

CONCEPTUAL APPROACH OF LEADERSHIP AND EMPLOYEES' INDIVIDUAL PERFORMANCE RELATIONSHIP

Ispas Andreia

West University, Faculty of Economics and Business Administration

Resume

There is a need for more leadership research in the hotel industry. A reason is the better understanding of the effects and influences that manager-employee relationship can have. Further, this can improve employee performance at their work and clients would be more satisfied. Due to the emergent stage of this field of research, the leadership and employee performance relationship has a lot of potential for being investigated in the context of hotel industry.

There are many types of leadership styles recommended to be used in managers' daily hotels' activities. The most suggested is transformational leadership.

Hotel industry is part of hospitality industry and is providing different services such as accommodation, food & beverage, entertainment. This makes hotel industry very specific and the hotel products, services unique for each of client. That's why high standards of organizational performance, a good manager-employee relationship and a high perceived employee performance by the clients are the keys for a long and sustainable business. Leadership is important in getting people to do the right things at their job. More, it helps employee to work better, to be motivated, to strive for excellence and perform beyond expectations.

The first objective of this paper is to analyze the main approaches of leadership styles applied in the context of hotel industry studies. The second objective is to explore, from a theoretical point of view, the direct and indirect relationship between leadership style and employee performance based on two mediator factors: job satisfaction and organizational commitment. These two mediators are the most used in organizational researches and have a high degree of validity.

The methodology applied is based on documentary study review and critic analysis of the concepts used by the literature.

The results of the conceptual paper are: the construction of the conceptual model of scientific research, new approach of the term "leadership" in hotel industry's relations. The paper suggests a future research the operationalization of the concepts used in the conceptual model and test them through statistics methods.

Keywords: leadership, employee individual performance, hotel industry, job satisfaction, organizational commitment

Code JEL: M 10, L83

Introduction

The critical and conceptual analysis of the constructs such as leadership, job satisfaction, organizational commitment and employee individual performance was based on the review of the different theoretical and empirical studies. The purpose was to find out different results about the link between them and the influence relationship that can generate employees' individual performance in hotel. Based on this it was proposed a conceptual integrated model.

A short literature review upon relationship between leadership and employee performance

Studies about leadership and performance relationship found out that there are positives associations, negatives associations and no linkages between these two variables. Yousef (2000:8) made a review of them and concluded that the results are "not entirely consistent", "inconsistent". Positive associations between these two variables were found in studies of the authors: Dawson et al.(1972); Swanson and Johnson (1975); Euske and Jackson (1980); Euske et al. (1982) (Yousef 2000:8). Negative associations between these two variables were discovered

by Pritchard and Karasick (1973); Sheridan and Vredenburg (1978); Hampton et al. (1986) (Yousef 2000:8). Other studies showed that there is no link between them: Lowin et al. (1972); Graen et al.(1972); Downey et al.(1975); Weed et al.(1976); O'Reilly and Roberts (1978); Sheridan and Vredenburg (1978) (Yousef 2000:8). In the context of banking services, the results obtained by Dolatabadi and Safa (2010:40) confirmed that leadership style influence employees' performance.

The relationship between leadership and job satisfaction was rarely investigated in the context of hospitality and hotel industry. The empirical results from boutique hotels from Turkey showed that transformational leadership stimulates the job satisfaction and organizational commitment of the employee (Erkutlu H. 2008:708). Employees' performance is based on job satisfaction through organizational commitment. The measurement of performance is made using efficiency, efficacy and quality (Lee et al.. 1999 quoted in Tsai 2010:4120).

In the context of hospitals services, the research results showed that job satisfaction depends of manager's leadership style. Also, it was demonstrated that not always the participative leadership style is good for the employees. It is recommended that managers to select their leadership style based on organizational culture and on the organizational maturity of the employees (Mosadeghrad, A.M. and Yarmohammadian M. H.2006:11).

The situational leadership paradigm, initiated by Hersey și Blanchard since 1988, affirmed that successful leaders must to adjust their leadership style taking into account the maturity's employee stage to perform in a work position (Wu T.F et. al.:2006:436). The managers must have the capability to own different leadership styles and to adjust them based on the situation need it.

Hotels' context of the conceptual study

For a good understanding of the analysis context of this conceptual paper it is very important to highlight the elements that compose the hotel as it can be seen from the figure below (fig.no.1).

