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Assessing the Effects of Leadership Styles on Employees' Outcomes in International Luxury Hotels

Teresa Aguiar Quintana · Sangwon Park · Yasmina Araujo Cabrera

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Abstract This study examines the effects of transformational, transactional, and non-transactional leadership on hotel employees' outcomes including extra effort, perceived efficiency, and satisfaction with managers. Employees from eleven 4-star hotels in Spain provided the collected data. A series of statistical analyses (1) identify the elements of three leadership styles using a multi-factor leadership questionnaire (MLQ-5X); (2) examine the effect of leadership styles on employees' outcomes. The results of this study indicate that "idealized attributes" of transformational leadership and "contingent reward" from transactional leadership are the most important factors that positively affect all three outcomes (i.e., extra effort, perceived efficiency, and satisfaction); and (3) to assess the moderating effect of different types of ownership of hotel properties on the relationship between styles of leadership and outcomes of employees' activities other than these two elements, the significant factors indicating positive or negative relationships vary depending on the types of individual outcomes as well as ownership of hotel properties. The discussion sections indicate theoretical and practical implications of the findings.

Keywords Transformational leadership · Transactional leadership · Ownership of hotel properties · Employee extra effort · Employee satisfaction with the leader · Leader effectiveness

T. A. Quintana (✉)
Department of Business Administration and Tourism, Faculty of Economy, Business and Tourism, Institute of Tourism and Sustainable Economic Development (Tides), University of Las Palmas de Gran Canaria (Canary Islands), Las Palmas, Spain
e-mail: taguiar@dede.ulpgc.es

S. Park
Department of Hospitality and Food Management, School of Hospitality and Tourism Management, University of Surrey, Guildford, UK
e-mail: sangwon.park@surrey.ac.uk

Y. A. Cabrera
Department of Business Administration and Tourism, Faculty of Economy, Business and Tourism, University of Las Palmas de Gran Canaria, Las Palmas, Spain
e-mail: yaraujo@dede.ulpgc.es

Introduction

Tourism has wide acceptance as one of the main contributions to the national economy in Spain, placing hotels in the most competitive segment of the tourism market in that country (INE 2010). However, tourism to Spain from domestic and international travelers has declined since the beginning of the worldwide recession in 2008. UNWTO (2012) reported that the global economic crisis causes a negative effect from the decrease in demand for tourism. In particular, Western Europe (e.g., Spain) encountered a sharp decline in the flow of tourists and consequently caused a rise in unemployment (Instituto de Estudios Turísticos 2010). Similarly, hotel companies seem to be less stable and their profitability has become unpredictable from the challenges of a maturing market and a reduction of competitiveness as a destination for attracting tourists (Atkinson and Brander 2001; Brander and Atkinson 2001; Perles-Ribes et al. 2013).

Hotels managers' play a substantial role for explaining the situation and reducing anxiety (Yukl and Howell 1999) among employees who rely on the managers for advice for interpreting and reacting to the uncertain market (or situation). This research argues that managers operating an international business in an uncertain environment should

obtain skills in global leadership to motivate employees whose anxieties arise from insecure employment (Petrick et al. 1999). Particularly, this study argues that effective leadership for managers of international hotels is an important requirement to increase efficiency and profitability while operating in markets characterized by intense competition. Competent management of employees is essential due to the characteristics of tourism and hospitality industries that largely rely on motivated and quality-oriented human resources for success (Ogaard et al. 2008; Xenikou and Simosi 2006; Zopiatis and Constanti 2012).

A number of researchers in business and hospitality examined the effect of leadership styles on individual and organizational performance (e.g., Hinkin and Tracey 1994; Lockwood and Jones 1989; Tracey and Hinkin 1996; Erkutlu 2008; Patiar and Mia 2008). The basis for this previous research is the argument that a manager's style of leadership influences on-the-job attitudes and behaviors of employees and subsequently affects organizational performance. Leaders who practice transformational leadership can not only inspire employees' motivations beyond personal interests, but also act as role models for employees (Bass 1985; Davidson 2003). Especially, some authors (see Clark et al. 2009) found that the leadership styles that engender employees' commitments induce employees' behavioral improvements that positively affect delivered service quality (Parasuraman et al. 1985; Hartline et al. 2003).

While previous hospitality studies attempted to estimate the importance and effects of styles of leadership, that research mainly focused on traditional leadership (transformational/charismatic leadership), which accounts for only a partial aspect of the totality of concepts of leadership. Consequently, the current study suggests developing improved styles of leadership befitting the specific characteristics of hospitality, a primary, global industry. Bass et al. (1990, 1997) suggested three dimensions of leadership (i.e., transformational, transactional, and laissez-faire). They argued that transactional leadership is a prerequisite for effective transformational leadership, since transactional leadership facilitates the relationship between the leader and followers (Avolio 1999; Bass 1990, 1997; Bass et al. 2003). Thus, analyzing the conceptual elements consisting of the three dimensions of leadership in the context of international hotels represents a valuable investigation. In addition to assessing multi-leadership styles, Clark et al. (2009) suggested that service quality and satisfaction perceived by customers associate significantly with the attributes/services provided by hotel employees. The current research examines the most appropriate leadership styles that affect the distinctive aspects of employees' performances (e.g., satisfaction, extra effort, and effectiveness).

Furthermore, Antonakis et al. (2003) suggested a potential variance of magnitude in the relationship between styles of leadership and the outcomes of employee's activities in varying contexts. That is, the ownership structure of the hotels influences leadership behaviors, which causes outcomes to vary according to individuals and organizations. For example, independent hotels or privately owned properties are more decentralized organizations often characterized by an autocratic style of leadership, whereas chain or joint-venture hotels include some degree of participative leadership (Zhenpeng et al. 2013). In addition, independent firms can be more adaptable to changing conditions, providing flexibility to respond more quickly to customers' needs and problems (Rueckert et al. 1985), whereas centralization of operations implies less flexibility for the employees. Interestingly, however, no empirical research examines the effect of different types of firms' ownerships on hotel leadership and outcomes of employees' activities.

Therefore, the current study seeks to contribute to the literature of leadership in service business from three aspects of purposes: (1) to propose three leadership concepts (i.e., transformational, transactional, and non-leadership) and identify the constituent elements of each style of leadership; (2) to estimate the effects of these three styles of leadership on outcomes from employees' activities (i.e., extra effort, effectiveness, and satisfaction) in international tourists' hotels; and (3) to assess the moderating effect of different types of ownership of hotel properties on the relationship between styles of leadership and outcomes of employees' activities.

Literature Review

Transformational, Transactional, and Non-transactional Leadership

Contemporary approaches to leadership have largely focused on the fundamental distinctions between *transformational* and *transactional* types of leadership. Burns (1978) proposed an in-depth explanation of these concepts of leadership more than thirty years ago, and since then, a substantial number of studies confirmed the validity and reliability of factors reflecting the styles of leadership throughout a variety of disciplines (Hinkin and Schriesheim 2008).

