

THE ROLE OF ORGANISATIONAL FACTORS ON EMPLOYEE ENGAGEMENT AND HOSPITALITY SERVICE CO-CREATION

ABSTRACT

There is a dearth of research assessing organisational factors in hospitality that have an effect on employee engagement (EE) in the co-creation of services. Using qualitative research design we examined these factors in three luxury hotels. The data were collected from six focus group interviews and the findings reveal that EE in hospitality service co-creation is influenced by key organisational factors such as flexibility, empowerment, brand standards, service systems, among others. These factors were categorised to derive a framework that provides a foundation for the conceptualisation of organisational factors and how they influence EE in the co-creation of value.

KEYWORDS: *value co-creation; service-dominant logic; employee engagement; organisational factors; exploratory research*

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INTRODUCTION

Over the past decade, many studies have delved into customers as co-creators of value creation, which included customer engagement-based frameworks (e.g., Chathoth, Ungson, Harrington, & Chan, 2016). The focus of these studies was on understanding the customer's role in the creation of value. Whereas understanding the customer's side of the transaction is critical to value creation (Prahalad & Ramaswamy, 2004a), such research neglected employee engagement (EE) in co-creative modalities of value creation. EE is *'the simultaneous employment and expression of a person's "preferred self" in task behaviours that promote connections to work and to others, personal presence (physical, cognitive, and emotional) and active, full performances'* (Kahn, 1990, p. 700). In the context of tourism and hotel brand equity, Gonzáles-Mansilla, Berenguer-Contrib, and Serra-Cantalops (2019) suggested that the customer-hotel interaction is at the crux of co-creation, demanding a reciprocal process between buyers (customers) and sellers (employees).

Note that the literature does provide a basis to understand how firms go about engaging employees from a human resources management (HRM), personality or motivation perspective (Bakker & Schaufeli, 2008; Tsuar, Hsu, & Lin, 2019), but such efforts fall short of uncovering how from a services management perspective value is created for customers and firms alike. The literature identifies three types of factors that are influential; namely, organisational, situational and personal (Chathoth et al., 2016). In the broader literature of job engagement, Salanova, Agut, and Peiro (2005) argued that organisational resources influence job engagement, but only

identified three integral resources: training, autonomy and technology. Shi and Gordon (2020) was one of the few studies to date that assessed the role of organisational support perceptions on manager work engagement. As they pointed out, much research has been completed on line-level employees and work engagement motivations but a gap exists for research related to manager levels and the role of organisational support or systems to facilitate all levels of EE.

Clearly, other intra-organisational factors need to be explored that affect EE, specifically EE in co-creation processes. As the research on the co-creation of services is limited in the tourism context, it is first necessary to identify and verify conceptual (services marketing) and contextual (tourism industry) organisational factors that relate to EE. Chathoth, Ungson, Altinay, Chan, Harrington, and Okumus (2014) identified key organisational barriers to the full engagement from a customer perspective in tourism services, including intrafirm barriers related to customers, technology, strategy, management structure and culture. Their study provided a basis for further investigating organisational factors and their influence on EE in the co-creation of value. In business and tourism research related to value co-creation, researchers have expressed a need to further understand the character of the employee-customer encounters (Yachin, 2018), organisational support mechanisms and supervisor roles (Shi & Gordon, 2020), and further examination of value co-creation behaviour from the employee's standpoint (Yi & Gong, 2013).

This study focuses on organisational factors as it is imperative that these organisation specific aspects are considered in the co-creation of value. In the absence of previous research, the engagement platforms and dynamic properties need exploration beyond what is being purported by HRM researchers. Specifically, this study focuses on specific organisational factors that influence EE in a hospitality setting. This study first explores the conceptual underpinnings of co-creation, organisational factors and EE. It then provides a rationale for the exploratory

methodology and describes the research design and sample. The findings provide a basis to identify key organisational resources that impact EE in value co-creation. The final section discusses the implications for future research and practice as well as the study's limitations.

2. VALUE CO-CREATION, EMPLOYEE ENGAGEMENT AND ORGANISATIONAL RESOURCES

It is imperative to underscore at the outset that EE in co-creative processes and modalities is not the same as that of EE in other work processes or systems. The key difference lies in the interface/interaction between employees and customers in the management of outcomes (Prahalad & Ramaswamy, 2004a). The employee is an active participant in the dyadic exchange between the customer and the firm (Payne, Storbacka, & Frow, 2008). For instance, Gonzales-Mansilla et al. (2019) suggested associated outcomes with hotel value co-creation demands customer risk reduction, devoted active dialogue, the creation of transparency and access. An implicit assumption of their concept is the need for EE in these processes and organisational support and platforms to facilitate value co-creation with customers. This dyadic interaction concept demands a greater significance in how organisational resources are defined in the co-creation of value as they are the key influencers of EE. These resources are not the same as that of any service climate, hence the identification of such resources lead to unique sources of advantage for a firm that fosters EE in value co-creation (Ma, Gu, Wang, & Hampson, 2017; Tu, Neuhofer, & Viglia, 2018).

2.1. Value Co-creation

At its core, the co-creation of value could be understood as *'the joint creation of value by the company and the customer to co-construct the service experience to suit her context'* (Prahalad

& Ramaswamy, 2004b, p. 8), which leads to the creation of experiential value (Grönroos, 2008). Experiential value is formed when there is an interface between the co-creators of services that leads to the creation of customer related experiences (Grönroos, 2012; Kandampully, Zhang, & Jaakkola, 2018).

