A study of Taiwan’s travel agent salary system: an agency theory perspective

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Received 2 May 2002; accepted 31 May 2003

Abstract

This study utilizes agency theory in assessing the role of various factors that determine performance pay within Taiwanese travel agencies. Dimensions that emerged from a factor analysis include programmable job elements, principal supervision, agent expertise, time spent and the size of the transaction. The role of the principal was found to be a major determinant of performance pay.

Keywords: Agency theory; Salary system; Performance-based salary; Travel industry

1. Introduction

To be successful, businesses must discover ways to encourage salespersons to excel. A sound salary system could be an effective means to achieving this goal. There is a view that a performance-based salary system is more effective than other systems for achieving business objectives because performance-based salaries reflect the employee’s performance and business objective achievement (Schuster & Zingheim, 1993). Performance-based salary systems are a common practice in businesses because they are considered an effective means to attract and retain competent employees (Geibel, 1992). Because this system is closely connected with performance, the performance-based salary saves overhead when the employee is not performing as expected (Lim & Tang, 1999). When the employee is delivering more than what is expected, the system rewards the employee by paying him/her more. Despite the advantages of performance-based salaries, this is not an option provided by all businesses. Some offices work using a fixed salary system while others work using a full-scale performance-based salary. Others work using hybrid systems. Dessler (1997) ascribed the differences in compensation structure for salespeople to such factors as industry tradition, the nature of the job and the need for incentives to motivate people.

Other researchers (Eisenhardt, 1988; Basu, Lal, Srinivasan, & Staelin, 1985) dealt with these differences from the agency theory perspective with a focus on the relationship between the employers and their employees. According to the agency theory, the relationship between the employers and their employees consists of a principal (in our study, an owner or manager) and an agent (in our study, a salesperson). The agency theory assumptions are that the agents are motivated by self-interest and are rational actors. The principals can motivate the agents by controlling their incentives (Eisenhardt, 1989). Based on the agency theory, the principal considers a large number of issues before choosing a payment structure that he/she believes is most appropriate. For example, the principal must consider a specific performance-based salary proportion within the contract with the employee. The principal will try to monitor the salesperson to insure an accurate performance measurement and then motivate him/her to do their best with reasonable pay.
This study deals with salesperson salary issues from the agency theory and management perspectives in the Taiwan travel industry context. The travel industry in Taiwan is booming with the outbound traveler population growing rapidly. The newly implemented “five-day work week” system encourages travel. Currently, there are more than 2000 travel agencies. A growing number of sales jobs are available in Taiwan’s travel agencies. The travel agencies act as intermediaries between the consumer and the supplier. Travel agencies broker many kinds of travel products but are responsible for the clients’ interests such as reasonable commissions, fair contracts, security etc. according to the Taiwan’s Travel Agency Management Regulations. Most cruise and airline sales, packaged tours, lodging and car rentals are handled for suppliers by travel agencies. The nature of the Taiwan’s travel industry is diversified. However, where some agencies are dedicated to overseas tours, others specialize in airplane tickets. As the travel industry becomes more competitive, the importance of marketing has increased making personal sales an important part of the marketing effort (Trooboff, Schwartz, & MacNeill, 1995). This urges travel agencies to attract and retain competent salespersons and motivate them to achieve the company’s goals. Effectively expanding the business while improving the salespersons’ salary system in such a competitive environment has become an important issue.

According to Taiwan’s Labor Standards Law, “Wage” means the compensation a worker receives for his work, including wages, salaries, premiums, allowances, whether payable in cash or in kind or computed on an hourly, daily, monthly, or piece-work basis. This includes all regular payments under whatever name. A worker shall be paid such wage as is determined through negotiations with his employer, provided, however, that this amount does not fall below the basic wage. We did not find any wage regulations especially for the travel industry or regarding the proportion of performance-based salary in the Labor Standards Law. This means that the performance-based salary proportion would be determined through negotiations between the principal and agent in the Taiwan travel industry context.

However, in travel as in any industry, the job of the salesperson is to identify the needs of the clients and meet those needs. The salesperson must therefore spend much time contacting suppliers and customers away from the office. The conflict between the principal’s need to monitor the salesperson’s activity and the characteristics of the travel agent’s work raise problems described by the agency theory as moral hazard and adverse selection. The performance-based salary was considered an option for avoiding the moral hazard and adverse selection problems.