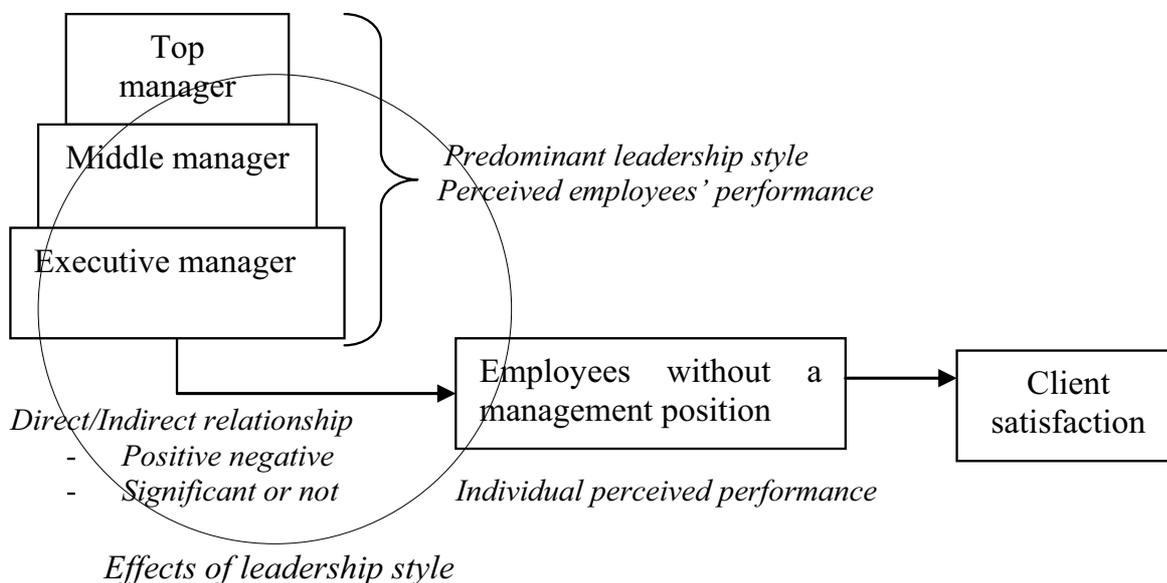


Fig. no. 1. Hotel context of the relationship study (made by author)

The first element that must be taken into account is the predominant leadership style influence. Wu T.F. (2006:443) demonstrated that the top manager leadership style has positive and also negative influences on the subordinates from the next levels of management. The study was developed in hotel research in Taiwan. The results pointed out that when the top managers adopt

an autocratic and democratic leadership style managers from the next levels may use a telling, participative and delegative leadership style. Telling leadership style is used when the top managers adopt an autocratic leadership style. On the other hand, when top managers adopt a democratic leadership style the managers from the next levels use frequently participative and delegative leadership style.

Second element is about the employees without a management position from the departments of the hotel: accomodation food&beverage, restaurants, housekeeping, marketing, human resources, maintenance and so on. The key employees are the frontline ones because they have a high contact with the clients and the managers leadership style influences in the most visible way.

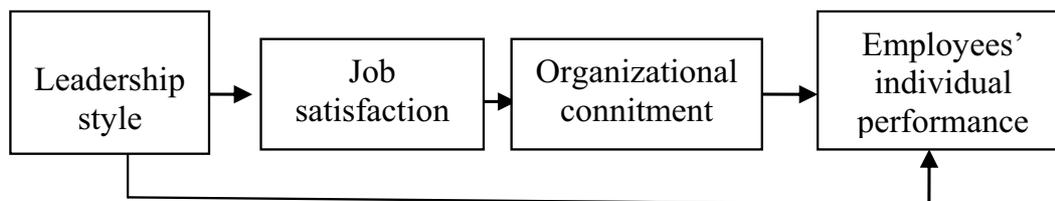
Research methodology

The methodology applied is based on documentary study review and critic analysis of the concepts used in the literature. This paper is conceptual based on a short and specific literature review.

Results of the conceptual analysis

The conceptual integrated model of scientific research

After the review of the literature and the clarification of the context analysis it was developed a theoretical model of the constructs. It was theoretically investigated the direct relationship between leadership style and employee individual performance. Also using two mediator factors “job satisfaction” and “organizational commitment” it was established the indirect relation between the main constructs investigated.