As documented in the literature, the co-creation of value and the collaboration process between the firm and its customers (Etgar, 2008) is underpinned by the service-dominant (S-D) logic (Vargo & Lusch, 2004a, b). Practitioners need to recognise the importance of the customer-employee interface, which is a service encounter that involves *'processes and practices of interaction and exchange that take place within customer and supplier relationships'* (Payne et al., 2008, p. 85). Such interfaces build customer-firm relationships by creating bonds that are the result of *'a longitudinal, dynamic, interactive set of experiences and activities performed by the provider and the customer, within a context, using tools and practices that are partly overt and deliberate, and partly based on routine and unconscious behaviour'* (Payne et al., 2008, p. 85).

Given these tenets, it needs to be emphasised that the focus here is not on economic or functional values, but on experiential value, which is a key objective of employees in a service setting. Experiential value is more intangible and hedonic in nature than transactional value, which can be measured in monetary or tangible benefits (Prahalad & Ramaswamy, 2004a; Vargo & Lusch, 2004b). Therefore, organisational resources (Alves, Ferreira, & Fernandes, 2016) and engagement (van Doorn, Lemon, Mittal, Nass, Pick, Pirner, & Verhoef, 2010) need to be explicitly defined before it is possible to determine the sources of such value.

Value co-creation requires a higher level of engagement from customers (Grönroos & Voima, 2013), but employees play an equally important role (Echeverri & Skålen, 2011; Grönroos, 2008), as they influence the allocation of resources, the use of various systems and processes and

the outcomes. Therefore, the deployment of key resources, including the knowledge and skills of each player (Chathoth et al., 2016), is an important component of value co-creation. Particularly, the involvement and character of the encounter between the producers of services (employees) is as important as the involvement of the service users (customers) (Roser, Samson, Humphreys, & Cruz-Valdivieso, 2009; Yachin, 2018).

2.2. Employee Engagement

Bakker and Schaufeli (2008) used three major approaches to define EE. They noted that the first is a *'set of motivating resources such as support and recognition from colleagues and supervisors, performance feedback, opportunities for learning and development, and opportunities for skill use'* (p. 151). The second focuses on the level of motivation and commitment required to exceed employers' performance expectations; whereas the third defines EE as *'a positive, fulfilling, affective-motivational state of work-related well-being'* (Bakker & Schaufeli, 2008, p. 151).

This study defined EE using all three of the above conceptualisations. It is essentially an outcome directly related to an employee's interaction and involvement with an organisation, which is largely influenced by intra-organisational factors, or resources, that are extrinsic to the employee but are an integral part of the firm's internal environment, i.e. part of the organisation systems domain (e.g., Bakker & Schaufeli, 2008). Accordingly, the focus of this study is on the use of intrafirm resources that foster EE in the creation of value.

In essence, EE is influenced by characteristics such as commitment, pride and support (Abraham, 2012) and is a product of internal branding (Mitchell, 2002). It provides employees with direction and gets them to focus on the accomplishment of organisational goals, such as

meeting customer needs (Punjaisri, Wilson, & Evanschitzky, 2009). Engagement in the workplace is frequently proposed as a motivational construct that involves a positive and self-fulling state for employees with the assumption that this psychological state is facilitated, in part, by organisational support, supportive relationships, and processes (Shi & Gordon, 2020; Tsaur et al., 2019).

Previous studies have identified the various factors that influence EE, ranging from situational, to organisational to personal factors. These factors can be categorised as arising from: (a) the situation specific service transaction, (b) the factors in the organisation, and (c) factors in the employee (Mullins, 2007). This study focuses on firm-specific organisational factors, which are nonetheless relevant to the co-creative methods of value creation. Organisational factors were identified by Chang (2016) and others, which considered the influence of the servicescape and service climate on customer consumption experiences. These studies were not directly connected to co-creation. Further, Chang's (2016) emphasis on organisational-level effects has provided the basis for studies of how firm-specific factors influence co-creation. Other studies have raised the issue of expanding knowledge of organisational factors that influence value co-creation suggesting the researchers should "*expand their lens*" (Voorhees, Fombelle, Gregoire, Bone, Gustafsson, Sousa, & Walkowiak, 2017, p. 279) and create systems that facilitate more dynamic interactions, deeper engagement and "*experiential intelligence*" (Yachin, 2018, p. 204).

2.3. Organisational Resources

Schaufeli and Bakker (2004) pointed out that organisational resources influence the motivations of incumbents within a system. They may include the internal climate of the service organisation and specific behaviour, procedures and processes relating to customer service

(Schneider, White, & Paul, 1998). In fact, numerous internal resources, including systems, functions and processes, may influence EE.

Co-creation occurs in a collaborative work culture (Haskins, Liedtka, & Rosenblum, 1998; Ma et al., 2017) that provides a suitable climate for customer-employee interactions (Gonzales-Mansilla et al., 2019). EE is greater in a work environment with better customer-firm interactions (Anitha, 2014). However, it is not known which factors influence EE to co-create value with customers (e.g., Shi & Gordon, 2020). The current literature (including hospitality) does not provide a basis to understand how organisational factors influence the rules of EE. And without this understanding, organisations would not be able to identify how co-creation would manifest in service interactions involving the customer and employees.

