr>
<td>Internal service quality → Employees’ job satisfaction</td>
<td>0.73</td>
</tr>
<tr>
<td>Employees’ job satisfaction → Organizational performance</td>
<td>0.76</td>
</tr>
</tbody>
</table>

**The indices of fit of the overall model**

The purpose of adopting SEM in the modelling phase of this study is to explore the relationship between unobservable variables within the Structural Model, to examine whether the Measurement Model has measurement reliability or not, and also to measure the overall goodness-of-fit effects for this study using such indices as χ^2/d.f., GFI, AGFI, NFI, CFI, RMR and RMSEA. In most cases, χ^2/d.f. <5, 1>0.9, 1>NFI>0.9, 1>CFI>0.9, RMR<0.05 and RMSEA<0.05 (Bagozzi & Yi, 1988). The goodness-of-fit of the overall model in this study is satisfying, given the fact that χ^2/d.f. <5 and GFI, AGFI and NFI are all larger than 0.90, with the RMR value smaller than 0.05, as shown as in Table 5.

<table>
<thead>
<tr>
<th>Determination Index</th>
<th>χ^2</th>
<th>DF</th>
<th>GFI</th>
<th>NFI</th>
<th>AGFI</th>
<th>CFI</th>
<th>RMR</th>
<th>RMSEA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fit Value</td>
<td>5.971</td>
<td>6</td>
<td>0.915</td>
<td>0.923</td>
<td>0.904</td>
<td>0.923</td>
<td>0.024</td>
<td>0.031</td>
</tr>
</tbody>
</table>
Standardized results of SEM analysis
Fig. 2 indicates the result of computer-aided standardization of the model’s overall framework:

Analytical Testing of Path Effect for the Structural Model
Focused on the path coefficients between implicit/unobservable variables in the structural model, this study used Bayesian Estimation to conduct an analytical test to find out the path effect of structural model, with internal-service quality as the mediating factor (ME), as shown in Table 6:

1) Since the path coefficient of internal-service quality (X) versus employee’s job satisfaction (ME) is $a_1=0.532$, with a 95% confidence interval (3.001, 5.269), the two variables have a significant linkage and a significant first-order efficacy.

2) Since the path coefficient of employee’s job satisfaction (ME) versus organizational performance (Y) is $b_1=0.523$, with a 95% confidence interval (3.246, 4.830), the two variables have a significant linkage and a significant second-order efficacy.

3) Since the path coefficient of internal-service quality (X) versus organizational performance (Y) is $c=0.481$, with a 95% confidence interval (2.952, 4.422), the two variables have a significant linkage and a significant, positive third-order influence.

Table 6: Bayesian Estimation

<table>
<thead>
<tr>
<th>Regression weights</th>
<th>Mean</th>
<th>S.D.</th>
<th>95% Lower bound</th>
<th>95% Upper bound</th>
<th>Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>Internal-service quality (X)→ Employees’ job satisfaction (ME)</td>
<td>4.135</td>
<td>0.378</td>
<td>3.001</td>
<td>5.269</td>
<td>$a_1$</td>
</tr>
<tr>
<td>Employees’ job satisfaction (ME)→ Organizational performance (Y)</td>
<td>4.038</td>
<td>0.264</td>
<td>3.246</td>
<td>4.830</td>
<td>$b_1$</td>
</tr>
<tr>
<td>Internal-service quality (X)→ Organizational performance (Y)</td>
<td>3.687</td>
<td>0.245</td>
<td>2.952</td>
<td>4.422</td>
<td>$c$</td>
</tr>
</tbody>
</table>
Table 7: Custom Estimates

<table>
<thead>
<tr>
<th>Numeric Estimates</th>
<th>Mean</th>
<th>S.D.</th>
<th>95% Lower bound</th>
<th>95% Upper bound</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct Efficacy (a1)</td>
<td>4.135</td>
<td>0.378</td>
<td>3.001</td>
<td>5.269</td>
</tr>
<tr>
<td>Direct Efficacy (b1)</td>
<td>4.038</td>
<td>0.264</td>
<td>3.246</td>
<td>4.830</td>
</tr>
<tr>
<td>Direct Efficacy (c)</td>
<td>3.687</td>
<td>0.245</td>
<td>2.952</td>
<td>4.422</td>
</tr>
<tr>
<td>Indirect Efficacy (a1*b1)</td>
<td>16.697</td>
<td>1.683</td>
<td>11.648</td>
<td>21.746</td>
</tr>
<tr>
<td>Total Efficacy (c+a1*b1)</td>
<td>20.384</td>
<td>1.997</td>
<td>14.393</td>
<td>26.375</td>
</tr>
<tr>
<td>The Ratio of Indirect Efficacy to Total Efficacy</td>
<td>0.819</td>
<td>0.127</td>
<td>0.438</td>
<td>1.200</td>
</tr>
</tbody>
</table>