*Fig. no. 2 Integrated conceptual model of scientific research
(made by author)*

The reason of using these mediator factors is because of their validity and reliability proved in different contexts research. Due to emergent stage, there are only a few studies in hotel industry that analyze this relationship. Further is presented the clarification of the constructs used in the conceptual integrated model of research.

Leadership approach in hotel industry

Ciulla found out reviewing almost 221 definitions of leadership that the most common element used when leadership is defined is “leadership is about one person getting other people to do something” (Ciulla 2002:340).

Based on this, the leadership approach proposed in hotel industry context is: leadership is a dynamic process based on influence relationship between a leader and a follower which recognize and accept him as a leader (Ispas A. 2010:219). In addition, the follower is adopting a moral behavior and conscientiously follow the leader. The relation is based on achieving the objective of the hotels taking into account the situational variables from the hotel (internal and external ones).

Leadership styles

From the conceptual model the leadership style was explored taking into account four types of leadership. It was reviewed and analyzed: autocratic, participative, transformational and

transactional leadership styles. These were chosen based on their frequency of apparition in the studies, their results relevance and the national culture. Autocratic and transactional leadership style are used more in collectivist cultures. Transformational and participative leadership style are used in individualistic cultures. Năstase M. pointed out that when a manager will use a participative leadership style, the employees will become more involved, more responsible and their organizational commitment will grow (Năstase M. 2006:29).

Authors such as Muczyk and Reimann 1987; Yukl 1989; Bass 1981 agreed that **autocratic** leadership style is task oriented, is more convincing and manipulator being efficient to communicate a clear vision and conceive strategic objectives (Clark R., Hartline M., Jones K. 2009:212). **Participative** leadership style is more employee oriented. Managers involve their subordinates in the decision process taking into account their positive or negative opinions. Due to this, employees become more loyal and dedicated (Clark R., Hartline M., Jones K. 2009:213). Managers and leaders of hotels' department should pay more attention to developing efficient teams and to be more employee oriented through participative leadership (Ispas A. 2010, p. 218). The concept of **transformational** leadership style was developed by Burns (1978) and Bass (1985) and it became the most popular one. Transformational leaders transform the values, the need and the aspirations of the subordinates and help them to perform beyond expectations (Bass and Avolio, 1994 quoted in Walumbwa et al.:2005:236). It uses idealized influence, inspirational motivation, intellectual stimulation and individual consideration of the followers. Boyne S. pointed out the review of 11 articles from EBSCO international database on hotel topics. Transformational leadership is the most needed by employees because the organizational commitment and job satisfaction will grow and it stimulates employees' wish for high quality of their daily work and for the hotel's guests (Boyne S. 2010:14-16). **Transactional** leadership style is associated with autocratic style and is based on reward of the subordinates' work (Burns 1978 quoted in Emery C.R and Barker K. 2007:1). It involves Contingent Reward, Management-by-Exception-(Active), Management-by-Exception-(Passive) and Laissez-Faire.

Job satisfaction and organizational commitment

These concepts are used in the model as mediator factors between leadership style and employees' individual performance. According to Smith et al. (1974) job satisfaction has the following dimensions: job in general, salary, opportunities for promotion, supervision and colleagues relationship. This concept originates from Hawthorne Tests of Mayo, Roethlisberger and Whitehead (1927-1932). The results suggest that employees' emotions influence their behavior for work and sociological and psychological factors are the determinants of satisfaction and productivity (Yin, 2002, quoted in Tsai, 2008:304).

Organizational commitment was often studied at employees' work place paying attention to employee dissatisfaction and dedication. If their organizational commitment is low, they will be less work-dedicated and they will look for opportunities to leave their job (Lok P., Crawford 2004:321). In the literature there are two approaches: one based on behavior (leaving costs from the organization), the other one is based on employees' attitude (the identification with values and organizational objectives).

Employee's individual performance

Hotels' performance depends on leadership practice applied in hotel unit. Church, A.H. confirmed that leadership style of managers at the workplace directly affects quality of services and organizational performance (Church, A.H 1995:30). According to this, the paper analyzed the employees' individual performance and proposed to be studied taking into account two dimensions: efficiency and efficacy of their job. The results of The GLOBE Study showed that Romanian culture has a low performance oriented score (score 3,51), lower than Eastern

European average score (3,71) and much lower than world average (score 4,10) (Bibu, N., Brancu L. 2008:3,11).