A firm's resources (including employees) enable the provision of products that foster customer involvement and engagement, including transparency and access to resources (Gonzales-Mansilla, et al., 2019; Prahalad & Ramaswamy, 2004b). Transparency and openness are needed between a firm and its customers (Vargo & Lusch, 2004a). A firm's ability to establish transparency is directly related to its organisational resources and how they are used (Prahalad & Ramaswamy, 2004a). Moreover, employees require access to relevant information (Zahay & Griffin, 2003) to co-create value.

To summarize, co-creation requires a different level or character of EE, without which organisations would not be able to 'jointly' create customer value (Yachin, 2018). The current literature does not provide a basis to understand EE related factors and how these combine with organisational factors that drive firms to co-create value. The above review summarises the following research questions. What organisational factors influence EE in co-creative service transactions? How are these factors manifested in a service-experience setting in which value

creation takes co-creative modalities? These questions were instrumental to the development of the methodology detailed in the following section.

3. METHODOLOGY

An exploratory research design was employed in this study that allowed for the construction of key factors of EE (e.g., Creswell, 2013). Qualitative methods were chosen as they are appropriate when the quantitative dynamics of a given phenomenon have not been established (e.g., Yin, 2013). The luxury and upscale hotels were considered in order to address higher customer involvement and the customisation and personalisation of resources, including the degree of service differentiation (Chathoth et al., 2014). Transactions in luxury and upscale hotels include co-creation as the source of value creation more than that of hotels that are in the middle or lower end of the spectrum. The three hotel units in this study, Hotels A, B and C, which were ranked among the top hotels in Hong Kong and Macao, were chosen because their parent organisations are pre-eminent brands in the global hotel industry. All three hotels were prestigious premium/luxury brands.

The data were collected from focus groups that were conducted across forty-two different participants across the three hotels. These participants included 11 from Hotel A, 13 from Hotel B and 18 from Hotel C. Six participants were present in each group (except one session with five participants) (e.g., O'Neil, 2012; White, Hede, & Rentschler, 2009). Focus groups were used as the method to uncover the factors (see Chathoth et al., 2014) as it provides a better basis of getting a group of professionals to identify, discuss and zero-in on the factors collectively than individually through personal interviews. The halo and bandwagon effects were managed through probing and follow-up questions. The employees included both front and back of house, who were managers and operations head. No front-line employees were involved in the study. More female (55%) than

male employees participated who varied by age group: 18-25 (9.5%), 26-34 (54.7%), 35-45 (28.6%) and 46-55 (7.1%). Most had 9-11 years' experience. Each of the participants held a bachelor's degree in hospitality and tourism management, consistent with industry standards. The participants were mainly Chinese, from either Hong Kong or mainland China. This distribution is representative of the industry in Hong Kong and Macao.

<Insert Table 1 about here>

A semi-structured interview format was used with an interview guide to assist the researchers. The interview guide comprised three sets of questions: The first set included closed-ended questions, eliminating forms of response and respondent bias such as the halo and bandwagon effects (Carey, 1994). Results in Table 1 indicate that most of the respondents rated their hotels as above average (with more than half providing 'High' or 'Very High' ratings) for the flexibility of their service operations (Q1A), guests' involvement in creating their own experiences (Q1B), employees' involvement in creating guest experiences (Q1C) and the amount of information processed to provide guest services (Q1D). The second set of questions presented open-ended questions related to operations and management of services that included co-creative methods of value creation. These questions were derived from the literature on co-creation at large and adjusted to suit the topic of exploration. Since EE has not been studied in co-creative methods of value creation previously, the literature was used only to the extent that EE served the purpose of construct / dimension identification. Beyond that, the question was derived that linked co-creative modalities of value creation and EE. For example, the question, "What role does the employee play in creating guest experiences?" was based on the literature (Prahalad &

Ramaswamy, 2004 a,b; Vargo & Lusch, 2004) on co-creation that defines employees as active co-creators of value. The exploration of the concept was possible by the open-ended question. Likewise, “What resources are available to the employee to create such experiences?” was based on the organisational factors that provided a basis for engaging the employee in the co-creation of value. In the same vein, “To what extent are your employees able to modify the goods or services delivered (in relation to standard operating procedures)?” was based on the level of autonomy and empowerment that were considered as enablers of value creation.

The first author was the main interviewer, and the second author provided checks and balances by monitoring, tracking and recording the interviews, including how the participants were seated for the session. Coding was carried out using key definitions from the literature. For example, organisational culture was found to be a factor that participants identified as an integral organisational factor. To determine that culture was indeed the key term being referred to, a definition from the literature (Schein, 1984) was used as a basis to pinpoint that the term was correctly defined, which became the basis of identification of the factor (hence forming the basis of coding). Likewise, service climate was defined using Johnson (1996), flexibility - Hill, Grzywacz, Allen, Blanchard, Matz-Costa, Shulkin, and Pitt-Catsouphes (2008), and so forth (see Findings). These definitions, which were used as a basis for coding, have been introduced in the findings section. For each of the terms such as Organisational and Management Support, Brand Standards, among others, a definition was not used as they are self-explanatory. The transcripts were analysed for themes and patterns using the broader literature. A coding scheme (agreed to by all authors) was developed through the literature review, which was used to categorise the interviews. This resulted in the mapping of concepts, and the development of variables that are included in the section that follows.

