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Leakage, entrepreneurship and satisfaction in hospitality

Abstract

Tourism is a very important tool for economic development. However, its economic effects are mainly conditioned by the level of leakage. This work defines leakage, provides an original evaluation of the entrepreneurial environment in showing that it is the one with the lowest level of leakage, and creates a new framework. It also measures leakage in an innovative way using a quantitative approach. In addition, the paper explores and shows how leakage can affect critical business factors, such as customer and employee satisfaction. The empirical study uses structural equations and data from hotels in the Valencian Region (Spain) to show how important leakage is in making businesses more competitive. The results confirm the new model and are of interest for company managers and public organizations.

Key words: leakage, entrepreneurship, tourism, customer satisfaction, knowledge industries

Introduction

The tourism industry is a tool for economic development in many countries. The economic effects of the presence of visitors in tourist destinations stem from the fact that travelers and tourists spend their money on a wide variety of goods and services. This expenditure can be seen as an injection of financial resources into the host economy, thereby creating new levels of consumer demand.

In the information society, companies need to be increasingly competitive (Buhalis, 2003), especially in knowledge industries such as tourism, where information technologies have a tremendous impact. In the new arena, customer satisfaction is one of

1
2
3 the most important objectives for companies, as they aim to obtain optimal long-term
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5 results (Parasuraman, Zeithaml & Berry, 1985). In the case of tourism, customer
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7 satisfaction is paramount because it is directly related to the choice of destination
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9 (Ahmed, 1991) and the decision to return (Stevens, 1992).
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12 In order to obtain maximum customer satisfaction, both internal resources and
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14 capabilities (Wernerfelt, 1984; Prahalad & Hamel, 1990) and external variables have to
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16 be considered. A large body of literature bears witness to the importance of the
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18 resources and capabilities available within each firm (internal variables). However, in
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20 this paper, we highlight that external variables, and especially the entrepreneurial
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22 environment, also directly affect customer satisfaction.
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25 Much has been written about the entrepreneurial environment. In this regard,
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27 academic literature has postulated that the existence of an entrepreneurial environment
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29 is essential to achieving most firms' main goal: business growth (Woodside, 2001). In
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31 addition, many authors have written about knowledge industries and their relationship
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33 with innovation and the entrepreneurial framework (Li & Atuahene-Gima, 2001).
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36 This research adds a novel contribution to business literature by evaluating the
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38 entrepreneurial environment in relation to the level of the leakage in this environment.
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40 In addition, we attempt to show that the leakage factor is a determinant for important
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42 factors within the firm, such as employee and customer satisfaction.
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45 Leakage is defined in this work as the amounts subtracted from tourist
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47 expenditure on taxes, repatriated profits, wages paid outside the region, and on imported
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49 goods and services (Lejarraga & Walkenhorst, 2010). Financial leakages occur in many
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51 industries and sectors, but since tourism is often billed as one of the few profitable
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53 economic sectors for developing countries, it is particularly relevant here (Mowforth &
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55 Munt, 2003). Only a small portion of the production value of tourism actually stays in the
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3 host country, and most tourist expenditure is either sent back to its country of origin (for
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5 example when a tourist purchases imported goods or services) or it never leaves its home
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7 country in the first place (such as travel agency commissions, foreign airline tickets and
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9 tour operator profits). Leakage is often analysed with a qualitative approach. However
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11 our model also advances on previous literature by calculating and analyzing the effects of
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13 leakage from a quantitative approach. In addition, we have also created a new framework
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15 which has been contrasted using structural equation models.
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19 An analysis of the most relevant literature on the specific variables in the study is
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21 also provided. The next section details the theoretical framework and the appropriate
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23 hypotheses, followed by the methodology and findings of the study. The conclusions and
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25 limitations of the study are presented in the final section.
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28 29 30 **Literature review**

