The influence of hospitality leaders' relational transparency on followers' trust and deviance behaviors: Mediating role of behavioral integrity

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ABSTRACT

This paper investigates the effect of leader's relational transparency on follower organizational deviance through followers' perception of leader's behavioral integrity and their trust in leader. Multi-level modeling results from a multisource survey-based field-study with 24 hospitality student project teams (N = 149) show that behavioral integrity mediates the relationship between leader's relational transparency and follower's trust in leader. Furthermore, multi-level path analysis suggests that leader's relational transparency, a team-level construct, exerts a cross-level effect on follower's organizational deviance through the mediating roles of behavioral integrity and follower's trust in leader. The study has yielded theoretical and practical implications that are useful for hospitality leaders.

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1. Introduction

In order to deliver a high quality customer experience in the hospitality context, it is important to build multi-respectful, trustful, and fair leader-follower relationships (Hon and Lu, 2013; Kim et al., 2004). Leaders and their followers are expected to develop and maintain positive relationships with each other, while accomplishing the goals of the organizations (e.g., Hon and Lu, 2010). Truthful interpersonal communication with subordinates is crucial to successful hospitality leaders (Lolli, 2013). Thus, it is essential to understand the impact of leader's relational transparency – defined as leader's behaviors focusing on "valuing and achieving openness and truthfulness in one's close relationships" (Kernis, 2003). Previous works demonstrated that leader's relational transparency impacts leader-followers relationships as well as followers' attitudes and behaviors, such as perceived leaders' credibility (Walker and Pagano, 2008), behavioral integrity (Vogelgesang et al., 2013), trust in leader (Norman et al., 2010; Palanski et al., 2011), followers' psychological capital (Clapp-Smith et al., 2009), commitment (Leroy et al., 2012), engagement (Vogelgesang et al., 2013), and job

performance (Leroy et al., 2012; Vogelgesang et al., 2013). Despite its importance, investigations on leader's relational transparency have primarily been conducted in the management literature (Leroy et al., 2012; Simons et al., 2011; Vogelgesang et al., 2013), as hospitality research has not paid adequate attention to leader's relational transparency.

However, the role of leader's relational transparency in the hospitality context cannot be underestimated because leader relational transparency can impact followers' ethical behaviors, which have considerable strategic impacts in areas such as revenue and earnings growth as well as micro implications such as theft, forgery, and credit card fraud (cf. Kim and Brymer, 2011; Kincaid et al., 2008; Minett et al., 2009; Reynolds, 2000). A lack of leader's relational transparency could result in followers' distrust and "hiding" behavior, such as concealing mistakes or participating in cover-ups, which is difficult to detect in organizations (Bernstein, 2012).

Examining the mechanisms through which leader's relational transparency decreases employee organizational deviance – defined as voluntary behaviors directed to the organization that violates organizational norms and threatens the organizational success (Bennett and Robinson, 2000) – is important because deviant behavior is often the only remaining option for employees who feel betrayed or treated unjustly by untrustworthy leaders (Harvey et al., in press). Including both serious behaviors (e.g., stealing, sabotage) and less serious ones (e.g., tardiness, wasting resources)

(Bennett and Robinson, 2000), the cost of stealing in organizations alone has been estimated to be $50 million annually in the U.S. (Coffin, 2003). The Association of Certified Fraud Examiners (2012) suggested that one component of employee deviance – dishonesty – may cost employers as much as US$3.5 trillion globally. Theft in the restaurant industry alone has been reported to be US$3 to $6 billion annually (Garber and Walkup, 2004). Moreover, deviance behaviors, such as sabotage, also adversely impact customer service (Harris and Ogbonna, 2002). Given its negative impact and widespread usages in the hospitality industry, hospitality organizations have a pressing need to reduce follower organizational deviance – one possibility is to select and train role-models, or leaders with high relational transparency.

In sum, this paper examined the importance of leader's relational transparency in the hospitality context by examining the mechanisms through which leader's relational transparency impacts followers' attitudes and behaviors. Drawing on causal attribution theory and using a multi-level field study, we seek to answer three research questions: First, what role does relational transparency play in the follower's perception of leader's behavioral integrity – defined as perceptual alignment of deeds and words (Simons, 2002) – in the hospitality industry? Second, what effect does relational transparency have on follower's trust in leader – defined as follower's willingness to be vulnerable to leader's action (Mayer et al., 1995) – and follower's organizational deviance.? Third, to what extent does behavioral integrity and trust mediate the relationship between relational transparency and follower's organizational deviance?