4. FINDINGS

The research findings revealed 11 factors that were further analysed and organised in the context of the broader literature on customer-employee interfaces. Based on this analysis, three higher-order categories were classified as organisational factors that drive EE in co-created service transactions: 1) culture and climate, 2) product-service standards and 3) information and communication systems. These higher-order categories emerged from the grouping of the underlying variables during the data analysis. Figure 1 shows how each variable was allocated to one of the three higher-order categories.

<Insert Figure 1 about here>

4.1 Culture and Climate

Organisational culture has been found (based on Schein, 1984) to influence the delivery of superior services in co-created environments which is defined in the literature as the norms and behaviour communicated through formal and informal cultural mechanisms. Notably, they play important roles in managing service orientation from employees' perspective. An executive from Hotel A reported that *'what we are trying to do is to cultivate the culture here...We continually emphasise that we are a purpose-driven company'*. A Hotel C executive added that *'Besides that, you will add rewards – like getting prizes, some benefits etc. from the hotel management's side. But with the two together, you can create the culture...All of us go out there just to please the guests and we never forget that this is our goal ultimately'*.

Organisational and management support are defined as the support provided by management for the efficient delivery of services through co-creation. Employee training was seen as a requirement for coping with superior service modalities, including co-creation. A participant from Hotel B indicated, *'I think we are all very well trained to do more, as much as we want to help the guest, and if the guests are reasonable, employees really want to go further'*. Another Hotel B participant confirmed, *'we teach how to take ownership, how to delight guests when they have a problem'*.

Training and support from management were also seen as essential to managing employees' mind-set and empathy for guests. Thus, an executive from Hotel B stated that to realise customer experiences, *'management support is always there; you can think out of the box, management will support. As long as management support is there, it is always easy for the staff, for us, for employees to create something different'*. Employees had to be trained to be better observers and skills that could get them to be better at both aspects, i.e., *'what to observe'* and *'how to observe'*, were important in a service environment where experiential value co-creation is of the essence. On-the-job interface between employees and human resources managers to manage EE was considered to be as important as training. To that end, a Hotel B executive stated that it is important to *'talk to the staff to know what their problem is, to know what their needs are. Not just force them to do whatever the company needs.'*

Service climate has been defined as *'the perceptions incumbents share about what is important in the organisation, obtained through their experiences on the job and their perceptions of the kinds of behaviours management expects and supports'* (Johnson, 1996, p. 831). This was used to identify the effect of service climate on EE in the co-creation of services involving guests. A Hotel C executive explained *'we provide service from the heart, a personalised service that*

comes from feelings and emotions; for this culture is essential... We mention it in morning briefings, in departmental meetings, in every single training session'. The guests also gauged the experience environment, i.e., the service climate, first hand. Accordingly, employees were able to gauge guest requests by interacting with them on a one-on-one basis while getting to know their service requirements at a personal level. Managing guest preferences were seen as integral to the management of customer experiences. Employees were able to identify guests' service needs/requirements at a personal level by interacting with them individually.

Autonomy and empowerment provide internal stakeholders with a platform to influence events and outcomes (Foster-Fishman, & Keys, 1995). Strategic decisions are based on a structure characterised by flexibility and autonomy and reward systems that encourage risk taking and integration (Garfield, 1993). The participants reported that to effectively co-create guest experiences, managers and employees require more authority over the decision-making process. Employees' ability to exceed performance expectations was identified as an important aspect of the delivery of key product-service attributes, resulting in positive experiences. However, some participants pointed out that approval from management is required for extraordinary resources (beyond policy stipulations). Employees need to understand how to exercise authority and responsibility based on their experience, exposure and training.

According to a Hotel A executive, *'we do really empower people. It doesn't all have to go through management for approval... when you think out of the box, it's about creating amazing experiences. We have this power (to create something), which is good. You know we all learn from wrong decisions.'* A Hotel B executive indicated that employees were authorised to upgrade customers' rooms to the next category for free – *'employees could provide a 'complimentary upgrade of the room to the next category. We provide the authorisation'*. A Hotel C executive

elaborated, *‘Empowerment for me, if it increases the “wow” factor for the guest, you can go very far’. You can do really anything. But the first thing you have to know what the guests like, because every guest is different.’*

4.2 Product-Service Standards

Brand standards are defined as the criteria for the delivery of services to customers across a hotel chain’s units. The participants saw brand standards as influential in the service delivery process, which provided a starting point for employees’ delivery of superior value. Customers’ situational needs, firm flexibility and the co-creation of personalised guest services to meet such needs were considered equally important. Excessive adherence to brand standards was generally believed to result in rigidity and the inability to respond to idiosyncratic guest needs. According to one executive, shrinking the number of standards from more than 1,400 to 400 was *‘one of the biggest changes at Hotel A ... we know consistency is still important, but ... not the most important thing’*. A Hotel B executive argued that increasing the number of brand standards could improve services.

The above perspective was not consistent across all hotels. Some participants alluded to the fact that an increase in brand standards was associated with greater flexibility. For example, a Hotel B executive suggested *‘Probably the number of standards has increased. However, the level of flexibility and flexible interpretations of them have become much higher. It allows us to add more personality.’* It should be noted that brand standards, according to some respondents, were largely defined by evolving guest needs and not by the hotel’s own requirements. A Hotel C executive exemplified this: *‘Nowadays, the hotel pick-up service now has to provide Wi-Fi in the car. You have to provide breakfast if they are leaving very early.’*

Service systems link people and technology as key resources in the value creation process connecting internal and external organisational processes through interactive mechanisms (Maglio & Spohrer, 2008). Moreover, a system that tracked customer satisfaction was seen as a critical element in managing delivery of superior services. Also, an employee-managed information system was necessary for staff to input data and manage it at the local level. According to a Hotel A executive, *‘Basically our staff input information into our system, of course our guests can tell us what they need.’* One Hotel B executives pointed out *‘the system update is being handled by frontline staff.’* The other requirement for managing customer experiences in the co-creation of services was a history of establishment transactions. Guests’ histories were used to identify their consumption patterns.