31 32 *Theoretical model*

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35 Tourism, like other industries, has been transformed by new technologies. Information
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37 technologies (IT) are playing an increasingly critical role in the competitiveness of
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39 tourism organizations and destinations (Buhalis, 2003; Sheldon, 1997). They are being
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41 used more and more to reduce costs and enhance efficiency, service quality and customer
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43 satisfaction (Law et al., 2009; Woodside et al., 2011), whilst the Internet is currently the
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45 most important and widely available source of information. Firms are able to distribute
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47 products directly to customers via the Internet, as well as creating linkages with
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49 intermediary companies (Expedia, Booking...etc.), an aspect we will go on to discuss
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51 later (Buhalis & Licata, 2002). Information technologies are also used by tourism
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53 companies in order to provide all the information and service quality mechanisms
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1 required for customer satisfaction. Customers can use IT to evaluate information on
2 different travel choices, prices and offers (Buhalis & O'Connor, 2005).
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5 In this arena, firms have to be tremendously competitive, and customer
6 satisfaction is one of the main variables to consider. In this work, we posit that customer
7 satisfaction and other important variables in a firm are determined by the conditions of
8 the entrepreneurial environment they are located in, and especially by the level of leakage
9 in this environment.
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16 Tourism leakage has been defined as a portion of tourist expenditure that leaks out
17 in the form of imports and returns to foreign factors of production (Lejarraga &
18 Walkenhorst, 2010), or “the failure of tourist spending to remain in the destination
19 economy” (Sandbrook, 2010).
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25 Many authors define leakage as a secondary effect that occurs when the tourism
26 industry does not leave significant revenue in a local economy as a consequence of a
27 destination’s poor development strategy (Mowforth & Munt, 2003). When this occurs,
28 not all tourist expenditure is retained within the host economy when leakage exists. We
29 consider that leakage could be used as a variable to measure the level of entrepreneurship
30 in a region.
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39 The explanation is that an entrepreneurial environment implies that the country
40 has many or enough industries in the area to attend all demand requirements. Therefore, if
41 there is a strong industrial structure, imports from foreign countries are reduced and so is
42 leakage.
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48 In addition, if an entrepreneurial environment exists, this has many impacts on
49 companies’ behaviour. Herein lies the most important aspect of our study: to demonstrate
50 that leakage has a strong influence on many critical factors in firms (such as employee
51 satisfaction, customer satisfaction, etc.). In this vein, reducing leakage could create a
52 greater level of satisfaction among employees and customers, thereby improving a firm’s
53 competitive position.
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Several papers have defined and analyzed the importance of entrepreneurship. For instance, from Marshall's point of view, perfect competition and equilibrium exist in the market. He believes that individual manufacturers do not play a specific role in terms of entrepreneurship (Marshall, 1948). Schumpeter, however, rejects this equilibrium and posits that entrepreneurs have the power to modify economic development. He describes the entrepreneur as an innovator (Schumpeter, 1991). In certain strategic marketing literature (Davis et al., 1991; Knight, 2000), corporate entrepreneurship has three main components: pro-activeness, risk-taking and innovativeness.

Specifically, recent literature has found important relationships between culture and customer behavior, customer predisposition and entrepreneurial spirit (Woodside et al., 2011). Most of these works derive from the pioneering research by Hofstede. According to Hofstede (1980, 2001) there are four main dimensions of national culture that may influence consumer predispositions. In connection with these observations, cultures thus have an important role to play in an entrepreneurial context.

Moreover, the study by Chi and Gursoy (2009) explores the relationships between employee satisfaction, financial performance and the role of customer satisfaction.

For instance, these authors examine three main aspects: the relationship between customer satisfaction and financial performance, the relationship between employee satisfaction and financial performance, and the relationship between employee satisfaction and customer satisfaction. Specifically, the study analyzes the impact of these relations on the financial performance of hospitality firms, using the service-profit-chain framework as the theoretical basis for performance (Heskett et al., 1994).

In terms of the importance of leakage, we would also like to highlight the model put together by Supradist (2004) whose study centred on carrying out a qualitative analysis of economic leakage in a region. To do so, Supradist proposed a very simple tool for examining the main factors that cause leakage. He also analyzed a variety of variables that can affect the local economy and identified points where leakage could be mitigated.