As one of leading scholars in the study of leadership, Bass (1985) proposed a theory of transformational leadership based upon the findings of Burns (1978). First, Bass argued that transformational and transactional leadership are not separate concepts: rather, they occupy opposite ends of a single continuum. Accordingly, he insisted that

the best leaders should possess both transformational and transactional skills. Second, Bass targeted the behavior that manifests transformational and transactional leadership. For example, transformational leaders offer a purpose that transcends short-term goals and emphasizes higher-order intrinsic needs, whereas transactional leaders highlight the proper exchange of resources (Erkutlu 2008). Additionally, Bass (1985) and Northouse (2012) suggested a non-transactional factor (or non-leadership) indicating the absence of leadership, the avoidance of intervention, which emerges as the most inactive form of leadership, referred to as laissez-faire. Based on these previous findings, Judge and Piccolo (2004) and Erkutlu (2008) proposed three constructs for leadership, including transformational, transactional, and non-leadership dimensions, which are the basis for the current research's model.

Literature concerning organizational constructs and leadership revealed four dimensions of transformational leadership, including inspirational motivation, idealized influence (consisting of two dimensions: individualized behaviors and idealized attributes), individual consideration, and intellectual stimulation. More specifically, *inspirational motivation* focuses on the way leaders articulate a vision that appeals and inspires followers (Den Hartog et al. 1997). In other words, the leader should be optimistic and enthusiastic for the future (Judge et al. 1997). *Idealized influence* refers to behaviors 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 et al. 2011). *Individual consideration* refers to coaching, supporting, and stimulating subordinates while acknowledging followers' feelings, emotions, and needs (Den Hartog et al. 1997). Thus, leaders who practice individual consideration are likely to treat associates, on a one-to-one basis, differently but equitably. Managers not only recognize subordinates' needs and raise their perspectives, but also effectively address employees' goals and challenges (Bass and Avolio 1997). The fourth facet of transformational leadership, *intellectual stimulation*, means that the leader is likely to challenge subordinates to identify and solve problems by themselves. In this way, the leader assists employees to consider, actively, important issues for the organization and in turn, encourages commitment to their occupations (Tims et al. 2011).

Transactional leaders are those who recognize the constituents of associates' satisfaction arising from their activities and then encourage subordinates to achieve those goals by offering rewards and/or sanctions (Bass and Avolio 1997). Transactional leadership consists of three dimensions: contingent reward, active management-by-exception (i.e., corrective leadership), and passive management-by-exception (i.e., non-corrective leadership). The *contingent reward* component of transactional leadership refers to leaders' behavior, which emphasizes clarifying individual/group roles and requirements for successful completion of tasks, and provides physical or psychological rewards for the fulfillment of contractual obligations (Bass 1998). Such leadership focuses on the effort-reward relationship and involves exchanges between a leader and subordinates (Walumbwa et al. 2008). In terms of *active management-by-exception*, leaders are likely to monitor followers' performance and institute corrective action when deviations from standards occur. In *passive management-by-exception*, leaders are unlikely to intervene until problems become serious (Bass 1997). Based upon the study of Howell and Avolio (1993), the difference between active and passive management-by-exception lies in the timing of the leader's intervention. That is, active leaders observe follower's behavior, anticipate problems, and institute corrective actions before serious difficulties arise, whereas passive leaders wait until problems occur (Judge and Piccolo 2004).

A final form of leadership, or non-leadership, is *laissez-faire*, which emerges when leaders avoid accepting responsibilities, fail to respond to requests for assistance, and resist expressing views on important issues (Bass 1997). Although laissez-faire leadership bears some resemblance to passive management-by-exception, one of the elements of transactional leadership, several researchers argued that laissez-faire leadership represents the lack of any leadership (e.g., transformational or transactional) and represents a different classification from other transactional dimensions (Avolio 1999; Bass 1998). Accordingly, this study regards laissez-faire leadership as an individual construct separate from transformational and transactional leadership.

The Effect of Leadership Styles on Follower's Outcomes

Leadership studies investigating transactional and transformational leadership showed direct relationships with a variety of occupational outcomes, including job satisfaction (Piccolo and Colquitt 2006; Purvanova et al. 2006), intrinsic motivation (Bono and Judge 2003), self-efficacy (McColl-Kennedy and Anderson 2002), creativity (Howell and Avolio 1993), perceptions of justice (Cho and Dansereau 2010), engagement with occupation (Zhu et al. 2009), professional performance (Dvir et al. 2002; Podsakoff et al. 1996), low turnover rates (Keller 1992; Conger et al. 2000), behavior toward organizational citizenship (Fuller et al. 1995; Walumbwa et al. 2008), and psychological capital (Gooty et al. 2009).

Based on these previous studies, the current research argues that transformational and transactional leadership allow leaders to achieve two important outcomes in an organization. One focuses on the tasks or performance of the firm, such as planning and articulating the vision of the organization, monitoring subordinates' activities and providing necessary support (e.g., equipment and technical assistance). Another indicates the relationship between a leader and subordinates, including being supportive and helpful, showing trust and confidence, being friendly and considerate, trying to understand subordinates' problems, showing appreciation for their ideas, and recognizing subordinates' contributions and accomplishments (Yukl 2002). According to these viewpoints, this study focuses on three core aspects of employees' outcomes: subordinate's satisfaction with the manager, subordinate's extra effort, and subordinate's perceptions of the manager's effectiveness (Bass and Avolio 1997).

Management's leadership and organizational supervision directly impacts employees' satisfaction levels (Bass and Avolio 2000; Yousef 2000; Loke 2001; Shim et al. 2002; Erkutlu 2008; Thompson 2008). Several studies (e.g., Bartram and Casimir 2007; Jung and Avolio 2000; Podsakoff et al. 1996) showed that transformational leadership has unique effects on followers' satisfaction with the leader. On the one hand, the capacity of transformational leadership, including a charismatic component, evokes admiration and identification and the goals that the leader articulates (Bartram and Casimir 2007). As such, transformational leaders provide a sense of direction and indicate high expectations and confidence for followers' abilities, which encourages employees; meeting expectations, and consequently, increases their satisfaction with the leader (Bono and Judge 2003). On the other hand, transformational leadership may engender trust for followers toward the leader because the followers believe that the leader is capable of fulfilling the leadership role (Whitener et al. 1998). Such roles involve concern for the personal needs of subordinates and behavior that reflects consistency with espoused values (Bass 1985). Indeed, if the leader appears to lack attention toward welfare, integrity, and/or competency for subordinates, they will be unlikely to trust the leader, which demotivates cooperation and subsequently, encourages dissatisfaction with the leader (Bartram and Casimir 2007).