By addressing these questions, the present research contributes to the hospitality literature in several ways. First, although most of the research on transparency in the hospitality literature is primarily related to consumer perceptions and consumer behavior (see Miao and Mattila, 2007), this study makes a significant contribution to the hospitality literature by examining leader transparency. Relational transparency, as a key component in authentic leader, is a "root construct" of other forms of positive leadership (Avolio and Gardner, 2005). Thus, the high amount of leader-follower interactions in hospitality demands a more in-depth understanding of the effects of leader's relational transparency in this industry. This research sheds light on leader's relational transparency by explicating its level of conceptualization and examining how team level relational transparency exerts cross-level impacts on followers' perception of leaders, attitudes towards leaders and actual behaviors at the dyadic level.

Second, drawing on causal attribution theory, this research extends the outcome effects of relational transparency from positive job performance behaviors (e.g., Leroy et al., 2012; Vogelgesang et al., 2013) to negative organizational deviant behaviors. As discussed above, organizational deviance is a common but yet costly response to untrustworthy leaders. By using causal attribution theory, we attempt to understand how leader's relational transparency impacts followers' deviance through the change of followers' perception and attitudes towards leaders (i.e., behavioral integrity and trust in leader). Our research findings delineate useful implications for hospitality managers and companies who want to minimize followers' organizational deviance behaviors.

Third, we explain the mediating roles of behavioral integrity based on causal attribution theory. As hospitality sectors continue to feel the pressure of contracting revenue, a great deal of stress is being put on leaders to meet or exceed market expectations. As such, leaders are fraught with many ethical decision points. Although a growing number of studies examining leader's behavioral integrity have provided robust evidence on the relationships between leader's behaviors on behavioral integrity (e.g., Leroy et al., 2012; Vogelgesang et al., 2013) and that between leader's behavioral integrity on followers' trust in leader (see Davis and

Rothstein, 2006; Simons et al., 2015, for recent meta-analytical reviews), very few works focused on explaining the potential mechanisms. Demonstrating the importance of behavioral integrity, Simons et al. (2015) found that behavioral integrity has a relatively stronger impact than alternative concepts on perception of leaders, such as psychological contract breach and moral integrity in their recent meta-analysis. They further argued that employees' attitudes are not the only mechanism through which behavioral integrity is related to performance. As such, they called for research to explore potential mediators in the relationship between behavioral integrity and performance. By using causal attribution theory, which suggests that attributed causes of events (or other behaviors) can change people's attitudes and behaviors (Heider, 1958; Weiner, 1986), our current research can contribute to the literature of behavioral integrity by not only exploring relational transparency as an antecedent to behavioral integrity, but also providing a cognitive-based theoretical explanation (i.e., employees' attributions of leader's behaviors) of the relationships among behavioral integrity, attitudes towards leaders (embodied in trust in leader), and organizational deviance. By understanding what relational transparency is and its effects on follower behavior, hospitality leaders can manage their behaviors to ensure transparency and integrity, yielding greater trust from their followers and improved overall performance.

2. Theoretical background and hypotheses

2.1. Causal attribution theory

Causal attribution theory has been frequently used in hospitality and tourism research (Tang, 2014) as a mechanism for rational explanations of consumer behavioral intentions and emotional responses (Kim and Cho, 2014). Just as consumers make attributions about causes related to products and services, followers make attributions about causes related to the behavior of their leaders, which serves as an important mechanism through which leader's behaviors impact followers' attitudes towards leaders (Tomlinson and Mayer, 2009) and followers' behaviors (e.g., Martinko et al., 2002).

Causal attribution theory is well suited for explaining the relationships tested in this research model because leader's transparency can modify followers' attributions of leaders' behaviors, which in turn change their perception towards leaders, attitudes and actions (cf. Dasborough and Ashkanasy, 2002). Research has demonstrated that individuals' causal attributions in regards to negative workplace events are a major factor leading to deviant behavior (Martinko et al., 2002). Using causal attribution theory, we sought to explain how leader's relational transparency relates to employee organizational deviance through the mediating roles of behavioral integrity and trust in leader.

Weiner (1986) found that individuals determine the cause of an outcome based on three attribution factors. First, individuals determine *locus of causality* – whether the cause was internal (self as actor causing the outcomes) or external (others as actors causing the outcomes). Leader relational transparency can foster favorable attributions to the leaders such that followers are more likely to attribute success to leader while attribute failure to self and other non-leader factors (cf. Harvey et al., 2006). Consequently, this promoting constructive emotional responses in followers, resulting in the development of trust (Tomlinson and Mayer, 2009). Second, individuals determine *controllability* – the degree to which the attributed actors have control over the outcome. Followers are more likely to trust their leaders if they believe their leaders have control over positive outcomes, resulting in less detrimental actions (Dasborough and Ashkanasy, 2002). Third, individuals