1 His theoretical model is based on the tourism value chain (Gollub et al., 2004) which is
2 used as a tool for evaluating leakage. However, this study only presented a qualitative
3 approach to the calculation of leakage, a limitation that we would like to eliminate in our
4 work.
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10 Based on this literature, and other studies that we will develop later, we have put
11 together the following hypotheses that will make up our model.
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14 ***Leakage, Customer Satisfaction and Employee Satisfaction***

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18 Some studies show that high quality service and improved customer satisfaction are
19 widely recognized as important factors leading to the success of firms in the hotel,
20 catering and tourism industries (Barsky & Labagh, 1992; Legoherele, 1998; Choi & Chu,
21 2001). Thus the importance of searching for their antecedents is crucial.
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29 In this regard, leakage is directly related to entrepreneurship. This entrepreneurial
30 framework can represent one of the underlying causes for the growth of strong industry in
31 a region and a reduction in the number of imports, which, in turn, could increase
32 employee and customer satisfaction. Low customer leakage mainly shows the strength of
33 firms and the sector (if more money remains in the area, firms can offer better service
34 quality, which is widely recognized as an important factor leading to customer
35 satisfaction. Diverse authors have identified interrelations between service quality, and
36 satisfaction (Cronin et al., 2000; Spreng & Mackoy, 1996), and most of them postulate
37 that customer satisfaction results from service quality, which in turn is related to the
38 quality of the service provider (Bitner & Hubert, 1994).
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51 In addition a customer who perceives economic robustness and whose
52 expectations are met in a hotel stay is more likely to be satisfied (Bowen & Shoemaker,
53 1998).
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1 In the same vein, employee satisfaction, which is defined by Locke (1969) as “a
2 function of the perceived relationship between what one wants from one’s job and what
3 one perceives it as offering”, can be also be conditioned by the circumstances of the
4 place. Although several researchers have shown the relationship between employee
5 satisfaction and company performance (Lawler & Porter, 1969; Locke, 1970; Tvorik &
6 McGivern, 1997), others have pointed out the reverse. In this sense, high quality means
7 better conditions for employees (if more money remains in the area, firms can offer better
8 service quality and better conditions to their employees). Therefore, a low level of
9 leakage can be related to high service quality.

20 Based on this literature, we can formulate the following hypotheses.

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25 *Hypothesis 1a.* There is a positive relationship between an absence of customer leakage
26 and customer satisfaction.

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32 *Hypothesis 1b.* There is a positive relationship between an absence of customer leakage
33 and employee satisfaction.

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38 Supplier leakage is the leakage that is produced by company suppliers
39 (maintenance, telecommunications, food, etc.). Logically, its level once again shows the
40 strength or weakness of local industry and the entrepreneurial environment. However, we
41 must point out at this stage that customers tend to prefer products from their own country.
42 In this vein, if supplier leakage is reduced, it means that the company is buying domestic
43 products and, thus foreign customers will be less satisfied.

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52 Nevertheless, and, along the same lines as hypotheses 1a and 1b, if the
53 organization buys domestic products, it means that the sector remains strong, the
54 company can offer better conditions to employees, and, in addition, following Hofstede
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1 (1980) the suppliers will have the same culture as the company's employees, so the
2 employees will be more satisfied.
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5 Thus, based on the above, we propose the following hypotheses.
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10 *Hypothesis 1c.* There is a negative relationship between an absence of supplier leakage
11 and customer satisfaction.
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16 *Hypothesis 1d.* There is a positive relationship between an absence of supplier leakage
17 and employee satisfaction.
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20 21 22 23 ***Growth, Customer Satisfaction and Employee satisfaction*** 24

25
26 Much has been written about employee satisfaction. In our model, in addition to the
27 environmental conditions which show the level of leakage, our aim is to analyze and
28 study the impact of internal resources and capabilities on the satisfaction of employees
29 and customers. However, as there are many resources and capabilities we will
30 concentrate on company growth and competitive position, whose importance has been
31 already been highlighted when talking about service quality in its direct relationship with
32 employee satisfaction and its indirect link to customer satisfaction.
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42 In terms of the incidence of the growth and competitive position variable, Lam et
43 al. (2001) found that employees in the hospitality industry are more likely to have a
44 higher level of job satisfaction if there are opportunities for advancement and training.
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Studies such as these demonstrate that employees are indeed more likely to have a greater
degree of job satisfaction if there are opportunities for growth and advancement. At the
same time, it has been argued in academic literature that an important trait related to job
satisfaction in the hotel industry is the ability to feel connected to the organization in
which a person works (Silva, 2006).