Previous studies of transactional attributes suggest that contingent rewards influence many satisfaction levels by leadership in a positive way (Hater and Bass 1988; Lowe et al. 1996; Judge and Piccolo 2004), whereas passive management-by-exception and laissez-faire leadership have negative relationships with perceived satisfaction (e.g., Dumdum et al. 2002; Judge and Piccolo 2004). The explanation lies in subordinates' perceptions of their managers being *agents of change* who can create and articulate a clear vision for an organization. That is, leaders may empower subordinates to achieve at higher standards and act in ways that engender trust, thereby, increasing satisfaction with leaders and commitments to occupations. Thus, this study's hypotheses are (see Fig. 1):

Hypothesis 1 Transformational leadership significantly influences employees' satisfaction.

H1a Inspirational motivation positively influences employees' satisfaction.

H1b Idealized influence positively influences employees' satisfaction.

H1c Individualized consideration positively influences employees' satisfaction.

H1d Intellectual stimulation positively influences employees' satisfaction.

Hypothesis 2 Transactional leadership significantly influences employees' satisfaction.

H2a Contingent reward positively influences employees' satisfaction.

H2b Management-by-Exception (Active) positively influences employees' satisfaction.

H2c Management-by-Exception (Passive) negatively influences employees' satisfaction.

Hypothesis 3 Non-leadership (Laissez-Faire) negatively influences employees' satisfaction.

In terms of subordinates' extra effort, as defined to the extent by which a leader motivates subordinates to perform beyond contractual expectations, Bass (1985) has previously suggested that transformational leadership positively reinforces the levels of subordinates' motivations and leadership efforts to encourage employees to be actively involved in their work as part of the overall business mission. Thereby, the employee becomes highly motivated to expend effort in order to meet perceptions of self-achievement according to the manager's expectations. Relatedly, other studies showed that by means of behavior, transformational leaders create employees' commitments to satisfy higher-level needs, such as self-esteem and self-actualization (e.g., Gardner and Avolio 1998). The consequences may, in turn, increase the follower's intrinsic motivation, which is an important driver for employees' extra effort (e.g., Piccolo and Colquitt 2006; Shamir et al. 1993). Recently, Douglas (2012) found that transformational leaders who make clear communication, set the goals, and motivate employees inspire followers to reach beyond their own self-interests and further encourage them to do more than one is expected.

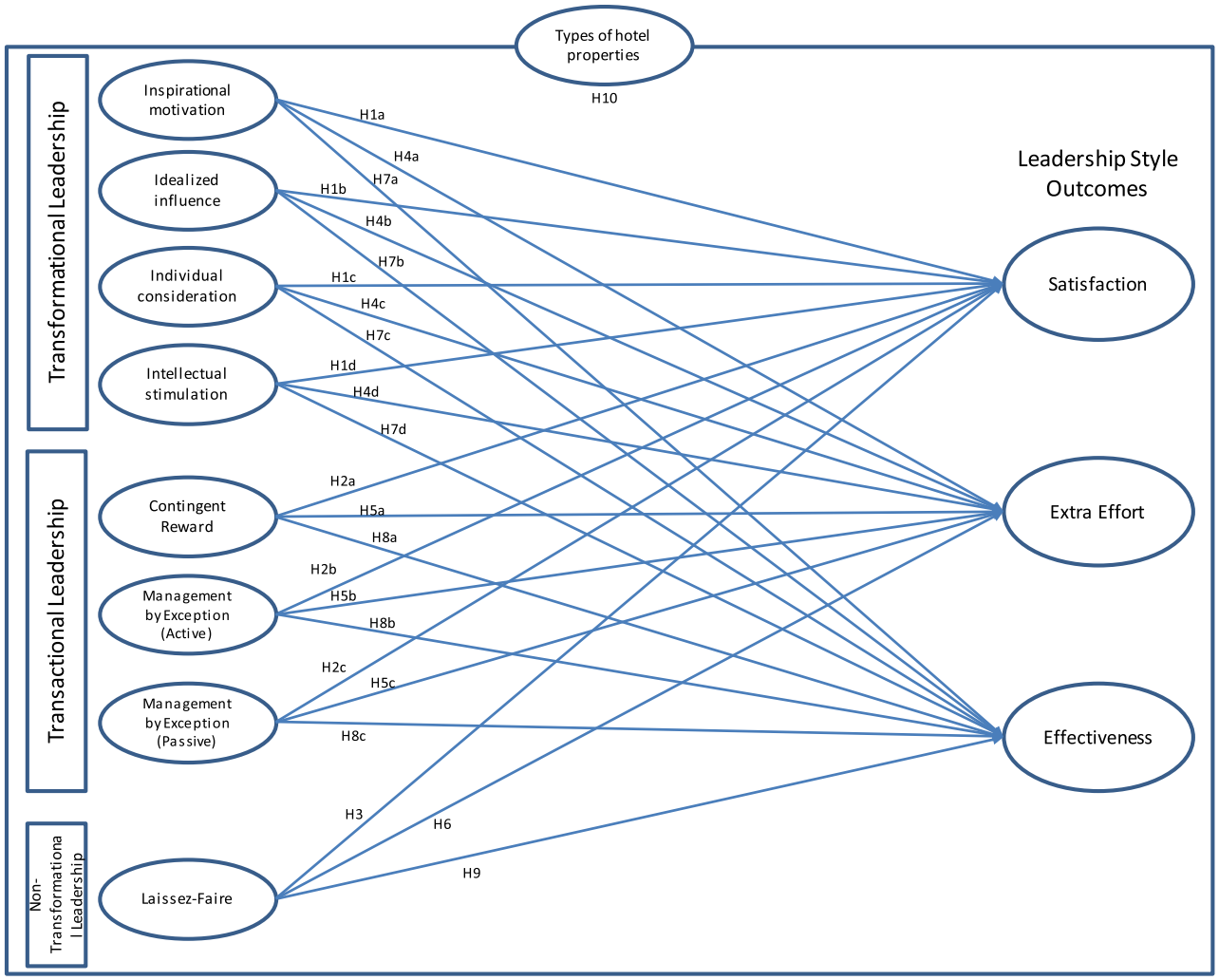

Fig. 1 Proposed model and research hypotheses

Transactional behavior clarifies expectations for employees' recognizing and meeting progress toward, and achievement of, goals by offering the (financial or non-financial) rewards based upon fulfillment of the contractual obligations (Avolio et al. 2004). Clarifying expectation is critical as it enables employees to form specific and time-bound goals for the organization and in turn, facilitates achieving optimal performance (Locke and Latham 1990). Recently, Jackson et al. (2012) suggested that the leader's use of contingent rewards directly and indirectly influence the extent to which employees apply extra effort to accomplish performance that may be more difficult to complete than anticipated. Hater and Bass (1988), among others (e.g., Judge and Piccolo 2004; Lowe et al. 1996), found that non-corrective transactional leadership (i.e., passive management-by-exception) has a negative relationship with employees' extra effort, and a laissez-faire managerial style (or non-leadership) may negatively relate to employees' professional commitments (e.g., Dumdum et al. 2002). Therefore, this study proposes three additional hypotheses (see Fig. 1):

Hypothesis 4 Transformational leadership significantly influences employees' extra effort.