This study chose the travel industry to determine the salary system, test and verify a number of agency theory propositions. We believe that agency theory application to the travel industry in Taiwan could be a meaningful approach. To determine the decisive factors in setting a travel agent’s salary, this study examined:

1. The determining factors in setting a travel agent’s salary.
2. The applicability of the agency theory in the travel industry.

2. Literature research

Economists introduced the agency theory in the 1970s when the issue of risk sharing between principals and agents was introduced (Jense & Meckling, 1976). Principals and agents work together, but for different purposes. When they confront risks, they do so differently. Knowing this, what contractual relationship would be most effective for the principal–agent relationship? The principal–agent relationship is an essential factor for effective cooperation. Effective cooperation helps to minimize agent activity monitoring and the associated costs (Jense & Meckling, 1976).

The principal–agent relationship performs differently in different situations according to the agency theory. For instance, when the principal is aware of the agent’s activities, a behavior-based salary system could be effective. When the principal does not know what the agent is doing, conflict could occur. In the agency theory, conflicts between the principal and agent are known as “moral hazard” and “adverse selection” (Fama & Jensen, 1983). The so-called moral hazard refers to the situation in which the principal is unable to have full access to information about the agent’s behavior. In this case, selfish agents might not perform. Adverse selection indicates that when the principal is not aware of the agent’s capabilities, the agent could exaggerate his/her ability. In this case, the principal has three options: invest in information systems so that the agent’s performance can be monitored. Another option is to implement a more precise evaluation means to measure agent performance. However, these practices add monitoring and evaluation costs and might not be favored by the principal (Eisenhardt, 1989). A third option is to create a contract based on the agent’s performance. This transfers the principal’s cost risk to the agent (Demski & Feltham, 1978). The agent could ask for a risk premium so that he/she could avoid uncertain environments (such as a change in the economic environment, government risk, technical alterations or changes in customer preference) (Basu, et al., 1985). The principal would then be subject to higher salary costs.

The above theories suggest that behavior-based salary systems require information and monitoring hardware
investment while outcome-based salary systems result in transferring the principal’s risks to the agent. In both cases, the principal must measure the effects before deciding on a salary system (Lim & Tang, 1999). In brief, the agency theory aims to evaluate the basic agency structure between the principal and the agent. The principal and agent are partners, although they work for different purposes and might act differently when it comes to risks.

3. Hypotheses

Some agency theory researchers believe that monitoring and risk-sharing factors could affect an agent performance-based salary system. Monitoring factors include job programmability, selection systems investment, agent performance monitoring by the principal and the principal–agent relational closeness. These researchers believe that risk-sharing factors consist of the principal and agent attitudes toward risk, the size of the purchase and uncertainty in performance outcome (Eisenhardt, 1988, 1989; Bergen, Dutta, & Walker, 1992). Other scholars claim that the employee’s output is variable depending on the capital, skills, uncertainty and effort (Demski & Feltham, 1978). Heider (1958) shares the opinion that effort and capability determine the outcome of a specific matter; that is to say, the more effort the agent produces, the better the outcome.

Eisenhardt (1988, 1989) indicated that job programmability should be positively related to the use of salary and negatively related to the use of commissions. For example, the higher the job programmability, the clearer, more regular and more repetitious the job. An agent job structured in this way would not require extensive training or negotiations with customers. The lower the job programmability, the more unclear, irregular and complicated the job. A low-programmable job would require extensive training and negotiations with customers. Jobs with lower programmability are more difficult to monitor, evaluate and forecast agent behavior and activity. From the practical view, the diverse products in a travel agency make the salesperson’s work complex and difficult to fulfill. The principal might opt for a higher performance-based salary to encourage the agent to complete difficult tasks. Hence:

Hypothesis 1. The higher the job programmability, the lower the performance-based salary proportion.