1 In addition, employees are not simply satisfied with their jobs in the hospitality
2 industry because of the positions they hold; the potential for growth that exists within an
3 organization can be also relevant. For instance, Kim et al. (2009) argue, from the results
4 of their research on the effects of role stress and job satisfaction among hotel employees,
5 that employees who feel heightened levels of stress related to the roles they play in their
6 jobs are likely to have lower levels of job satisfaction. In relation to the justification of the
7 theoretical model created herein, this information suggests that when employees feel
8 increased stress and pressure because of the roles they perform in a hospitality
9 organization, the less likely they are to be satisfied with their jobs. This provides further
10 justification for the idea that the growth and competitive position variable does indeed
11 predict overall employee satisfaction.
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25 On the other hand, the direct relationship between customer satisfaction and
26 growth and competitive position has rarely been examined. Many firms do not use
27 customer satisfaction as a tool to improve their position and stimulate growth. Other firms
28 that do utilize customer satisfaction do not always act appropriately in accordance with
29 results (Dutka, 1994). For other authors, there is no direct relationship between firm
30 performance and customer satisfaction (Jones & Sasser, 1995).
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39 Therefore, we suggest the following hypothesis.

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42 *Hypothesis 2.* There is a positive relationship between growth and competitive position,
43 and employee satisfaction.
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49 ***Employee Satisfaction and Customer Satisfaction***

50 Many authors suggest a direct relationship between employee satisfaction and customer
51 satisfaction (Spinelli & Canavos, 2000; Matzler & Renzl, 2007; Kim et al., 2009; Wu &
52 Liang, 2009). They defend the theory that employees with a superior internal working
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1 environment are satisfied employees and thus provide customers with high quality
2 service, which increases customer satisfaction.
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5 In addition, Wu and Liang (2009) provide further justification of the relationship
6 between employee satisfaction and customer satisfaction because the findings of their
7 research show that direct interactions of service employees with hotel guests have an
8 impact on the satisfaction with the service received and their hotel experiences. Thus, we
9 can postulate the following hypothesis:
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16 *Hypothesis 3:* There is a positive relationship between employee satisfaction and
17 customer satisfaction.
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24 Once all the relationships between the diverse kinds of leakage, growth and
25 competitive position, employee satisfaction and customer satisfaction have been
26 explained, and after adding other control variables, we were able to create our theoretical
27 model or framework, as shown in Figure 1.
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33 Our framework mainly analyzes two areas of study. The first part of the model
34 suggests that employee satisfaction is predicted by customer leakage, supplier leakage
35 and growth and competitive position. The second part of the model suggests that
36 customer satisfaction is predicted by employee satisfaction, customer leakage and
37 supplier leakage.
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48 **Methodology**

49 In order to measure the different constructs, we followed the scales put forward by
50 Garrigos et al. (2005) for measuring the growth, profitability, employee satisfaction and
51 customer satisfaction items. Supplier leakage was measured by considering the items
52 provided by Andriotis (2002a) and Supradist (2004). Client leakage is measured via items
53 that ascertain the percentage of directly booked rooms, either through tour operators, or
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1 through other travel agencies. We introduced the percentage of foreign visitors and the
2 size of the hotel (number of rooms) as control variables. In order to measure size, authors
3 such as Gartner (1999), Morrison and Thomas (1999) and Andriotis (2002b) prefer
4 quantitative criteria, including the number of employees, number of beds/rooms, total
5 assets and annual revenue, whereas others adopt qualitative criteria. The criterion for
6 different sized hospitality firms used in this survey was the number of rooms, as in the
7 study by Andriotis (2002b), because other measures were not considered appropriate.
8 Finally, we introduced the item “average number of foreign tourists” to measure the
9 amount of foreign custom.