H4a Inspirational motivation positively influences employees' extra effort.

H4b Idealized influence positively influences employees' extra effort.

H4c Individualized consideration positively influences employees' extra effort.

H4d Intellectual stimulation positively influences employees' extra effort.

Hypothesis 5 Transactional leadership significantly influences employees' extra effort.

H5a Contingent reward positively influences employees' extra effort.

H5b Management-by-Exception (Active) positively influences employees' extra effort.

H5c Management-by-Exception (Passive) negatively influences employees' extra effort.

Hypothesis 6 Non-leadership (Laissez-Faire) negatively influences employees' extra effort.

The last aspect of employees' performance accounts for subordinates' perceptions of managers' effectiveness (Bass and Avolio 1997). Arguably, transformational leadership results in followers performing beyond expectations (Seltzer and Bass 1990; Judge and Piccolo 2004). Lowe et al. (1996) found that individuals exhibiting transformational leadership gain perceptions of being more effective leaders whose subordinates perform better than individuals who exhibit only transactional leadership in public and private settings. Transformational leaders' behavior encourage subordinates' awareness of the special role they should play in the organization and provide personal guidance, which results in higher ratings of perceived effectiveness of the leader. Similarly, corrective transactional leadership with contingent rewards is effective for improving leaders' effectiveness, which engenders positive attitudes and performance among subordinates (Tosi 1982; Hater and Bass 1988; Lowe et al. 1996; Avolio et al. 1999; Judge and Piccolo 2004; Walumbwa et al. 2008).

Additionally, Hater and Bass (1988) found that subordinates tend to report leaders' high levels of effectiveness when supervisor acquires specific leadership skills (i.e., active transactional management-by-exception). In addition, Judge and Piccolo (2004) indicated that leadership (i.e., passive management-by-exception in transactional leadership and laissez-faire) is ineffective and/or negatively correlates with perceived effectiveness of leadership (Dumdum et al. 2002; Hater and Bass 1988; Lowe et al. 1996). With the rapidly changing business environment in hospitality, managers' use of leadership containing transformational/transactional behavior results in higher motivation and productivity among subordinates, and the issue has become increasingly important, rendering importance for leaders' effectiveness (Erkutlu 2008). Accordingly, this argument leads to proposing hypotheses:

Hypothesis 7 Transformational leadership significantly influences the effectiveness of the leader.

H7a Inspirational motivation positively influences the effectiveness of the leader.

H7b Idealized influence positively influences the effectiveness of the leader.

H7c Individualized consideration positively influences the effectiveness of the leader.

H7d Intellectual stimulation positively influences the effectiveness of the leader.

Hypothesis 8 Transactional leadership significantly influences the effectiveness of the leader.

H8a Contingent reward positively influences the effectiveness of the leader.

H8b Management-by-Exception (Active) positively influences the effectiveness of the leader.

H8c Management-by-Exception (Passive) negatively influences the effectiveness of the leader.

Hypothesis 9 Non- transactional leadership (Laissez-faire) negatively influences the effectiveness of the leader.

The Moderating Effect of Hotel Property Types (Independent vs. Chain Hotels) on Leadership Attributes

Recent scholarly suggestions promote consideration of contextual variables research of leadership (Lowe and Gardner 2000). Antonakis et al. (2003) suggested the contextualization of leadership in that the similar behaviors appear as more or less effective depending upon observations and measurements from differing organizational environments. Three main characteristics of the hotel industry separate that context from other service activities (Orfilla-Sintes et al. 2005). First, the common categorization of hotels according to "stars" (from 1 to 5) determines the complexity and extent of services provided or the type, number, and quality of services supplied. Second, often firms specialize in functional management of hotels (referring to governance). In that sense, hotels representing self-management of activities have owners who lease the properties, use professional executives for managerial operations, or operate with a franchising contract. Third, another idiosyncratic characteristic of the hotel industry is a structure of chains of facilities that has different attributes and several degrees of vertical integration depending on the company.

Davies and Downward (1996) and Jones (1999) showed the importance of chains and groups of hotels and established the difference between hotels independently managed and others that belong to a hotel chain encompassed in diversified corporate conglomerate. For example, chain and large firms usually assign management functions, such as operations, marketing, human resources, and finance/accounting to specialists, and the role of management changes as firms grow in size due to increasing emphasis

on long-term strategic planning and formalization of management processes and procedures (Jones 1999).

Conversely, independent hospitality firms and small and/or middle-sized organizations have less complex hierarchical systems. That is, the less structured approach of independent hotels regards leadership as the key factor for improving performance of individuals and/or groups of employees by establishing an innovative environment (e.g., encouraging the active feedback and learning) (Ottenbacher et al. 2006). Thus, smaller firms (or independent hotels) tend to encounter greater uncertainty for market share but may have more internal consistency in actions and motivations (Storey 1994).

Sirili and Evangelista (1998) suggested that different organizational structures of production units affect responses to changes of external environment (e.g., technology, economics, etc.) by adapting internal strategies in the organization. Independent hotels or privately owned properties are more decentralized, frequently characterized by an autocratic style of leadership, whereas chain or joint-venture hotels may present some degree of participative leadership (Zhenpeng et al. 2013). In addition, independent firms can be more adaptable to changing conditions, giving employees flexibility to respond more quickly to meet customers' needs and to solve problems (Rueckert et al. 1985), whereas in hotels structured as chains, the centralization of operations implies less flexibility for the employees. For this reason, for a new chain of hotels to be successful, appropriate services occur when managers are more likely to allow employees to use discretion and judgment for solving problems. This managerial methodology for employees also transfers responsibilities, provides opportunities for personal initiative, and demonstrates trust (Ottenbahcer et al., 2006). Thus, this study proposes the hypothesis:

Hypothesis 10 The type of hotel properties (Independent vs. chain) moderates the relationships between styles of leadership and outcomes of employees' actions.

Methodology

Sample and Procedures

This study conducted a paper-based survey to collect data from employees of international hotels primarily for tourists, located in the Canary Islands (Spanish region). These hotels include the greatest capacity for four-star hotel by square meter and indicate the highest annual occupancy rates in Spain (INE 2010). Most of the hotels are on the island of Gran Canaria, a tourist-oriented municipality with the highest number of hotel employees in Spain (INE 2012). The focus of these resorts is the market for international leisure travelers, and they offer more than 300 rooms and extensive services.