Conclusions

The results contribute to the development of leadership knowledge in hospitality and more specifically in the hotel industry. These results can help managers to understand better the role of leadership style in making subordinates work better and achieve individual performance. For academic and researchers it brings a new relationship model that can be investigated in many areas of hotel and hospitality. Results can show if indeed leadership is influencing in a significant way (positive, negative) the employees' individual performance taking into account the dynamic environment of hotels' activities. There can be added factors such as "organizational culture" and "national culture" to find out more information about the leadership style and employees' individual performance.

Acknowledgment:

"This article is a result of the project "Creșterea calității și a competitivității cercetării doctorale prin acordarea de burse". This project is co-funded by the European Social Fund through The Sectorial Operational Programme for Human Resources Development 2007-2013, POSDRU/88/1.5/S/49516 coordinated by the West University of Timisoara in partnership with the University of Craiova and Fraunhofer Institute for Integrated Systems and Device Technology - Fraunhofer IISB."

Bibliography

1. Bibu N., Brancu L. "Convergences of the Romanian societal culture with European culture clusters in the process of European integration. The role of intercultural teams management in increasing European cohesion", *Munich Personal RePEc Archive* 23 February, (2008):1-14, Online at <http://mpra.ub.uni-muenchen.de/9476/>
2. Boyne, S. "Leadership research in hospitality: a critical review", British Academy of Management (BAM) Conference 2010, 14-16 September, University of Sheffield.
3. Ciulla, J. B., (2002) "Trust and the future of leadership" In: Bowie, N. E. ed. *The Blackwell guide to business ethics*. Oxford: Blackwell, pp. 334-351.
4. Clark, R., Hartline, M., Jones, K., "The effects of leadership style on hotel employees commitment to service quality" *Cornell Hospitality Quarterly*, 50, Issue 2 (2010):212.
5. Dolatabadi H. Rezaei, Safa M. "The Effect of Directive and Participative Leadership Style on Employees' Commitment to Service Quality", *International Bulletin of Business Administration*, Issue 9 (2010):31-42.
6. Emery C. R. et.al., "The effect of transactional and transformational leadership styles on the organizational commitment and job satisfaction of customer contact personnel", *Journal of Organizational Culture, Communications and Conflict*, 11, no. 1, (2007):1.
7. Erkutlu H., "The impact of transformational leadership on organizational and leadership effectiveness: The Turkish case", *Journal of Management Development*, Vol. 27, Issue 7 (2008):708 – 726.
8. Ispas A. "General consideration on leadership in the hospitality industry. Conceptual analysis and practical studies". *Timisoara Journal of Economics*, 3, Issue 4(12) (2010): 213-221.
9. Lok P., Crawford J., "The effect of organizational culture and leadership style on job satisfaction and organizational commitment: A cross-national comparison", *Journal of Management Development*, Vol. 23, Issue 4 (2004):321 – 338.
10. Mosadeghrad, A.M. & Yarmohammadian M. H., "A study of relationship between managers' leadership style and employees' job satisfaction", *Leadership in Health Services*. Vol. 19, No. 2 (2006):11-28.

11. Năstase M. "Stiluri de leadership în cadrul organizațiilor", *Economia, seria Management*, anul IX, no.2 (2006):29.
12. Tsai Ming-Chun, Cheng Ching-Chan si Chang Ya-Yuan „Drivers of hospitality industry employees' job satisfaction, organizational commitment and job performance” *African Journal of Business Management* Vol. 4(18) (2010): 4118-4134.
13. Walumbwa Fred O., Bani Orwa, Peng Wang, John J. Lawler, “Transformational Leadership, Organizational Commitment, and Job Satisfaction: A Comparative Study of Kenyan and U.S. Financial Firms ”,*Human resource development quarterly*, vol. 16, no. 2 (2005):236.
14. Wu Tain-Fung, Tsai Mei-Hui, Fey Yeh-Hsun and Robert T. Y.Wu, “A Study of the Relationship between Manager’s Leadership Style and Organizational Commitment in Taiwan’s International Tourist Hotels”, *Asian Journal of Management and Humanity Sciences*, 1, no. 3 (2006):434-452.
15. Yousef D. A., "Organizational commitment: a mediator of the relationships of leadership behavior with job satisfaction and performance in a non-western country", *Journal of Managerial Psychology*, Vol. 15, Issue:1 (2000): 6 – 24.