20 The items in the questionnaire were subsequently examined by experts from the
21 hospitality field (including academic and professional experts), in order to add or avoid a
22 series of items. In this vein, we conducted a pilot test with 25 personal interviews during
23 December 2011. This step allowed us to include a larger number of items and to improve
24 the structure of certain questions.

32 We used objective measurements, questions with percentages, and, for almost all
33 items, responses were measured on a 1-5 Likert scale ranging from 1= Totally Disagree to
34 5= Totally Agree. The questions for measuring growth and competitive position, and the
35 satisfaction of customers and employees involved asking managers about the situation of
36 the firm compared to its competitors. The questionnaire was in Spanish. The chosen
37 population included the managers of hotel firms, excluding hostels and others such as
38 guesthouses, halls, and bed and breakfasts. A total of 204 high-ranking hotel managers
39 answered the questionnaire. The data gathering process was carried out between the
40 months of January and February 2012.

52 Our study was carried out in the Valencian Region. We obtained 204 completed
53 questionnaires, out of a total population of 726 hotels, (this sample represents 28% of the
54 population). In order to corroborate the goodness-of-fit of our sample, and to ensure that
55 it was representative of the population, we used data from the Valencian Tourism Agency
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1 (2011). According to these official data, a geographical breakdown of the population into
2 major towns or cities revealed that there were 205 hotels in Alicante (28%), 137 hotels in
3 Benidorm, (19%), 228 hotels in Valencia (32%) and 156 hotels in Castellon (21%). Our
4 sample also reflects these percentages, as we obtained 57 questionnaires from Alicante
5 (28%), 41 from Benidorm (20%), 66 from Valencia (32%) and 40 from Castellon (20%).
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12 Our study began by calculating leakage with regard to hotels by classifying the
13 concept into two distinct measures: leakage from suppliers, and leakage from customers.
14 In order to do this, we used diverse variables in order to calculate each of the items. In the
15 case of suppliers, we calculated the leakage by looking at the weight of each of the items
16 in terms of the expenses of the different hotels, and multiplying it by the weight of foreign
17 suppliers in each of these items. We considered 12 different types of suppliers, following
18 the study by Andriotis (2002b).
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28 These items include maintenance firms, suppliers of consumable office products,
29 telecommunications, and food and beverage suppliers. In order to calculate the leakage
30 from clients, we used the three kinds of distribution channels for hotels. In this sense, we
31 considered the percentage of rooms booked directly by the hotel, by tour operators, and
32 by other travel agencies respectively. We calculated the weight of these three channels on
33 hotel sales and also weighted the data according to the percentage of money the hotel
34 receives when obtaining clients from them. Finally, we also calculated the percentage of
35 foreign distributors in these three channels.
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46 Table 1 shows the main variables used in our calculations and their weight in the
47 final calculation of each kind of leakage. We weighted these variables in order to
48 calculate leakage from suppliers and leakage from customers.
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52 After calculating the leakage from suppliers and clients, the study used a
53 two-phase structural equation methodology (Anderson & Gerbing, 1988) in line with
54 recommendations made in earlier studies (Calantone & Zhao, 2001; García & Kandemir,
55 2006; Forgas-Coll et al., 2012). The models were estimated according to the matrices of
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1 variances and covariances by the maximum likelihood procedure. Robust standard
2 estimators, the Satorra-Bentler chi-square (Satorra & Bentler, 2001) and EQS 6.1
3 statistical software were used (Bentler, 1995).
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8 We first carried out a study of the dimensionality, reliability and validity of the
9 scale to ensure that we were measuring the intended construct. This analysis allowed us to
10 refine the scale and eliminate non-significant items. The final number of items in the
11 growth and competitive position construct was four. In the case of leakages from
12 suppliers and customers, we used the previously calculated composite variables. In
13 addition, we introduced the size of the hotels, measured via the number of rooms, and the
14 percentage of foreign clients as the control variables in our model.
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23 We subsequently contrasted the model presented in the theoretical section by
24 contrasting the causal relationships for the whole sample in order to test our hypotheses.
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30 **Findings and discussion**