Based upon the local and geographical characteristics of Gran Canaria, this study contacted 11 four-star hotels in the main resorts, for example, San Agustín, Playa del Inglés, and Maspalomas to accumulate data from the survey. The research investigated employees whose responsibilities include staffing the front office, housekeeping, and food and beverage services. The focus on these employees is due to their performing in direct contact with customers during client–staff encounters for delivering services and these area of activities generating a large proportion of total revenue. Consequently, the style of leadership becomes an important factor determining the employees' effectiveness and/or performance (Clark et al. 2009). In order to ensure that employees have some knowledge of their immediate superior's style of leadership (e.g., Queries to receptionists elicited descriptions of front office manager's style of leadership, the same for waiters and room-service waiters of the *maitre d'* and housekeeping personnel of their managers. Queries to front office managers, *maitre d's*, and housekeeping managers elicited descriptions of the General Manager's style of leadership), the researchers contacted employees who have worked for the organizations more than 3 months. Then, distribution of the survey encompassed 405 employees of these three departments in the eleven hotels. Survey respondents received instructions to return the survey within a week of responding to the questionnaire. As a result, the total of valid returned questionnaires was 191, with response rates of 24.6, 18.3, 23.1, and 34.0 % for the reception, restaurant, housekeeping, and other departments (e.g., middle managers providing opinions of the general manager), respectively. In terms of organizational characteristics, 44 % ($n = 84$) of the data were collected from independent hotels while 107 (56 %) of the response data were obtained from chain hotels.

Measurements

This study used a revised multi-factor leadership questionnaire (MLQ-Form 5X) suggested by Bass and Avolio (1997). To be specific, this survey includes a set of 36 questions regarding three leadership styles: transformational, transactional, and non-transactional leaderships. This measurement has had wide application in contexts of general leadership, such as delivery firms (Hater and Bass 1988), banks (Geyer and Steyrer 1998), military (Yammarino et al. 1993), and general business firms (e.g., health care and service agency) (Tejeda et al. 2001), and hotels (Hinkin and Schriesheim 2008). The previous studies indicated acceptable levels of validity and reliability of the

measurement. To ensure content validity of the instrument, an invitation to a group of hotel professionals requested critical evaluation of the representative sample and clarity of construction (Jaworski and Kohli 1993). Then, a pilot study asked operational staff in the front office and/or in the restaurant of a luxury hotel in Spain to respond. The results of the pilot study showed that the distribution of data is wide and roughly follows normal distribution. It acknowledges the following procedures of data analysis to use the data collected by the MLQ leadership measurement. Actual respondents evaluated their immediate superiors based on a 5-point Likert scale.

A second set of nine questions considers the employeés performance, including extra effort, effectiveness, and satisfaction (or leaderships' performance at the individual level) (Felfe and Schyns 2004; Nemanich and Keller 2007; Podsakoff et al. 1996). According to the MLQ measurements, a professional panel and the pre-test checked content validity, and the results of the pilot study confirmed the usability of measurements for evaluating leadership's performance. The surveyed respondents answered questionnaires using 5-point Likert scale. The last part of the survey asks respondents to provide demographic information, including gender, age, education, types of contracts, departments involved, length of employment, and previous employment experiences.

Data Analysis

This study follows two steps for data analysis: (1) descriptive analysis and (2) Partial Least Square (PLS) analysis to assess the proposed model, including estimations for the measurement and structural models. First, conducting a frequency analysis determined the characteristics and profiles of respondents (e.g., gender, age, education, employee's contract, departments involved, length of employment, and previous experiences). Next, this study used PLS to test the hypotheses because that method provides several advantages over other multivariate models such as SEM and multiple regression. Specifically, PLS requires minimal restrictions on measurement scales, sample size, and residual distributions (Chin et al. 2003; Vinzi et al. 2010). As such, PLS analysis is an appropriate approach for assessing models that include complex relationships and a large number of manifest variables (over 25 proposed relationships) (Chin 1998; Kleijnen et al. 2007). Especially, PLS employs a principal component analysis to maximize the variance explained for endogenous variables, rather than developing a covariance matrix like SEM (Chin et al. 2003). That is, while the aim of SEM is to reproduce the theoretical model based on the data collected with concern for goodness-of-fit indexes, PLS focuses on maximizing the variance explained of endogenous variables.

Based on the partial nature of the PLS algorithm, PLS requires a relatively small sample size (Goodhue et al. 2006; Marcoulides et al. 2009). For example, Chin (2010) recommended that 20 cases per a dependent variable are suitable to test the statistical model. A well-known standard for PLS sample size developed by Barclay et al. (1995) and Chin (1998) is to consider the number of structural paths and dependent variables. Specifically, Barclay et al. (1995) suggested ten times the largest number of structural paths directed at a particular construct in the inner path model. Chin (1998) suggested ten times the number of predictors for a dependent variable that includes the largest number of indicators. Thus, the number of valid samples in this research, 191, is sufficiently to use PLS and in turn, to obtain reliable results.

Two stages of data analysis tested the proposed model: (1) measurement model and (2) structural model estimations using SmartPLS software. A series of criteria to estimate the measurement's model focused on convergent and discriminant validity tests and used cross-loadings of Confirmatory Factor Analysis (CFA), Average Variance Extracted (AVE) with cut-off value over 0.50, and latent correlation analysis (Chin 1998, 2010; Fornell and Larcker 1981). Additionally, the basis for assessment of composite reliability was internal consistency reliability with a cut-off level of 0.80 (Werts et al. 1974; Nunnally and Bernstein 1994). To estimate the structural model, this study takes into account two assessments, coefficient of determination (R^2) and significant values of the paths' coefficients (Urbach and Ahlemann 2010).

In order to estimate the moderating effect of organizational characteristic (i.e., independent vs. chain hotels), multi-group comparison of PLS estimating differences in path coefficients was employed (Eberl 2010). This analysis allows understanding the different mechanisms concerning the impact of leadership on employees' outcomes by comparing path estimators between groups. Before conducting multi-group analysis, the authors of this study checked three assumptions including (1) data should not be too non-normal; (2) every model considered has to be acceptable with regard to goodness-of-fit; and (3) the submodels should have measurement invariance (Chin 2000). Then, the differences between path estimators are calculated using pair-wise t-tests as shown below:

$$t = \frac{Path_{\text{sample\_1}} - Path_{\text{sample\_2}}}{\left[\sqrt{\frac{(m-1)^2}{(m+n-2)} * S.E._{\text{sample1}}^2 + \frac{(n-1)^2}{(m+n-2)} * S.E._{\text{sample2}}^2}\right] * \left[\sqrt{\frac{1}{m} + \frac{1}{n}}\right]}$$

where $Path_{\text{sample1/2}}$ is the original sample estimate for the path coefficient in both subsamples, respectively, m is the

Table 1 Employees' demographic profile

	Frequency	Percent (%)
Gender		
Female	63	33
Male	128	67
Age		
Less than 30 years	54	28.3
Between 30 and 50 years old	128	67
More than 50 years	9	4.7
Education		
No education	10	5.2
Infant School	80	41.9
Junior School	19	9.9
Senior School	9	4.7
College	45	23.6
University	28	14.7
Employee contract		
Eventual	105	55
Fixed	86	45
Departments		
Reception	53	27.7
Restaurant	39	20.4
Housekeeping	43	22.5
Concierge	1	0.5
Back	2	1.0
Front and back	53	27.7
Length of employment		
More than 6 months	168	88
Less than 6 months	23	12
Employee experience		
No previous experience	53	27.7
In hotel chains	75	39.3
In independent hotels	48	25.1
Both hotel chains and independent hotels	15	7.9
Organizational characteristic		
Independent hotels	84	44
Chain hotels	107	56

number of cases in sample 1, n is the number of cases in sample 2, and $S.E_{sample1/2}$ is the Standard error of the path coefficient in both subsamples, respectively.