When the principal is unable to know what the agent is doing, the agent might tend to avoid responsibilities (Parks & Conlon, 1995). In this case, the principal could avoid uncertainty about the agents’ performance by purchasing information, i.e., investing in monitoring systems (Jense & Meckling, 1976). However, the monitoring methods vary depending on the principal’s time, resources and willingness to invest. The principal could also opt to have supervisors monitor agent performance. However, this would mean additional overhead. Even then, the system could be faulty because the supervisor could be negligent. To avoid additional monitoring costs, the principal has another option— implement a performance-based salary (Levinthal, 1988) to encourage the agent to improve his/her performance. As mentioned above, the travel salesperson must spend much time contacting suppliers and customers away from the office. If the principal does not have much time or is less capable or willing to monitor the agent, he/she could choose a salary system based on performance. Therefore:

Hypothesis 2. The greater the amount of time the principal has to monitor the agent, the lower the performance-based salary proportion.

Eisenhardt (1988) believed that the size of the purchase could create impacts on the salary system. This implies that the principal could assign agents with higher performance records to promote high-priced products by offering them a bonus. Usually, agents with higher performance records are more capable and prefer a performance-based salary that rewards their effort. From the agency theory perspective, a capable agent tends to take higher risks for higher returns. For principals that are neutral to risk, the performance-based salary could encourage the agent to sell high-priced products. This would mean that the larger the size of the deal, the larger the commission a capable agent would ask. From the practical view, a capable salesperson would prefer to choose high-priced products and ask for high commissions in the context of heated competition and diverse travel agency products. Therefore:

Hypothesis 3. The larger the size of the average deal, the higher the performance-based salary proportion.

Again, from the agency theory perspective, the employee’s output is a function of capital, skills, uncertainty and effort (Demski & Feltham, 1978). Similar to the impacts on salary created by technology, Kowtha (1997) demonstrated in his study that employees were capable of interpreting the returns based on their skill level. This means, the higher the employee’s skill level, the more he/she is capable and confident of taking risks and the more likely that he/she would ask for greater performance bonuses. The higher the agent’s skill level, the higher the performance bonus proportion would become. Practically, a skillful salesperson with high education and much experience would be better
able to attain a higher performance goal to higher commission proportion in a heated competitive travel industry environment. Hence:

**Hypothesis 4.** The higher the agent’s skill level, the higher the performance-based salary proportion.

Demski and Feltham (1978) suggested that the employee’s output would depend on their effort. In the travel industry context, this means that the greater the effort a travel agent committed, the better he/she would perform and the higher the performance-based salary he/she would receive. Weiner (1979) claimed that effort is an individual factor that could increase. O’Neill and Snow (1990) gave effort an operational definition and claimed that effort was a controllable behavior determined by one’s willingness to participate, which means one could decide how much effort he/she would make. However, effort is never a tangible element. The effort scale provided in the following text is merely a measure of the effort level an agent has at his/her own discretion. As mentioned above, travel salespersons must do their best to maintain their relationship with their customers not only for survival but also for higher commissions and salary. Therefore:

**Hypothesis 5.** The higher the agent’s effort level, the higher the performance-based salary proportion.

4. Methodology

4.1. Sampling and data gathering

Because there is no available source for all salespersons working in the Taiwan travel industry, we used a travel agency name list published by the Taiwan Travel Quality Protection Association for sampling. We decided to use a “systematic sample with a random start” method because travel agencies were listed alphabetically without periodicity. In February and March of 2001, surveys were conducted of 300 firms selected from more than 2000 local travel agencies affiliated with the Taiwan Travel Quality Protection Association. Starting with the sixth company on the list (six was chosen randomly), every eighth company was added to the sample to acquire the needed sample size. Because the participants were the salespersons rather than the companies, we sent two surveys to each company and asked the owner or manager to choose two salespersons for us. Six hundred questionnaires were sent to firms in this sample. One hundred and ninety-two copies were returned of which 170 were valid (overall validity rate of 28.3%).

4.2. Variables and measuring methods

This study focused on the performance-based salary to test and verify a number of agency theory propositions. In our study, the principal was the owner or manager (a number of travel agencies were managed by the managers) of the travel agency company and the agent was the salesperson. Based on the agency theory and the physical nature of travel agency work, two subjects involving the principal-agent relationship were analyzed: (1) The principal factors, including job programmability, the principal’s time spent monitoring agents (representing the principal’s monitoring difficulty and cost) and (2) The agent factors, including the average deal size, agent skill level and agent effort level (representing the agent’s conditions and controllable capabilities, skills and effort). However, we did not include factors such as the investment in the agent selection system, principal-agent relation closeness, principal and agent attitudes towards risk and the uncertainty in performance outcome. We found that these factors were not easy for participants to estimate or understand during questionnaire development and pretest with travel agents. We felt that these factors had less fit for the survey in the Taiwan travel industry context.

