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Assessing the effects of transformational leadership: A study on Egyptian hotel employees

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ABSTRACT

This study examines the effects of transformational leadership on hotel employees for some aspects such as innovation climate, creativity, creative self-efficacy and satisfaction. Direct guest–contact employees of thirty-eight, 5-star hotels in Egypt and their immediate supervisors were targeted. A total of (500) employees and (150) supervisors provided the collected data. The findings indicated that transformational leadership is experienced in Egyptian hotels; in addition, it helps fostering a climate for innovation and promotes employee's creativity and satisfaction. An insignificant relationship was found between transformational leadership and employee's creative self-efficacy. Some practical implication is delivered such as the crucial need for hotel leaders to take a sound understanding of appropriate strategy for promoting employee's creative self-efficacy.

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1. Introduction

The service sector contributes to more than 70% of the gross domestic product (GDP) of the world's developed economies, as it plays a significant role in the propagation and consumption of innovation and creativity (Ostrom, Bitner, Brown, Burkhard, Smith-Daniels and Rabinovich, 2010). This case is not different in the context of developing economies like Egypt, which largely depends on the service sector.

It is worth mentioning that, labour-intensive industries, like hospitality, are dependent on the performance of its employees. Management in the hospitality industry should be more alert to interpersonal dimensions and should be more democratic and participative (Masry, Kattara, & Demerdash, 2004). Leadership could enhance the success of a hospitality operation over the long run (Lim & Boger, 2005). Since the hospitality industry has increasingly severe environmental demands; leadership skills may help organizations to utilize the available human resources more effectively. Therefore, effective leadership in the hospitality industry is essential in achieving financial results and realizing desired performance objectives among the employees (Maier, 2011).

Furthermore, new ideas, products and services have become the source for competitive advantages and business opportunities (Hon, 2012). Thus, innovation has become an essential tool to compete with the changing global business environment. It is worth noting that, the success of the service industry predominantly relies on innovative services (Ostrom et al., 2010). Thus the role of service innovation becomes more crucial in a highly interactive business environment like hotels where customers spend their leisure time (Narayan, Rajendran, Sai, & Gopalan, 2009).

Innovation and creativity are basically associated (Robinson & Beesley, 2010); where creativity is the development of new ideas (Beesley & Cooper, 2008), innovation requires the implementation of those creative ideas (Robinson & Beesley, 2010). Thus organizations must promote creative behavior among their employees (Nieves, Quintana, & Osorio, 2014).

In addition, fostering employee creativity through a specific leadership style has been the focus of many researchers (Gupta, Singh, Kumar and Bhattacharya et al., 2012). In recent creativity studies, transformational leadership has emerged as a strong predictor of employee's creativity (Wang, Rode, Shi, Luo, & Chen, 2013; Wang & Rode, 2010). For example, transformational leadership engenders a supportive innovation climate (Jung, Chow, & Wu, 2003).

Previous studies in hospitality arena examined the effect of leadership styles on individual and organizational performance (e.g., Erkutlu, 2008; Lockwood & Jones, 1989; Patiar & Mia, 2008 and Tracey & Hinkin, 1996). The basis for this previous research is the argument that a manager's style of leadership influences on-

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the-job attitudes and behaviors of employees and subsequently affects organizational performance. Thus hotels' managers play a substantial role for employees' innovation climate and consequently their creativity as they always rely on the managers for guidance. Past studies have also found that an employee's creative self-efficacy has a significant effect on the individual's creativity (Tierney & Farmer, 2011). In their study Gong, Huang, and Farh (2009) found a significant mediating role of creative self-efficacy in predicting employees' creativity.

Typically, there is a dearth in the Egyptian hospitality literature regarding the influence of the transformational leadership on the innovation climate and the employees' creativity and satisfaction. This study is an attempt to address this gap by investigating the influences of the transformational leadership style on the Egyptian hotel employees, such as: innovation climate, creativity, creative self-efficacy and satisfaction.

Consequently, this study will add to the existing literature and managerial practices in several ways. First, the main contribution of the present research is investigating the applicability of the transformational leadership within the Egyptian hotels. Second, this research introduces a positive expectation of the transformational leadership on the subordinates' innovative climate, creativity, creative self -efficacy and satisfaction in Egyptian hotels. Third, it presents transformational leadership style as a mechanism to promote individual creativity and satisfaction. The findings of the study will guide managers who were constantly devoting their managerial and financial resources in promoting creativity among their employees.