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32 We firstly analyzed all the psychometric properties of the scale used in the model. The
33 probability associated with the chi-square reached a value higher than 0.05 (0.72303),
34 indicating the model's overall goodness-of-fit (Jöreskog & Sörbom, 1996). Convergent
35 validity was demonstrated because the factor loadings were significant and close to or
36 greater than 0.5 (Hair et al., 2006), and because the Average Variance Extracted was
37 higher than 0.5 (Fornell & Larcker, 1981). In addition, the model was adequate because
38 the Goodness of Fit Index and Average Goodness of Fit Index were close to unity and
39 Root Mean Square Error of Approximation was close to zero. The reliability of the scales
40 was demonstrated because the composite reliability obtained was higher than 0.6
41 (Bagozzy & Yi, 1988). As some of the items were measured with only one item and the
42 square root of the Average Variance Extracted between each pair of factors was higher
43 than the correlation estimated between the factors, we were able to confirm the
44 discriminant validity (Fornell & Larcker, 1981).
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1 After validating the model, we analyzed the causal relationships for the total
2 sample (Table 2). The model was adequate because, with 31 degrees of freedom, the
3 probability of the Satorra-Bentler chi-square (0.057) was higher than 0.05, Root Mean
4 Square Error of Approximation (0.044 (0.000- 0.080)) and Standardized Root Mean
5 Square Residual (0.065) were close to zero, and the rest of the fit indices reached the
6 appropriate values close to unity (Goodness of Fit Index = 0.951, Average Goodness of
7 Fit Index =0.912, Bentler-Bonnett Normed Fit Index =0.863, Bentler Bonett
8 Nonnormed Fit Index = 0.941, Robust Comparative Fit Index =0.928, Incremental Fit
9 Index =0.967). The result of the analysis shows that most of the relationships posited in
10 the model are supported for the sample as a whole.
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23 Client leakage affects customer satisfaction in a positive and significant way, as
24 we propose in hypothesis H1a. This finding corroborates the models of some authors.
25 High quality service and enhancing customer satisfaction are widely recognized as
26 important factors leading to the success of companies in the hotel, catering and tourism
27 industries (Barsky & Labagh, 1992; Legoherele, 1998; Choi & Chu, 2001). A customer
28 who perceives economic robustness and receives what she or he expects from a hotel stay
29 is more likely to be satisfied (Bowen & Shoemaker, 2004). The variable of client leakage
30 also significantly and positively affects employee satisfaction. This fact corroborates
31 hypothesis H1b.
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43 On another note, findings indicate that the relationship between supplier leakage
44 and customer satisfaction exists but is negative. As previously mentioned, this fact can be
45 explained due to the fact that many consumers want domestic products (Cronin et al.,
46 2000; Spreng & Mackoy, 1996). This fact supports the relationship expressed in
47 hypothesis H1c.
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54 The growth and competitive position variable directly and positively affects
55 employee satisfaction. This finding supports our second hypothesis (H2). This result
56 corroborates the research of Lam et al. (2001) who argue that employees are likely to feel
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1 greater job satisfaction if there are opportunities for growth and advancement. The results
2 described in Silva's study (2006) present similar findings. This author argues that an
3 important trait for job satisfaction in the hotel industry is the ability to have a degree of
4 control within the organization where a person works.
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10 Employee satisfaction positively affects satisfaction amongst customers. The
11 significance of this variable introduced in our model lends support to the third hypothesis.
12 In this hypothesis we discussed the relationship between employee satisfaction and
13 customer satisfaction. Other researchers have also analyzed this relationship. Research
14 has indicated that the level of service provided by employees is an important factor in
15 determining whether hotel guests are satisfied with their experiences and are likely to
16 return to a particular hotel in the future (Choi & Chu, 2001). The conclusions of these
17 studies and others we have previously mentioned are corroborated by our findings (as
18 shown in Table 2).
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30 The size of the hotel, measured by the number of rooms, significantly affects
31 customer leakage.
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34 Finally, after attempting to analyze the effect of the percentage of foreign
35 customers in our constructs, we found that this variable only affects customer
36 satisfaction. Research has shown that the intention of Chinese customers to stay at a
37 particular hotel is related to the usability and quality of a hotel's website (Bai, Law &
38 Wen, 2008). If Chinese customers do not feel that a hotel's website is easy to use, then
39 they are less likely to actually purchase a room from that hotel. Instead, they will seek out
40 a hotel that has a website that they feel is easy to use.
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53 **Conclusions**