As indicated by the variables used in the research design shown in Fig. 1, the dependent variable was the performance-based salary proportion including performance bonuses, shopping commissions, tips and annual bonuses within an agent’s overall salary. The measurement method used was the proportion of performance-based salary = (performance-based salary/overall salary) × 100%. The unit of measurement for the performance-based salary proportion was percent. Travel agent business varies depending on the nature of the products that they sell. The performance-based salary proportion also varies.

The independent variables included the principal factors and the agent factors. Job programmability is the structure, rules and behavior method in the agent’s job. This was measured using two factors: the agent training time required for the job (position) and the average amount of time the agent spent with a customer. Both factors indicate the clearer, more regular and more repetitious the job, the higher the job programmability. A programmable position should not require a great amount of training or negotiations with customers.

The amount of time the principal spent monitoring the agent was measured by the number of days per month the agent remained in the office (attendance days) and the average number of contact hours the agent spend with his/her principal. The greater the number of days the agent remained in the office when he/she was not on business, the more time the principal could spend monitoring him/her. Adopted from Lim
and Tang (1999), the average number of contact hours that the agent spent with his/her principal was used as an indicator of the principal’s monitoring time. The more hours the agent spent with the principal per day, the more time the principal could spend monitoring the agent.

The average deal size was measured using the average amount for deals conducted by the agent. The higher the amount per deal, the larger the average deal size.

The agent’s skill level was indicated by the degree of expertise and technical knowledge held by the agent. This was measured using two factors: the agent’s education (formal education years) and seniority (travel industry seniority). Adopted from Kowtha (1997), the agent’s education was an indicator of the participant’s skill level. This study chose the agent’s travel industry seniority as another indicator of the agent’s skill level. This suggests that the more senior the agent, the higher the technical level the agent would have.

The agent’s effort was measured using the Effort Scale. The total score obtained by the agent in the Effort Scale indicated the agent’s effort level. The Effort Scale is derived from O’Neil and Snow’s (1990) Trait Effort Scale. It contains 10 items (as shown in Appendix A) and the score is based on Likert’s 4-point measurement. The original reliability is at 0.8 (Chen & Villar, 1992). The alpha co-efficient in the Chinese translation of Chen and Villar (1992) is 0.77. The alpha co-efficient measured by this study is 0.88, suggesting a high reliability.

5. Results

Of the 170 salespersons sampled, 51.8% were males and 59.4% were single. The majority of the participants were 30 years old or younger (43.5%). Most of the salespersons were college or university-educated (56.5%). Fifty-three percent of the participants had worked in the industry for no more than 5 years. Most of the salespersons were paid less than NT$30,000 per month (40.0%). Of the travel agencies sampled, 44.7% were in business 10 years or more. Most of the surveyed travel agencies had less than 20 employees (60.6%). Most of the surveyed firms were located in Northern Taiwan (66.5%).

Table 1 shows the means, standard deviations and correlations for all variables. Some of the standard deviations were quite large when compared to the mean implying the significant diversification of the Taiwan’s
travel industry. The performance-based salary proportion correlated negatively and significantly with the number of contact hours (R = -0.193) and attendance days (R = -0.337). The performance-based salary proportion correlated positively and significantly with the amount of deal time (R = 0.245), training time (R = 0.166), education (R = 0.187), industry seniority (R = 0.298), deal size (R = 0.209) and effort (R = 0.215). The outcome followed the assumed relationship. All factors have met the significant level of P < 0.05. The hypotheses proposed in this study are therefore supported.

This study tested the impacts of the principal and agent factors on the performance-based salary proportion using multiple regression analysis, entering the principal factor variables in the first model. The agent factor variables were entered into the second model. Both the principal and agent factors were entered into the third model. The impact effect between principal (Model 1) and agent factors (Model 2) were then compared and total impact effect was tested (Model 3). These different models represent different sets of variables based on the agency theory. Studies have shown that the impact effects of different sets of variables can be well exhibited through multiple regression analysis.