A Hotel B participant used an exemplar: *‘we have a guest that has special kind of Cappuccino. We have the recipe put into his history – every time he comes, we follow it.’* Guest history was used to track down customer preferences and wants, such as key informational requirements during service delivery. Notably, employees’ behavioural orientation towards superior service outcomes, including co-creation of services, could be managed through a formal system that links KPIs to the bonus system.

Flexibility in the current context is *‘the ability of workers to make choices influencing when, where, and for how long they engage in work-related tasks’* (Hill et al., 2008, p. 149). In the participating hotels, the service transactions related to customer experiences involved a high degree of flexibility. Guests were given the freedom to adjust to the product-service elements of the transaction. Therefore, an important indicator of flexibility was the level of adjustments that could be made to the offering. In this regard, Hotel A stated, *‘Let’s say, you know at night time, the guest would like to have a very small night light just beside his bed ... beyond what the hotel*

provides. ... This is not a regular request, but if the guest requests, we just go and buy it. ' Hotel B participants described flexibility as going *'the extra mile to do whatever is needed'* and from a co-creation perspective, *'the guest can define the service prior to his arrival'*.

A Hotel C participant explained *'Everything is standardised... Some guests don't want you to follow the standard, so the employee needs to adapt. So, it's up to them (the service employee) to adapt to the situation and be flexible. We require a high level of flexibility, without jeopardising the brand identity. Standards are just guidelines... If the guest just asks for something special, there is another way to get there. Our guideline is this, but there are other ways to get there.'* This reveals the level of flexibility inherent in service transactions. However, some identified flexibility as a characteristic of situations in which adapting to guest needs was largely driven by the customer. In this case, flexibility was a function of the guest's specific need, profile and the service operation. For example, Hotel C suggested *'maybe having a discount for guests on their birthday or anniversary... I mean discount their bills'*.

Tangible co-creation-oriented resources were seen as a pre-requisite of experience co-creation, especially for guests in a large property. According to a Hotel A executive, *'If you have a system like this (alluding to a superior system), it's something nice to have. It's all about resources.'* Employees' roles and their ability to engage in co-creating customer experiences were directly affected by the tangible resources available and the scale of operations. Manpower was seen as a major resource requirement; the corporate level was identified as a key source for the provision of infrastructure and resources to manage customer experiences. This was identified by Hotel A: *'We have all the resources except manpower... We have no problems to go out to buy balloons whatever, but that's one person whose key role cannot be filled in the hotel when he or she is out.'*

Hotel resources were seen as critical for on-the-spot solutions to guest requirements and meeting/exceeding guest expectations. For instance, Hotel A described a situation where guests had low expectations of a solution: *“The airline just lost my suitcase and I have a very important meeting, I need a suit right now. I know it’s too early in the morning, nothing you can do.” We go to the uniform room and can find one to fit; maybe it’s not a perfect fit, it’s not a luxury suit, but at least you have one.* Personalisation of offerings requires specific resources, which the participants saw as a prerequisite for superior service. Also, participants noted that product-service features and the room category affect experience co-creation. There was a higher co-creation potential rooms categorised as superior, because more resources were available to create individualised experiences.

4.3 Information and Communication Systems

Technological interfaces: Some respondents considered technology-based engagement platforms as important in creating superior interactions. Technological interfaces were considered by some as superior to physical interfaces for identifying customer requirements. Hotel A explained, *‘If you don’t know your guest, getting to know them is where technology comes in. You’ve got Opera in front office, you’ve got all sorts of profiles and technology that you use on a daily basis.’* This was further elaborated on by Hotel C, *‘well, it helps to anticipate and prepare, which takes away pressure.’* Another Hotel C executive identified technology as it *‘takes away the stress’* thereby enabling the employee to *‘have the energy and the mind to take care of special needs of guests.’*

The staff used e-mail as the preferred technology-based communication method to interact with guests for pre-arrival and post-departure. As Hotel A participant alluded: *‘If no request is made through that (the reservation process), it could be through outreach from our side, sometimes*

we will email guests looking at their time of arrival.’ Some respondents considered instant messaging an important method for connecting during all stages of the ‘guest cycle’. ‘What’s App’ was used by some employees to connect at a personal level.

Information management was operationalised as a process comprising of the reception, filtering and recording of information. The importance of observation in gathering information was noted by two Hotel C executives. One remarked *‘service-wise, observation is one of the most important things’*, and the other agreed, explaining *‘one of the most important tools to gather information is looking around. If you see a guest walking around the buffet looking for something, you know that the guest is looking for something’*.

A Hotel A executive reported *‘actually, we only allow specialists to update the system, so a lot of them [staff] do not have access to the system.... we don’t want too many people to handle data. We will get them to record all these observations on cards’*. Hotel A implemented a system to encourage employees to collect data: *‘We ran a campaign actually that had a lucky draw; just some of the ways to recognise those who really participate in terms of collecting.’* Employees’ ability to identify information relevant to the creation of customer experiences was reported to impact service outcomes. The effective management/flow of information depended on guests’ sharing information before their arrival.