54
55 This paper examines the relationships between leakage and employee/customer
56 satisfaction and the growth and competitive position of hotel firms.
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1 Our main contribution lies in demonstrating that an entrepreneurial environment,
2 measured as a low level of leakage, directly and positively affects improvements in
3 employee and customer satisfaction, thereby enhancing company competitiveness.
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8 We analyzed the relationship between customer leakage and employee
9 satisfaction in the tourism industry, using some elements of the theoretical framework
10 developed by Chi and Gursoy (2009) and Supradist (2004). In the study by Supradist,
11 leakage is only analyzed in a qualitative way. We also conducted a quantitative analysis,
12 calculating the leakage produced by customers and the leakage caused by suppliers. In the
13 second part of our model, we used part of the Chi and Gursoy (2009) model, adding more
14 variables, such as growth and competitive position, and foreign customers.
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23 The results of this paper are of interest to tourism firms because they may serve as
24 a means of assessing their economic situation. For example, it might be helpful for a hotel
25 company to know what their level of leakage is and how this can affect the level of
26 satisfaction among their customers and employees. Furthermore, the study may be of
27 interest to the region under study as it provides an approach to the entrepreneur's
28 environment from a viewpoint measured through leakage.
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36 The main limitations of this article are that the calculations are only carried out in
37 a particular region. In addition, we encountered difficulties due to the reticence of many
38 respondents to reply to questions related to financial issues, which would have enriched
39 our model.
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45 Despite these limitations, the study provides interesting findings, which suggest
46 that there is a relationship between growth and competitive position and employee
47 satisfaction. An interesting relationship between employee satisfaction and customer
48 satisfaction has also been found. We calculated the leakage of each hotel and the
49 relationship with customer and employee satisfaction, classifying two kinds of leakage:
50 supplier leakage and customer leakage and found a relationship between leakage and
51 employee/customer satisfaction (as shown in Table 2).
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1 Future research could examine the leakage phenomenon in other sectors, such as
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3 transport, holiday planning, and restaurants, in line with the tourism value chain
4
5 described by Gollub et al. (2004). We could also extend this study to other regions in
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7 order to generalize the model.
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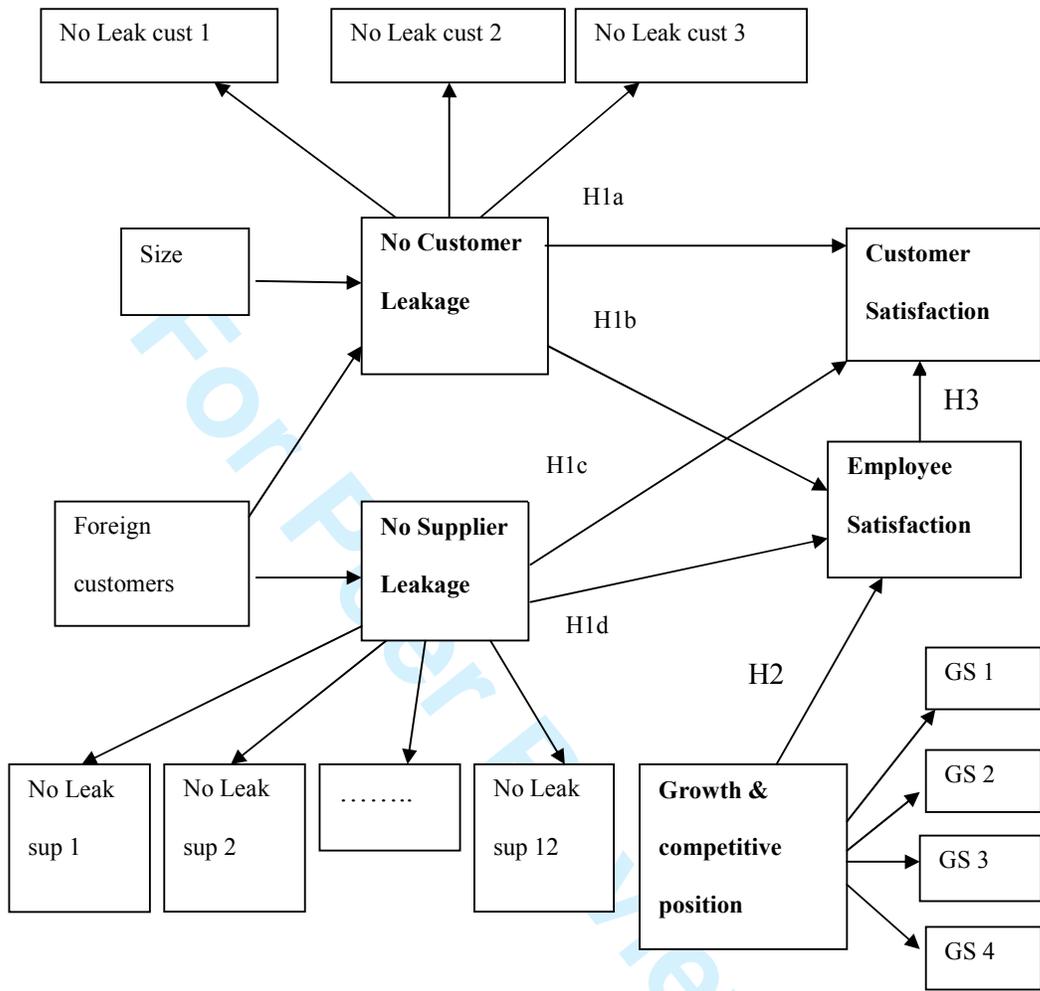