The regression analysis table (Table 2) suggests that in Model 1, the adjusted R² = 0.170, F = 9.668 and in Model 2, the adjusted R² = 0.149, F = 8.337 were at the significant level. The adjusted R² in Model 1 (0.170) was larger than Model 2 (0.149) indicates that the principal factors were more convincing than the agent factors in terms of performance-based salary proportion. In Model 3, where the adjusted R² = 0.220, the overall model accounted for 22.0% of the dependent variable variance and a significance level of F = 6.968, suggesting that the model is appropriate.

The standardized coefficients for the individual variables suggest that in Model 1 and Model 2, the principal and agent factors, showing deal time, training time, attendance days, agent education, industry seniority and deal size influence the performance-based salary proportion. In Model 3, training time, attendance days and deal size were influential, suggesting that these three variables are important in determining the proportion of performance-based salary as related to the overall salary.

6. Conclusions and suggestions

The following conclusions were made based on the above analysis:

(1) All of the hypotheses included in this study were supported. The higher the job programmability, the lower the proportion of performance-based salary. The more time the principal spent monitoring the agent, the lower is the proportion of performance-based salary. The larger the average deal size, the higher the proportion of performance-based salary. The higher the agent technical level, the higher the proportion of performance-based salary. The higher the agent effort level, the higher the proportion of performance-based salary. Therefore, the outcome of this study matches that from existing studies, suggesting agency theory adaptability to the travel industry.

Table 1
Means, standard deviations, and correlations (N = 170)

<table>
<thead>
<tr>
<th>Variable</th>
<th>Means</th>
<th>S.D.</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>8</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Deal time (unit = day)</td>
<td>4.456</td>
<td>4.464</td>
<td>0.245*</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Training time (unit = day)</td>
<td>27.641</td>
<td>18.262</td>
<td>0.166*</td>
<td>0.091</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Contact hours (hours per day)</td>
<td>5.641</td>
<td>2.477</td>
<td>-0.193*</td>
<td>-0.131*</td>
<td>0.005</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Attendance days (days per month)</td>
<td>22.488</td>
<td>3.926</td>
<td>-0.337*</td>
<td>-0.200*</td>
<td>0.038</td>
<td>-0.138*</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. Education (unit = year)</td>
<td>14.124</td>
<td>1.962</td>
<td>0.187</td>
<td>0.225*</td>
<td>-0.094</td>
<td>-0.052</td>
<td>-0.145*</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6. Industry seniority (unit = year)</td>
<td>6.797</td>
<td>6.367</td>
<td>0.298*</td>
<td>0.139</td>
<td>0.168*</td>
<td>-0.083</td>
<td>-0.341*</td>
<td>-0.056</td>
<td></td>
<td></td>
</tr>
<tr>
<td>7. Deal size (unit = NTS10,000)</td>
<td>4.364</td>
<td>7.414</td>
<td>0.209*</td>
<td>0.052</td>
<td>-0.023</td>
<td>-0.117</td>
<td>-0.129*</td>
<td>0.050</td>
<td>0.137*</td>
<td></td>
</tr>
<tr>
<td>8. Effort</td>
<td>32.441</td>
<td>5.313</td>
<td>0.215*</td>
<td>0.189*</td>
<td>0.052</td>
<td>-0.025</td>
<td>-0.179*</td>
<td>0.210*</td>
<td>0.253*</td>
<td>-0.046</td>
</tr>
</tbody>
</table>

*Significant level P<0.05.

Table 2
Regression results for performance-based salary proportion (N = 170)

<table>
<thead>
<tr>
<th>Variable</th>
<th>Model 1</th>
<th>Model 2</th>
<th>Model 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Deal time (unit = day)</td>
<td>0.154*</td>
<td>0.103</td>
<td></td>
</tr>
<tr>
<td>2. Training time (unit = day)</td>
<td>0.163*</td>
<td>0.151*</td>
<td></td>
</tr>
<tr>
<td>3. Contact hours (hours per day)</td>
<td>-0.133</td>
<td>-0.115</td>
<td></td>
</tr>
<tr>
<td>4. Attendance days (days per month)</td>
<td>-0.294***</td>
<td>-0.205***</td>
<td></td>
</tr>
<tr>
<td>5. Education (unit = year)</td>
<td>0.166*</td>
<td>0.123</td>
<td></td>
</tr>
<tr>
<td>6. Industry seniority (unit = year)</td>
<td>0.252**</td>
<td>0.142</td>
<td></td>
</tr>
<tr>
<td>7. Deal size (unit = NTS10,000)</td>
<td>0.172*</td>
<td>0.145*</td>
<td></td>
</tr>
<tr>
<td>8. Effort</td>
<td>0.124</td>
<td>0.093</td>
<td></td>
</tr>
<tr>
<td>R²</td>
<td>0.190</td>
<td>0.169</td>
<td>0.257</td>
</tr>
<tr>
<td>Adjusted R²</td>
<td>0.170</td>
<td>0.149</td>
<td>0.220</td>
</tr>
<tr>
<td>F</td>
<td>9.668***</td>
<td>8.377***</td>
<td>6.968***</td>
</tr>
</tbody>
</table>