Employees’ interdepartmental communication, coordination and interaction were identified as sources of knowledge that led to the execution of superior services. Specific guest requirements were met by matching resources to guests’ needs, which relied on effective coordination between departments through employee exchange. A Hotel A supervisor pointed out, *‘one key thing is the communication we have’*. Another supervisor of Hotel A added *‘we have a*

lot of group chat. With the new technology, we highlight all the arrivals. We make sure our General Manager or the team greets the guest at some point’.

Top-down communication, through which management shared information with employees, was also considered important. Hotel B reported ‘*we share a lot of information at all levels... We highlight specific guest information and we check this periodically’*. Bottom-up communication was seen as equally important for superior service delivery via co-creation.

<Insert Table 2 about here>

As summarised in Table 2, this exploratory process revealed the organisational factors that foster EE in value co-creation. The factors and key variables enhance our understanding of how to manage employees’ roles in the co-creation of experiences. The following section highlights the implications of these findings for practitioners and researchers.

5. DISCUSSION & IMPLICATIONS

The objective of the current study was to address neglected articulation of the role between organisational factors, EE and value co-creation within the hotel-customer reciprocal process. As such, this study identified the key organisational factors that have an effect on hotel employees’ engagement in the co-creation of value. This was identified and divided into three general categories and 11 key factors that influence EE in hospitality service co-creation. Table 2 outlines these factors and related sub-factors. They represent interdependent rather than mutually exclusive categories.

The research findings of this current study build on previous studies in this area. Specifically, it extends the current literature in that the flexibility category, which includes factors such as product-service adjustments, price adjustments, adaptability, degree of rigidity and localisation sub-factors, is now deterministic in the level of EE and in the co-creation of products and services. Historically, the Goods Dominant Logic (GDL) emphasised standards; this study suggests that these standards need to be flexible enough to drive value creation. In other words, the levels of standardisation, rigidity and localisation must be adjusted (Chathoth et al., 2016). The operationalisation of autonomy and empowerment in a service environment appears to be integral to employees' ability to achieve co-creation-based objectives. Managers must consider the degree of empowerment and autonomy required. These sub-factors together have an effect on the level of EE and co-creation in a hotel service context.

This study further pinpoints the role of brand standards, which in the broader literature have been alluded to as service standards (Schneider et al., 1998), in creating a platform for engaging employees in a hotel service setting. Brand standards influence the provision of services, including amenities and customer responsiveness. It also shows that rigid standards limits employees' actions and engagement in co-creative processes. An integral part of co-creation is the flexibility inherent in transactions. Rigid brand standards could be detrimental in the co-creation of value. This is a major finding with implications for service managers regardless of the industry.

In the broader literature, service systems (Dong, Evans, & Zou, 2008; Schneider et al., 1998) have been identified as a factor influencing EE. Among the hotel system characteristics related to the co-creation environment are SOPs that define operations, such as reservations, guest history, communication, customer feedback, employee performance and reward systems, information management capacity and service load systems. Platforms that allow customers to

engage with the service environment and customer-employee interfaces that track experiences foster EE in co-creative systems. Moreover, the service climate appears crucial to EE in co-creation and is determined by the degree of employee involvement, the degree of service personalisation, transaction-level productivity and the categorisation of hotel services. The work/service climate influences the effective delivery of services (Anitha, 2014; Chathoth, Mak, Jauhari, & Manaktola, 2007). This study extends these findings suggesting that the service climate also influences EE in service co-creation.

Manpower is a tangible resource facilitating EE. In hotel environments, technological interfaces are used in co-creation but cannot substitute for employees, particularly those with a superior service orientation. The number of employees available influences their ability to provide co-created product-service offerings. Other category sub-factors include resource availability and allocation based on system load; product-service personalisation; degree of specificity; and resources for product-service customisation. While sophisticated resources to meet idiosyncratic needs are an important component of EE, corporate-level specifications and resource constraints are key limitations.

Technological interfaces such as state-of-the-art systems (communication tools, hardware and software for customer engagement platforms) foster a higher level of EE. This extends the earlier findings (Prahalad & Ramaswamy, 2004a, b; Salanova et al., 2005) linking technological interfaces not only with the co-creation of services, but with EE in the provision of such services. Organisational support and management support are important factors, and include HR training, interaction across management levels and methods of developing employee skills. This supports previous findings (Plé & Cáceres, 2010) while suggesting that management support promotes EE in the co-creation of services. In line with earlier findings (Brown, 1998) and the broader literature,

organisational culture is another important factor in EE, relating to norms, formal/informal mechanisms that influence behaviour, employee integration, and local environment orientation.

Information management is a critical organisational resource fostering EE in the co-creation of services. It covers the quality, availability, use and capture of information and the frequency of information flow, including storage and retrieval. Interdepartmental communication and coordination also foster EE. This category comprises sub-factors such as the role of employees in influencing formal and informal communication within organisational settings, the nature of services, customer requirements and the level of exchange at which customer-specific requirements can be met.

Implications. As shown in Figure 1, the rich description in this qualitative study highlights the role of organisational factors (culture and climate, product-service standards, information and communication systems) on EE creating levers for value co-creation in the hospitality context. While beyond the scope of this study, other research has acknowledged the role of personal and situational factors of both employees and customers during engaged hotel-customer interactions that lead to the co-creation of value (Chathoth, Harrington, Chan, Okumus, & Song, 2020). Thus, Figure 1 shows the impact of situational and personal factors outside of organisational factors and systems.

