



Can innovative behavior be led by management? A study from the lodging business



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HIGHLIGHTS

- Leadership and innovative behavior was examined using a moderated-mediation model.
- Leadership was not directly related to innovative behavior (IB).
- An indirect positive relationship was mediated by organizational commitment (OC).
- OC was positively and significantly associated with innovative behavior.
- Employee tenure moderated the relationship between leadership, OC and IB.

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ABSTRACT

This study examined the effects of hotel management leadership on employee innovative behavior in Chinese hotel organizations. Using a dyadic sample of 164 hotel supervisors and 603 service employees at 23 four-star and five-star hotels in 11 Chinese cities, we investigated whether organizational commitment mediated the effects of leadership on employee innovative behavior. We also examined how organizational tenure moderated leadership and innovative behavior through organizational commitment. Findings from our moderated-mediation model revealed that organizational commitment mediated the relationship between leadership and innovative behavior. Similarly, organizational tenure moderated the relationship between leadership and organizational commitment: there was a stronger relationship for long-tenured employees and a weaker relationship for short-tenured employees. However, the effect of higher leadership on organizational commitment was stronger for short-tenured employees than long-tenured employees. Our results spotlight the importance of fostering organizational commitment, which directly affects innovative behavior and through which supervisors can influence individual innovative behavior.

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1. Introduction

China's economic development has undergone fundamental changes in recent years because of its shift from industrialization-driven, infrastructure-led, and catching-up models to entrepreneurship, innovation, and domestic consumption to sustain its economic growth. Business enterprises are keenly aware of the important role of innovation as a competitive advantage for their business development and performance. In the lodging business,

competition in every market segment has been intensified in recent years, and the competitive landscape has been tipped by mergers and acquisitions among domestic Chinese hotel firms and the expanding presence of international hotel brands and management.

At the same time, Chinese consumers have been maturing (Zhang, Singh, & Yu, 2016) and demand service sophistication in hotel operations. Hotels need to be innovative in defining new products and services to satisfy increasingly sophisticated demand for convenience and comfort through personalized service. Within this service-oriented business, hotel management is not typically involved in transformational innovation, as in many other sectors that devote significant investment to develop new products and

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explore technological innovation. Hotel enterprises, however, search for management innovation and system innovation, which can incrementally improve management operations to better serve guests and keep them satisfied.

Past studies found that countries valuing power distance tend to look to management leadership for nurturing an innovative culture and driving innovative initiatives (Shane, Wenkataraman, & MacMillan, 1995). China is a country with a very high power distance (Hofstede, 2001); business decisions are normally driven from top to bottom. A recent study revealed that innovation is driven from top leadership in Chinese economy hotel organizations (Qin, Li, & Yu, 2015). However, as a champion for management innovation, top hotel leadership needs to foster an innovative culture in the organization to encourage and support innovative initiatives by all members, since innovative service can only be implemented by individual employees. Employees' buy in of an innovative organizational culture is reflected in their commitment to the organization and further affects their innovative behavior in service.

Numerous studies have examined the direct and indirect effects of leadership on innovative behavior in different business sectors and different sociocultural contexts. Most studies have focused on the effect of transformational leadership on innovative behavior and the intervening factors and boundary conditions affecting the effect, such as commitment to change (Michaelis, Stegmaier, & Sonntag, 2010); climate for innovation (Eisenbeiss, van Knippenberg, & Boerner, 2008; Jung, Chow, & Wu, 2003; Michaelis et al., 2010; Wang & Rode, 2010); empowerment (Jung et al., 2003; Aryee, Walumbwa, Zhou, & Hartnell, 2012); identification with the leader (Wang & Rode, 2010); leader support (Cheung & Wong, 2011); and creative role identity, creative self-efficacy, and job complexity (Wang, Tsai, & Tsai, 2014).