We know from Table 7 that:

1. The estimate of Indirect Efficacy (a1*b1) is 16.697, with a 95% confidence interval (11.648, 21.746), indicating a significant linkage and significant indirect efficacy, which accounts for an estimated 81.9% of the total efficacy.

2. Due to the significant indirect efficacy as well as the positively significant influence of direct efficacy, the “employee’s job satisfaction” has a partially mediating effect.

The test results obtained from the analysis above are:

1. The internal-service quality has a positively significant direct efficacy regarding organizational performance, with a 0.48 standardized path coefficient that supports H1 (Hypothesis supported);
2. The internal-service quality has a significantly positive influence on employees’ job satisfaction, which in turn has a significant and positive influence on organizational performance. In other word, employees’ job satisfaction will have a “partially” mediating effect when H1 is partially supported (Hypothesis Supported).

CONCLUSION AND RECOMMENDATIONS

Conclusion

The following conclusions are derived from the afore-mentioned data analyses and results:

1.1 As for the SEM verification, the SEM established in this study has a satisfying goodness-of-fit in terms of the Measurement Model, Structural Model and the overall structure, hence a good model fitting.

2.2 Conclusions with regard to the verification of business practices at Taiwanese hotels:

1. Concerning the relationship dimension between internal-service quality and organizational performance, the internal-service quality of Taiwan-based international tourist hotels has a positively significant influence on organizational performance;
2. Concerning the relationship dimension between internal-service quality and employees’ job satisfaction, the internal-service quality of Taiwan-based international tourist hotels has a positively significant influence on employees’ job satisfaction.
3. Concerning the relationship dimension between employee’s job satisfaction and organizational performance, the employees’ job satisfaction of Taiwan-based international tourist hotels has a positively significant influence on organizational performance.

In summary, the internal-service quality of Taiwan-based international tourist hotels has a positively significant influence on organizational performance, with “employees’ job satisfaction” exerting a partially mediating effect. The finding matches the argument of Baron and Kenny (1986) that “the partially mediating effect means that, when a mediating variable is added, the relationship between independent and dependent variables becomes weaker or less significant”.

Contributions of this present study

1. Innovative applications of methodology:

The previous literature pertaining to international tourist hotels almost always conducted exploratory research using the multi-regression analysis and rarely used the CFA research framework that consists of “one cause, one effect, and one mediator”. But since the chief dimensions of this present study are implicit variables, CFA and...
linear SEM are adopted respectively as the measurement tool and model framework, rather than the inappropriate Multiple Regression Analysis. Therefore this study is relatively innovative in terms of methodology.

2. The business practices of international tourist hotels:

While the previous studies of international tourist hotels tend to focus on EFA, this present study performed modelling on the summarized results of previous literature in related fields. It also verified the model’s goodness-of-fit to find out if this model has satisfying fit-of-goodness effects. Consequently, this study is a CFA-based one that addresses a crucial topic regarding business practices. Not only is that topic worth further research in relevant fields, the research results also provide a reference for the management at Taiwan-based international tourist hotels when making management decisions. That explains why this present study serves as an extremely valuable reference.

Limitations and suggestions

1. As this present study focuses solely on the CFA of international tourist hotels, future studies may consider either extending the scope of research or verifying the goodness-of-fit of companies in various other industries, so as to find out if the goodness-of-fit varies among industries in the same model.

2. Given the limited amount of research resources, this study adopted the non-probability, convenience sampling method for convenience purposes, with the samples selected only on the “proximity” and “easy-to-measure” bases. That however resulted in a substantial sampling bias and a reduced reliability. Therefore the future studies are advised to use simple random sampling or stratified random sampling instead.

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