Results

Profiles of Respondents

Table 1 presents the profiles of respondents in this study, revealing more male (67 %) than female employees (33 %), and over 65 % of respondents are between 30 and 50 years old. Approximately 42 % of employees have had infant school degree (41.9 %), followed by college (23.6 %), university (14.7 %), junior school (9.9 %), no education (5.2 %), and senior school (4.7 %). In terms of employees' contracts with hotels, people with an eventual contract (55 %) are slightly greater than those with fixed contracts (45 %). Over 95 % of respondents joined the four departments of interest: reception (27.7 %), front and back office (27.7 %), housekeeping (22.5 %), and restaurant (20.4 %). Additionally, the majority of employees had tenures of more than 6 months (88 %). About 70 % of respondents reported having previous employment in either a chain or an independent hotel (in chain hotels = 39.3 %, in independent hotels = 25.1 %, and in both chain and independent hotels = 7.9 %). With regard to the organizational characteristic, 44 % of respondents are currently working for independent hotels and the rest, 56 % of employees, are involved in chain hotels.

Estimation of Theoretical Constructs

As an initial step, exploratory factor analysis was conducted to identify the structure of factors across eleven concepts. It appears that an item of each construct including individualized consideration (IC 2: factor loading = 0.24), contingent reward (CR 2: factor loading = 0.30), management-by-exception (active) (MEA 1: factor loading = 0.44), and extra effort (EE 1: factor loading = 0.22) was below factor loading, 0.60, and thus, removed for the revised factor analysis. Table 2 shows the result of principal component analysis excluding those four items, which confirms the unidimensionality of constructs with acceptable estimations in eigenvalues, percentage of variance explained, and Cronbach alpha.

Then, a confirmatory factor analysis (CFA) was conducted to estimate the measurement model for determining the structures of sub-constructs that indicate transformational (e.g., idealized attributes, idealized behavior, inspirational motivation, intellectual stimulation, and individualized consideration), transactional (e.g., contingent reward, management-by-exception active, and management-by-exception passive), and non-transactional (e.g., laissez-faire) styles of leadership. The results of PLS confirmatory factor analysis are similar with the findings from EFA (see Appendix). Based on Hair et al. (2011), indicator reliability (or loadings) was first checked with cut-off over 0.70. As a result, a number of variables were decided to remove: for example, idealized attributes (IA 2: factor loading = 0.64), idealized behaviors (IA 1: factor loading = 0.56), individualized consideration (IC 2: factor loading = 0.10), individualized consideration (IC 3: factor loading = 0.69), contingent reward (CR 2: factor loading = 0.24), management-by-exception (active) (MEA 1:

Table 2 The results of principal component analysis

	Factor loadings	% of variance	Cronbach alpha
Idealized attributes (eigenvalues = 2.30)		57.59	0.75
Instills pride in being associated with manager (IA1)	0.84		
Goes beyond self-interest for the good of the group (IA2)	0.66		
Actions build respect (IA3)	0.72		
Displays a sense of power and confidence (IA4)	0.81		
Idealized behaviors (eigenvalues = 2.02)		50.49	0.66
Discusses most important values and beliefs (IB1)	0.65		
Specifies the importance of having a strong sense of purpose (IB2)	0.74		
Considers the moral and ethical consequences of decisions (IB3)	0.69		
Emphasizes the importance of having a collective sense of mission (IB4)	0.76		
Inspirational motivation (eigenvalues = 2.71)		67.84	0.84
Talks optimistically about the future (p9) (IM1)	0.83		
Talks enthusiastically about what needs to be accomplished (p13) (IM2)	0.83		
Articulates a compelling vision for the future (p26) (IM3)	0.86		
Expresses confidence for achieving goals (p36) (IM4)	0.77		
Intellectual stimulation (eigenvalues = 2.46)		61.54	0.79
Re-examines critical assumptions to question whether they are appropriate(p2) (IS1)	0.77		
Seeks differing perspectives when solving problems (p8) (IS2)	0.74		
Gets me to look at problems from many different angles (p30) (IS3)	0.82		
Suggests new ways of looking at how we do our jobs (p32) (IS4)	0.80		
Individualized consideration (eigenvalues = 2.05)		68.28	0.76
Spends time teaching and coaching (p15) (IC1)	0.85		
Treats each person as individuals with different needs, abilities, and aspirations (p29) (IC3)	0.71		
Focuses on developing individual strengths (p31) (IC4)	0.90		
Contingent reward (eigenvalues = 2.15)		71.61	0.80
Provides assistance in exchange for effort (p1) (CR1)	0.81		
Clearly expresses rewards for performance meeting-designated standards (p16) (CR3)	0.87		
Expresses with a well-accomplished task (p35) (CR4)	0.86		
Management-by-exception (Active) (eigenvalues = 1.64)		54.70	0.58
Spends time extinguishing "fires" (p22) (MEA2)	0.79		
Keeps track of mistakes (p24) (MEA3)	0.77		
Directs attention toward failure to meet standards (p27) (MEA4)	0.66		
Management-by-exception (Passive) (eigenvalues = 2.04)		50.90	0.66
Fails to intervene until problems become serious (p3) (MEP1)	0.65		
Things have to go wrong for before taking action (p12) (MEP2)	0.80		
Shows to be a firm believer in "If it ain't broke, dońt fix it" (p17) (MEP3)	0.60		
Problems must become chronic before taking action (p20) (MEP4)	0.79		
Laissez-Faire (eigenvalues = 2.12)		52.93	0.69
Avoids getting involved when important issues arise (p5)	0.79		
Avoids making decisions (p28)	0.77		
Delays responding to urgent questions (p33)	0.74		
Is absent when needed (p7)	0.60		
Extra effort (eigenvalues = 1.74)		86.93	0.85
Heightens others' desire to succeed (p42) (Extra effort 2)	0.93		
Increases others' willingness to try harder (p44) (Extra effort 3)	0.93		
Effectiveness (eigenvalues = 2.18)		54.49	0.72
Effectively meets otherś job-related needs (p37) (Effectiveness 1)	0.82		
Effectively represents the group to higher authority (p40) (Effectiveness 2)	0.80		

Table 2 continued

	Factor loadings	% of variance	Cronbach alpha
Effectively meets organizational requirements (p43) (Effectiveness 3)	0.74		
Leads a group that is effective (p45) (Effectiveness 4)	0.56		
Satisfaction (eigenvalues = 1.62)		81.19	0.76
Uses methods of leadership that are satisfying (p38) (Satisfaction 1)	0.90		
Works with others in satisfactory ways (p41) (Satisfaction 2)	0.90		

factor loadings = 0.46), management-by-exception (active) (MEA 4: factor loadings = 0.61), management-by-exception (passive) (MEP 1: factor loading = 0.52), management-by-exception (Passive) (MEP 3: factor loading = 0.57), Laissez-Faire (LF 2: factor loadings = 0.52), extra effort (Effort 1: factor loading = 0.20), and effectiveness (Effect 4: factor loading = 0.54). Then, a revised CFA model was developed by removing the six items and Table 3 presents all of the factor loadings over 0.70. As a result, the CFA result indicates that the factor loadings reflecting the constructs to measure are much higher than ones with other principal constructs, which confirms the discriminant validity (Chin 1998).