Figure 1. Final model: Leakage, Employees Satisfaction and Customer Satisfaction

GS1: Average Growth in Sales

GS2: Market Share Increase

GS3: Wealth Creation

GS4: Overall Competitive Position

Type of variable	Name of variables	% of national companies (Scale 1 to 5)	Weight of the variable on the "Absence of Supplier Leakage"
Supplier leakage	Light gas & water	4.8617	30.12%
	Feeding	4.7688	19.82%
	Beverage	4.7796	13.55%
	Telecommunications	4.7287	3.82%
	Salaries	4.1101	30.29%
	Maintenance	4.8191	0.41%
	Fungibles elements	4.734	0.42%
	Decoration	4.718	0.31%
	Cleaning	4.7713	0.27%
	Restaurants	4.7727	0.38%
	Trips	4.0826	0.33%
Others	4.155	0.29%	
Customer leakage	Name of variables	% of national companies (Scale 1 to 5)	Weight of the variable on the "Absence of Supplier Leakage"
	% Rooms sold by hotel	4.77	29.91%
	% Rooms sold by webs	2.271	31.26%
	% Rooms sold by travel agencies	2.114	38.83%
Control variable	Name of variables		
	% Foreign visitors		
	Size (number of rooms)		

Table 1. Description of main variables

<i>Hypothesis</i>	<i>Path</i>	<i>Parameter</i>	<i>T</i>	<i>Results</i>
H1a	No Customer Leakage – Customer Satisfaction	.204	2.905	Supported
H1b	No Customer Leakage –Employee Satisfaction	.414	6.163	Supported
H1c	No Supplier Leakage – Customer Satisfaction	-.142	- 1.981	Supported
H1d	No Supplier Leakage – Employee Satisfaction	.055	.896	Not Supported
H2	Grow and competitive position – Employee Satisfaction	.215	2.700	Supported
H3	Employee Satisfaction —Customer Satisfaction	.380	5.365	Supported
Control	% of foreign customers – Customer Satisfaction	.156	2.505	Supported
Control	% of foreign customers – No Supplier Leakage	-.211	- 1.995	Supported
Control	% of foreign customers— No Customer Leakage	-.077	-.099	Not Supported
Control	Size – No Customers Leakage	-.379	- 4.989	Supported

Table 2. Evaluation of Hypotheses