Despite many empirical studies testing the intervening and conditional effects of leadership on innovative behavior, few studies have examined the effect of leadership on innovative behavior through the intervening mechanism of organizational commitment and the condition of organizational tenure. As Katz and Kahn (1978) articulated in their seminal work on the social psychology of organizations, committed employees tend to go above and beyond their typical in-role job responsibilities to contribute to the organization through extra-role efforts, such as suggesting innovative ideas for improving organizational competitiveness. Furthermore, previous studies have found that organizational commitment of Chinese employees was higher than and different from employees in other countries (Cheng & Stockdale, 2003; Liu & Cohen, 2010) and the differences were attributed to cultural orientations in different countries. In the Chinese context, the values of relationship, trust, commitment and loyalty were highly regarded and thus they were manifested in a strong sense of organizational commitment which had effect on employee work outcomes (Gamble & Huang, 2008).

In addition, little attention has been given to the effect of organizational tenure on the relationship of leadership, organizational commitment, and innovative behavior. Examining organizational tenure can provide insight into individual differences in attitudes and work values between long-tenure and short-tenure employees (Huang, Shi, Zhang, & Cheung, 2006). As Liu (2003) reported in his study of organizational tenure in Chinese state-owned-enterprises that long-tenure employees had strong commitment to colleagues and organization and did not question superiors, while short-tenure employees were receptive for changes and focused on career development and flexibility. Then does leadership exert more influence on employees with a long or short tenure in terms of organizational commitment and innovative behavior in hospitality business in China?

Most studies on organizational innovation have been conducted at individual level, which limits the understanding of innovation processes at multi-level organizations (Anderson, De Dreu, & Nijstad, 2004). This study attempts to analyze the effect of leadership on innovative behavior from a macro-micro approach, such as at both the individual and organizational level. Employee age has been used as a control variable in several studies on organizational commitment and innovative behavior (Han, Yang, & Zhang, 2011; Madjar & Oldham, 2006; Michaelis, Stegmaier, & Sonntag, 2009; Shin & Zhou, 2003). In the lodging business, the hotel ranking system lends itself to differentiation at the organizational level, which may manifest different degrees of innovative behaviors by employees. Employee age and hotel star ranking were thus used as control variables for multi-level analysis in this study.

This study therefore attempts to fill the gaps in current literature in leadership and innovative behavior by examining the link between leadership and innovative behavior, the moderating effect of organizational tenure between leadership and organizational commitment, and the mediating effect of organizational commitment on the relationship between leadership and innovative behavior, with the individual control variable of employee age and the organizational control variable of hotel ranking using the five-star system practiced in China. The specific research objectives are as follows:

- Developing a moderated-mediation model to examine when and how leadership affects innovative behavior
- Examining the effect of leadership on innovative behavior at both the individual and organizational levels by controlling individual age and hotel star ranking
- Contributing to theory by testing organizational commitment as an effective mediator and tenure as an effective moderator
- Informing hotel management about ways to lead effective innovation management

2. Literature review and research hypotheses

2.1. Defining innovative behavior

The study of innovation in business organizations has two strands of literature: creativity and innovation (Anderson, Potočnik, & Zhou, 2014). Creativity is conceptualized as “the creation of a valuable, useful new product, service, idea, procedure, or process” (Woodman, Sawyer, & Griffin, 1993, p. 293). Innovation, on the other hand, not only generates original ideas or new knowledge, but also adopts service practices and processes from external sources and implements them to solve problems (Scott & Bruce, 1994). Some studies have recognized creativity as “an aspect of innovative behavior” (Pieterse, van Knippenberg, Schippers, & Stam, 2010, p. 612). A recent study noted the two as subfields of organizational studies—with creativity focusing on idea creation and innovation including the implementation of the ideas—and the authors called for an integrative approach to the two subfields in academic inquiry (Anderson et al., 2014).

A rich body of literature has been developed in the field of organizational creativity, and most studies have addressed the factors affecting creative outcomes at the individual level, such as personal traits (Shalley & Gilson, 2004) and job complexity and leadership (Shin & Zhou, 2003). Some studies have identified factors that initiate the creative action, such as a schema, motivation, and capacity (Ford, 1996), and reasons employees take on creative initiatives deliberately (Unsworth & Clegg, 2010). In this study, we examined individual innovative behavior in hotel organizations because hotel operations typically engage in generating, adopting,

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