A common aspect implicit in the factors of culture-climate, product-service standards and information-communication systems appears to be some level of socialisation. In the service co-creation setting, organisation and management support is the notion of supporting the value, importance and character of EE that facilitates co-creation of value to the customer. These are likely communicated by perceived rewards and behaviour expectations. Similarly, this appears associated with socialisation to the desired service climate and resulting decision-making

autonomy and empowerment of employees. To some degree, this requires a service climate in this context which has been referred to as the “*hospitality heart*” (Harrington, Liu, Hammond, Herdenstam, & Marlowe, 2020, p. 110). This concept also connects the socialisation process of organisational culture to desired service behaviours and an individual’s perceptions of professional hospitality culture.

Another concept that emerged was the need for flexibility in service co-creation while not jeopardising brand identity. For this to happen, a business framework would need to tie in selection and socialisation processes which are also in control of the organisation. These would ensure standards are implemented with appropriate levels of flexibility; autonomous decisions are encouraged by those closest to the action, as well as on-going dialogue. This overlaps with the concept of tangible co-creation resources. While tangible resources were defined as manpower in this study, tangible co-created value perceived by customers might be related to sufficient and quality manpower – but, outcomes may be articulated as reliability, consistency, personalised service, etc.

The notion that the higher the number of brand standards and the more the rigidity surrounding them, the better the quality and value needs to be dispelled. This is integral for the transition from GDL to SDL (Service Dominant Logic) while engaging employees to a high degree. The sampled hotels reduced their brand standards over the years by localising them to suit their specific contexts, without compromising the brands’ global criteria. The development of standards is an important aspect of co-creative systems, evolving through shifts in micro-environmental factors (related to customers and competitors) and influencing EE in service co-creation.

Finally, information and communication systems relate not only to technology but also to bottom-up communication. This requires firm technology-based systems to facilitate profiling and communication with staff and customers, and flexibility to work within desired technologies of consumers (What's App, WeChat, messenger, etc.) to ensure engagement is as free-flowing as possible across the hotel staff-customer interactions. While the importance of managing information was identified earlier (Prahalad & Ramswamy, 2004b; Zahay & Griffin, 2003), the literature focused on information as being important for services in general but it did not delve into specifics. Thus, our findings extend previous research in establishing a link between information management and EE in service co-creation, suggesting that a system oriented towards information management requires both top-down and bottom-up communication to help employees. A combination of the two provides a better basis for co-creation and EE. Other sub-factors include updating and filtering (system-level) data, data analysis and online and offline methods of information management and reinforcement for system development. Here again, this demands socialisation of employees to ensure dialogue protocols are followed (and adaptable) and that communication also occurs inter-department, inter-shift and geographic location.

6. CONCLUSIONS

This research extends conceptualisations of EE by focusing on organisational factors influencing it in service environments that use co-creative modalities. While these (largely) theoretical findings should be generalised more cautiously, the identified organisational categories, factors and sub-factors (shown in Figure 1 and Table 2) provide the basis for initial 'rules' (Mayring, 2007) that appear to be supported in other contexts and drivers of other service quality outcomes. Thus, shown in the third column of Table 2, propositions are articulated based on a

synthesis from these exploratory findings and earlier research. A summary of general organisational factors that emerged from the current study and relationships with earlier related research is provided below.

Organisational culture and climate have a long history and are purported to create norms and behaviours leading to business success or failure. Culture and climate have long been held as critical for competitive advantage (regardless of the context) if rare and inimitable (Barney, 1986). In the luxury hotel context, culture and climate factors that appear to facilitate EE and co-created value include organisational mechanisms that influence behaviour, on-going management support (training, skill development, etc.), a flexible service climate, and staff autonomy. While these areas have been proposed in earlier frameworks of service co-creation (Chathoth et al., 2016) and as drivers of other desired organisational outcomes (Chathoth et al., 2007; Garfield, 1993; Schneider et al., 1998), the current study provides both general statements of their impact and specific examples in the luxury hotel context to facilitate additional empirical study.

Organisational product or service standards make up a variety of factors (brand standards, service systems, flexibility needs, and tangible resources) and sub-factors identified in the luxury hotel and co-creation context. While the importance of appropriate standards and systems have been identified earlier to facilitate customer engagement (Chathoth et al., 2014), a deeper understanding of the role of designing the flexibility of these organisational systems to facilitate EE and value co-creation has been lacking in the literature (Yi & Gong, 2013). The proposition that these aspects are critical in impacting EE and value co-creation are implicitly acknowledged in the literature on the general service experience (Chandler & Lusch, 2015) and the conversion of a service experience to a memorable one (Harrington, Hammond, Ottenbacher, Chathoth, & Marlowe, 2019).

The third category of factors identified in this exploratory study was described as information and communication systems. These can be based on technological interfaces or other methods to manage information and communicate. Information and communication systems relate to culture and climate (What are indicators of accepted/expected norms? What behaviours are rewarded? [i.e. Schein, 1984]) as well as managing information and communication of employee and customer needs during the process of co-creation (Buhalis & Foerste, 2015; Chathoth et al., 2014; Zahay & Griffin, 2003). Therefore, in the context of luxury hotels and value co-creation, effective interdepartmental communication and coordination are employee dependent: Influenced by the nature of the services and the roles of employees in a given organisational setting. Information management must ensure the adequate flow, availability, use and storage of information in order to personally connect with customers.