The current study seeks to contribute to the literature of leadership in hospitality business from five aspects of purposes:

(1) To assess the application of the transformational leadership style in Egyptian five-star hotels.
(2) To test the effect of transformational leadership style on the innovation climate.
(3) To examine the influence of transformational leadership on employees' creative self-efficacy.
(4) To determine the relation between transformational leadership style and hotel employees' creativity.
(5) To indicate the impact of transformational leadership on hotel employees' satisfaction.

2. Literature review and hypotheses formulation

2.1. Leadership styles

There are many definitions and classifications of leadership; as Rost (1991) found 221 definitions based on his analysis of the leadership literature published between the 1920s and 1990s. While, Ciulla, 2002:340 observed that all 221 definitions had the same thing – leadership is about one person getting other people to do something. Northhouse (2004:3) settled a definition which as " … a process whereby an individual influences a group of individuals to achieve a common goal".

Moreover, Leadership is typically defined as traits, qualities, and behaviors of a leader (Lee, Kimb, Sona and Lee, 2011). Leadership is different from management (Burns, 1978), in that according to Kent (1999), management focuses on allocating and insuring the effective use of resources (e.g., people, capital, information, technology, etc.) in the accomplishment of the organization's goals. Therefore, leadership requires an ability to bring the will of followers into consonance with that of the leader so that they follow him/her willingly with enthusiasm and dedication (Ackoff, 1999).

Additionally, Pearce, Sims, Ball, Schnell, Smith and Trevino (2003) offered a historic display of leadership styles and classified them into four: directive leadership, transactional leadership, transformational leadership, and empowering leadership. Directive leadership involves the use of direction, command and reprimand as the primary mechanisms to influence others' behaviors. Transactional leadership refers to the use of positive reinforcement and punishment based on; performance is effective at addressing the followers' expectation and influencing their behaviors. Transformational leadership is involved with internalization of the organization's goals for followers, thereby changing their attitudes, beliefs, and goals. This style is often considered charismatic leadership. Empowering leadership emphasizes the development of a follower's skill to self-manage.

Barnett, McCormick, and Conners (2001) summarized the two types of transactional and transformational leadership as: transactional (ordinary) leaders is based on an exchange relationship in which follower compliance (effort, productivity, loyalty) is exchanged for expected rewards; and transformational (extraordinary) leaders raise followers' consciousness levels about the importance and value of designated outcomes, and ways of achieving them. Meanwhile, Erkutlu (2008) and Judge and Piccolo (2004) proposed three constructs for leadership, including transformational, transactional, and non-leadership dimensions.

It is worth noting that, Bass (1985) and Northouse (2012) reported a non-leadership style, which indicates the absence of leadership and the avoidance of intervention, which emerges as the most inactive form of leadership, referred to as laissez-faire.

Bass (1985) defined transformational leadership as the ability to motivate followers to perform beyond what he/she would normally expect. TL consists of four dimensions including: idealized influence, inspirational motivation, individualized consideration, and intellectual stimulation. By another definition, transformational leadership refers to "the process of influencing major changes in the attitudes and assumptions of organization members and building commitment for the organization's mission or objectives." (Yukl, 1989, p.204).

Past scholars reported that transformational leaders differ from transactional leaders in that they do not merely recognize the needs of followers, but also attempt to elevate those needs from lower to higher levels of development and maturity (Bennett, 2009 and Nguni, Sleegers, & Denessen, 2006). Transformational leadership motivates followers to do more than they originally expected and often even more than they thought possible (Nguni et al., 2006).

It is worth mentioning that literature revealed four dimensions of transformational leadership, including inspiration motivation, idealized influence, individual consideration, and intellectual simulation (Avolio, Bass, & Jung, 1999). More specifically, inspirational motivation focuses on the way leaders articulate a vision that appeals and inspires followers, (Den Hartog, Van Muijen and Koopman, 1997) and show followers the path for achieving goals (Avolio et al., 1999). Idealized influence refers to behaviours emphasizing that benefits for groups are more important than benefits for an individual within high ethical norms. As such, a leader who possesses idealized influence generally becomes a role model for subordinates in an organization (Tims, Bakker, & Xanthopoulou, 2011). Through the idealized influence also leaders inspire the inherent thoughts of followers by acting as a role model to gain respect, admiration and loyalty, which generates a sense of collectivity among the followers (Avolio et al., 1999). Individual consideration refers to coaching, supporting, and stimulating subordinates while acknowledging followers' feelings, emotions, and needs (Den Hartog et al., 1997). Intellectual stimulation means that the leader is likely to challenge subordinates to identify and solve problems by themselves. (Tims et al., 2011).

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