Assessment of the square root of Average Variance Extracted (AVE) for each construct tests the convergent validity for eleven latent variables and the estimated AVE value compared to inter-correlated values among other constructs. The results of this analysis reveal that the AVEs (the mean-squared loading for each construct) are larger than the cross-correlations of other constructs except for intellectual stimulation (see Table 4). While intelligent stimulation showed a bit of higher correlation values than AVE with individual consideration and contingent reward, this study maintained the construct for further analysis due to lower-order factors of transformational leadership, which is expected to highly correlate with other leadership constructs. Accordingly, the analysis suggests that each respective construct is apparently distinctive from other constructs in the measurement's model, which confirms discriminant validity (Fornell and Bookstein 1982). The square root of AVE is also over 0.75, implying that the latent variables explain indicators more than error variance and refers to convergent validity. The internal consistency calculated by composite reliability also shows sufficient levels to satisfy tolerable reliability (over 0.80), as shown in Table 4 (Hair et al. 2011; Werts et al. 1974).

Since the response data were collected using same mean for measuring all constructs, to further investigate validity of the research findings, this study tests the extent to which the statistical results' variances embed the common method bias (Podsakoff et al. 2003). One of estimation methods employing correlation analysis produced results for correlation values among latent constructs to determine if extremely high correlation appears between factors. Table 4 shows no variable with a correlational value over the cut-off of 0.90. Next, conducting Harman's single factor test applies exploratory factor analysis without performing any rotation. As a result, the variance explained for a factor is 34.87 % (lower than the cut-off of 50 %), indicating that the results do not have considerable common method bias (Harman 1976; Podsakoff and Organ 1986).

Structural Model Estimation

PLS structural model with bootstrap resampling method (300 sample generations) assesses the hypothesized relationships to calculate t values. The statistical results of path coefficient and R^2 appear in Table 5. Two variables of transformation leadership (i.e., idealized attributes and intellectual stimulation) show positive, significant relationships with satisfaction with leaders' behavior ($b = 0.33$; $p < 0.001$; $b = 0.24$; $p < 0.001$, respectively). Likewise, two factors of transactional leadership are statistically significant: one positive (i.e., contingent reward) ($b = 0.26$; $p < 0.001$) and the other negative (i.e., management-by-exception passive) ($b = -0.15$; $p < 0.001$) relationships. Accordingly, the examined variables explain 68 % of variance for satisfaction with the leader (see Table 5).

In terms of the construct for extra effort, two factors of transformational leadership, idealized attributes and inspirational motivation, positively influence motivation for extra effort ($b = 0.25$ and 0.32; $p < 0.001$, respectively). Contingent reward from transactional leadership positively correlates with the variable for extra effort ($b = 0.26$; $p < 0.001$). As a result, these proposed factors explain 70 % of total variance for employees' extra efforts. Last, with regard to leadership's effectiveness in organizations, idealized attributes ($b = 0.37$; $p < 0.001$) and inspirational motivation ($b = 0.15$; $p < 0.01$) in transformational leadership and contingent reward ($b = 0.25$; $p < 0.001$) in transactional leadership positively affect effectiveness, whereas non-transactional leadership indicates a negative relationship with leadership's effectiveness ($b = -0.12$; $p < 0.01$). Accordingly, the factors account for 67 % of

Table 3 PLS confirmatory factor analysis for discriminant and convergent validity

	IA	IB	IM	IS	IC	CR	MEA	MEP	LF	Effort	Effect	Sat	Org.
p10	**0.85**	0.64	0.63	0.67	0.66	0.71	0.45	−0.37	−0.34	0.66	0.70	0.68	−0.06
p21	**0.77**	0.53	0.44	0.48	0.47	0.41	0.43	−0.36	−0.41	0.50	0.57	0.51	−0.03
p25	**0.83**	0.53	0.62	0.60	0.59	0.56	0.50	−0.40	−0.41	0.59	0.57	0.62	−0.01
p14	0.47	**0.71**	0.51	0.47	0.46	0.45	0.41	−0.29	−0.27	0.40	0.42	0.38	0.07
p23	0.55	**0.77**	0.55	0.56	0.53	0.54	0.49	−0.21	−0.23	0.52	0.51	0.49	−0.09
p34	0.56	**0.80**	0.59	0.64	0.67	0.57	0.39	−0.28	−0.28	0.54	0.46	0.52	−0.19
p9	0.52	0.55	**0.81**	0.59	0.57	0.59	0.37	−0.19	−0.20	0.55	0.48	0.42	−0.08
p13	0.56	0.62	**0.83**	0.63	0.63	0.65	0.42	−0.21	−0.26	0.63	0.54	0.51	−0.02
p26	0.65	0.63	**0.87**	0.68	0.59	0.66	0.43	−0.29	−0.33	0.70	0.63	0.66	−0.04
p36	0.55	0.55	**0.79**	0.63	0.55	0.58	0.45	−0.27	−0.43	0.63	0.62	0.54	−0.06
p2	0.54	0.56	0.61	**0.79**	0.59	0.65	0.38	−0.20	−0.27	0.59	0.62	0.60	−0.02
p8	0.57	0.52	0.50	**0.71**	0.48	0.47	0.37	−0.30	−0.30	0.46	0.45	0.46	−0.07
p30	0.54	0.59	0.63	**0.81**	0.68	0.64	0.41	−0.23	−0.29	0.53	0.47	0.53	0.03
p32	0.61	0.62	0.67	**0.82**	0.78	0.70	0.43	−0.32	−0.32	0.70	0.63	0.65	−0.13
p15	0.63	0.66	0.62	0.69	**0.91**	0.72	0.44	−0.26	−0.31	0.57	0.59	0.52	−0.13
p31	0.68	0.69	0.69	0.81	**0.94**	0.76	0.48	−0.29	−0.32	0.72	0.66	0.68	−0.10
p1	0.51	0.51	0.56	0.59	0.58	**0.80**	0.35	−0.35	−0.34	0.60	0.57	0.54	−0.05
p16	0.57	0.58	0.64	0.65	0.71	**0.86**	0.42	−0.23	−0.32	0.58	0.61	0.57	−0.03
p35	0.67	0.64	0.70	0.76	0.74	**0.87**	0.45	−0.31	−0.31	0.74	0.66	0.70	−0.14
p22	0.48	0.47	0.42	0.43	0.41	0.40	**0.85**	−0.23	−0.33	0.39	0.44	0.36	−0.02
p24	0.47	0.48	0.44	0.42	0.43	0.41	**0.84**	−0.17	−0.37	0.36	0.42	0.39	−0.16
p12	−0.52	−0.36	−0.36	−0.39	−0.32	−0.39	−0.25	**0.95**	0.62	−0.36	−0.39	−0.52	0.01
p20	−0.17	−0.16	−0.07	−0.11	−0.17	−0.15	−0.14	**0.76**	0.45	−0.14	−0.20	−0.29	0.09
p5	−0.38	−0.29	−0.34	−0.32	−0.30	−0.30	−0.42	0.47	**0.81**	−0.33	−0.37	−0.40	0.12
p28	−0.29	−0.21	−0.25	−0.18	−0.23	−0.22	−0.27	0.53	**0.77**	−0.25	−0.34	−0.33	0.06
p33	−0.42	−0.29	−0.29	−0.38	−0.28	−0.36	−0.28	0.54	**0.79**	−0.33	−0.38	−0.41	−0.03
p42	0.69	0.66	0.74	0.74	0.71	0.77	0.46	−0.33	−0.38	**0.94**	0.77	0.75	−0.08
p44	0.65	0.54	0.69	0.64	0.59	0.64	0.37	−0.27	−0.34	**0.92**	0.64	0.65	−0.07
p37	0.65	0.52	0.63	0.67	0.63	0.69	0.42	−0.30	−0.40	0.72	**0.85**	0.69	−0.04
p40	0.66	0.51	0.56	0.54	0.56	0.58	0.46	−0.32	−0.38	0.57	**0.84**	0.61	−0.03
p43	0.52	0.47	0.50	0.49	0.44	0.48	0.37	−0.28	−0.33	0.55	**0.75**	0.44	−0.05
p38	0.72	0.58	0.64	0.66	0.62	0.66	0.44	−0.39	−0.42	0.66	0.65	**0.91**	−0.04
p41	0.62	0.53	0.54	0.64	0.56	0.64	0.36	−0.52	−0.46	0.70	0.67	**0.90**	−0.10
Org.	−0.04	−0.11	−0.06	−0.07	−0.13	−0.09	−0.11	0.04	0.06	−0.08	−0.05	−0.08	**1.00**