*P<0.05; **P<0.01; ***P<0.001.
(2) Because the principal factor is more influential to performance-based salary than the agent factor, it would be expensive for a principal to make an investment in an agent monitoring system for an agent that spends much of his/her time away from the office. This suggests that most principals prefer to offer performance-based salaries to encourage the agent to make greater effort. This system is associated with the agent’s performance. However, a re-iterative process could exist between these variables.

(3) The agent’s education correlated positively and significantly with the proportion of performance-based salary—similar to the results from the study by Kowtha (1997). In this study, industry seniority was used to indicate the agent’s technical level. This also correlated positively with the proportion of performance-based salary. This suggests that this technical index is appropriate as an important index of an agent’s technical level.

(4) The agent’s effort correlated positively with the proportion of performance-based salary. This indicates that the effort impact on an agent’s performance is correct as suggested by Demski and Feltham (1978). This means the greater the effort expended by an agent, the higher the proportion of performance-based salary.

A number of implications are presented based on the results from this study:

(1) Management considers determining factors and attempts to achieve a balance between performance pay and agent capabilities and ability to achieve high value sales; thereby allocating rewards to better the agency staff.

(2) The average deal size correlated positively with the proportion of performance-based salary. This indicates that the principal should set different commission proportions according to the travel product deal size to motive agents that deal with high-priced products. This also matches the agency theory, the larger the deal, the larger the commission a capable agent would ask. In other words, a principal setting a high commission proportion for high-priced products absolutely matches an agent’s expectation.

(3) Performance-based salary systems are considered an effective means to attract and retain competent employees (Geibel, 1992). Agent expertise such as education and industry seniority correlated positively and significantly with the performance-based salary proportion. This suggests that management should set a higher performance-based salary proportion for skillful agents because they have the competence to attain higher sales goals. A higher performance-based salary proportion could motivate skillful agents to expend greater effort to gain higher pay and could attract and retain competent agents.

(4) Owing to the diversified nature of the travel agency industry, where some are dedicated to overseas tours while others specialize in airplane tickets, future research might divide these agencies and conduct specialized studies on each of these functions.

(5) In addition to serving the travel industry, new research could address other tourism or service industries, therefore helping to further conceptualize the agency theory.

(6) To ensure that the responses collected were accurate and useful; we did not include certain factors such as investment in a selection system, the principal–agent relation closeness, the principal and agent attitudes towards risk and the uncertainty in performance outcome. Although these omissions could reduce some of the explanation power in the regression model, the findings from this study could inspire researchers to develop measurable indicators or scales for these factors.

(7) This study was conducted on factors that determine the travel agent salary structure based on the agency theory. New researchers could use different theories to identify other factors.

Agency models must evolve to better incorporate some of the complexities of actual organizations, such as performance evaluations in personal and group based settings. Because of the small company sizes, the principal–agent relationship is quite implicit in Taiwan’s travel industry. Testable detailed data will be helpful for researchers to examine a broader class of incentive issues including explicit and implicit organizational incentives and personal and group based incentives. These implicit relationships could be important subjects facing empirical researchers and tourism managers in the future.

Acknowledgements

The authors thank the editor Professor Chris Ryan and the three anonymous referees for their helpful comments in the development of this paper.

Appendix A. <Effort Scale>

1. I try hard.
2. I stay totally concentrated when I am doing a task.
3. I work hard to do the best even if the task don’t please me.
4. I work the best I can.
5. I work hard in a task even if it doesn’t have any value.
6. I struggle the best I can.
7. I consider the tasks useful to check my knowledge.
8. I don’t give up even when the task is very difficult.
9. I face tasks like challenges.
10. I continue struggling even on the harder tasks.

References