In closing, it is imperative to identify limitations of the study. The sample consisted of three hotels belonging to well-established international chain brands at the premium/luxury level. The exploratory nature of this research warranted the use of a qualitative methodology. However, the findings are not generalisable across the population but, instead, is limited to categorical or theoretical generalisation (e.g., Mayring, 2007). An agenda for future research would involve the categorisation of organisational factors into underlying variables to understand how they influence EE in a hospitality context. In an upcoming era of post-COVID operations and emerging technologies, future research should examine organisational factors such as hybrid service delivery (i.e. face-to-face and virtual components of meetings and events) and if AI robotics can be used to facilitate greater EE activities with rote service activities completed by other means. This study's in-depth examination of organisational factors, variables and propositions (Figure 1 and Table 2)

will assist in the development of **future** causal models explicating the relationships between organisational factors and EE.

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Table 1
Focus Group Participants' Responses to Closed-ended Questions

Summary of Responses		Very High	High	Average	Low	Very Low
	Q1A	8	25	9	0	0
	Q1B	4	21	17	0	0
	Q1C	11	22	9	0	0
	Q1D	9	22	11	0	0

Table 2
Organisational Factors and Key Variables Influencing Value Co-Creation/Employee Engagement

Organisational factor	Key Variable	Propositions
1.A Organisational culture	<ul style="list-style-type: none"> • Norms • Standards • Formal and informal mechanisms to influence behaviour • Integration • Global versus local orientation 	<p>P1.A: Firms enacting an organisational culture that influences EE behaviours also facilitates value co-creation.</p>
1.B Organisational / management support	<ul style="list-style-type: none"> • Training • On-the-job interaction • Honing and developing employee skills • Management support 	<p>P1.B: Organisational support for activities that enhance EE capabilities (training programmes, interactions) facilitate value co-creation.</p>
1.C Service climate	<ul style="list-style-type: none"> • Service standards • Degree of employee involvement • Degree of service personalisation • Transaction-level efficiency and productivity • Categorisation of hotel services 	<p>P1.C: Firms enacting a service climate (appropriate standards, degree of involvement and personalisation, etc.) influences EE behaviours and value co-creation.</p>
1.D Autonomy / Empowerment	<ul style="list-style-type: none"> • Standards and procedures • Operationalisation • Degree of autonomy/empowerment 	<p>P1.D: The appropriate degree of staff autonomy/empowerment, standards and operationalisation that fit with the firm-customer needs enhance EE behaviours and value co-creation.</p>
2.A Brand standards	<ul style="list-style-type: none"> • Provision of services • Service amenities-based standards • Customer responsiveness • Depth and limit set of standards • Exhaustiveness • Compliance with global standards • Localisation of standards 	<p>P2.A: The depth and limit of brand standards that fit with the provision and localisation of services enhance EE behaviours and value co-creation.</p>
2.B Service systems	<ul style="list-style-type: none"> • Standard operating procedures • Reservation system • Guest history system • Communication system • Customer feedback system • Performance management system • Reward system • Information management system • Capacity and service load • Engagement platform • Customer-employee interface • Measuring and tracking customer experiences 	<p>P2.B: Service systems designed with capabilities to enhance customer-employee interfaces, enable employee rewards for engagement behaviours, and track customer experiences facilitate EE behaviours and value co-creation.</p>

	<ul style="list-style-type: none"> Measuring and tracking customer satisfaction 	
2.C Flexibility	<ul style="list-style-type: none"> Product-service adjustments Price adjustments Adaptability Degree of rigidity Localisation 	P2.C: Firms that create sufficient product-service flexibility and adaptability (localisation, adapting attributes, and price) enhance EE behaviours and value co-creation.
2.D Tangible co-creation oriented resources	<ul style="list-style-type: none"> Manpower Resource availability and allocation Personalisation of products/services Situational requirements and specificity Resources related to product-service categorisation Sophistication of resources to meet idiosyncratic needs Cost of procurement Corporate level specifications Resource constraints 	P2.D: Firms that ensure tangible resources are co-creation oriented (manpower, personalisation abilities, situational specific, resource sophistication, etc.) facilitate EE behaviours and value co-creation.
3.A Technological interfaces	<ul style="list-style-type: none"> State of the art systems Communication tools and methods Hardware requirements Software for customer interfaces Engagement platforms 	P3.A: The implementation of technological interfaces that facilitate EE behaviours enhance the likelihood of value co-creation
3.B Managing information	<ul style="list-style-type: none"> Information availability and use Capturing data Frequency of flow Storage capacity Quality of data Top-down and bottom-up approaches Updating and filtering (system-level data) Data analysis On-line and off-line methods Reinforcement 	P3.B: Firm resources applied to managing information (availability, frequency, filtering, and quality) provide a resource for greater EE and value co-creation.
3.C Interdepartmental communication and coordination	<ul style="list-style-type: none"> Role of employees Interaction among employees Level of exchange to meet customer requirements Nature of services Customer requirements 	P3.C: Superior interdepartmental communication and coordination of the role of employees, customer-employee interactions, service availability, and customer requirements enhance EE behaviours and value co-creation.

Fig. 1 Framework of Organisational Factors Influencing Employee Engagement in Co-Creation