Bold values represent measurements of reflective constructs

IA idealized attributes, *IB* idealized behaviors, *IM* inspirational motivation, *IC* individualized consideration, *CR* contingent reward, *MEA* management-by-exception (Active), *MEP* management-by-exception (Passive), *LF* Laissez-faire, *Org*. types of hotel properties

total variance (R^2 adjusted for degree of freedom) of the effectiveness constructs (see Table 5). This study concludes that the structural model by estimating R^2 values (around 0.70) is substantial (Hair et al. 2011).

In order to test robustness of the PLS results, this research performed three multiple regression analyses according to three dependent variables (i.e., satisfaction, extra effort, and effectiveness). As can be seen at Table 6, idealized attributes ($\beta = 0.35$, $p < 0.001$), intellectual stimulation ($\beta = 0.23$, $p < 0.001$), and contingent reward ($\beta = 0.27$, $p < 0.001$) positively influence satisfaction whereas Management-by-Exception (Passive) had a negative relationship ($\beta = -0.15$, $p < 0.01$), which explains 64 % of the dependent variable ($F = 42.76$, $p < 0.001$). In terms of extra effort, three factors that positively affect extra effort are identified, including idealized attributes ($\beta = 0.25$, $p < 0.001$) and inspirational motivation ($\beta = 0.31$, $p < 0.001$) in transformational leadership and contingent reward ($\beta = 0.26$, $p < 0.001$) in transactional leadership ($R^2 = 0.67$, $p < 0.001$). As expected when concerning effectiveness, idealized attributes ($\beta = 0.36$, $p < 0.001$), inspirational motivation ($\beta = 0.13$, $p < 0.05$),

Table 4 Latent variable correlation

Constructs	Reliability	1	2	3	4	5	6	7	8	9	10	11	12	13
1. Idealized attributes	0.86	**0.82**												
2. Idealized behaviors	0.81	0.70	**0.76**											
3. Inspirational motivation	0.89	0.70	0.72	**0.82**										
4. Intellectual stimulation	0.86	0.72	0.73	0.77	**0.78**									
5. Individualized consideration	0.92	0.71	0.73	0.71	0.82	**0.92**								
6. Contingent reward	0.88	0.70	0.69	0.75	0.80	0.80	**0.85**							
7. MEA	0.83	0.56	0.57	0.51	0.50	0.50	0.48	**0.84**						
8. MEP	0.85	−0.46	−0.33	−0.30	−0.33	−0.30	−0.35	−0.24	**0.86**					
9. Laissez-Faire	0.84	−0.46	−0.34	−0.38	−0.38	−0.34	−0.38	−0.41	0.64	**0.79**				
10. Extra effort	0.93	0.72	0.65	0.77	0.74	0.70	0.76	0.45	−0.33	−0.39	**0.93**			
11. Effectiveness	0.85	0.75	0.61	0.70	0.70	0.68	0.73	0.51	−0.37	−0.46	0.76	**0.81**		
12. Satisfaction	0.90	0.75	0.62	0.66	0.72	0.66	0.72	0.45	−0.50	−0.48	0.75	0.75	**0.90**	
13. Organization	1.00	−0.04	−0.11	−0.06	−0.07	−0.13	−0.09	−0.11	0.04	0.06	−0.08	−0.08	−0.08	**1.00**

Items on the diagonal (in bold) represent AVE scores; *MEA* management-by-exception (Active), *MEP* management-by-exception (Passive)

and contingent reward ($\beta = 0.26$, $p < 0.001$) showed positive relationships with effectiveness and accounted for 64 % of the dependent variable. With concerning the relationship of laissez-faire with effectiveness ($\beta = -0.10$, $p < 0.10$), the results of multiple regression are similar with those from PLS analysis, which validates the statistical findings (see Table 6).

Group Comparison Between Independent and Chain Hotels

Before analyzing multi-group analysis, several estimations were tested to check three assumptions: (1) the data should not be too non-normal; (2) each submodel considered has to achieve an acceptable goodness-of-fit; and (3) there should be measurement invariance (Chin 2000). First, skewness and kurtosis as well as QQ plots were estimated for the sake of numerical and visual inspections. The results reveal that none of the 33 variables in each group (independent and chain hotels) were not found to violate strongly from the distributional assumption.

In order to check whether the submodels achieved acceptable model fit, this research relies on R^2 of three endogenous constructs because there is no existence estimating the overall parametric criterion in PLS. Table 7 presents that R^2 values for latent constructs (i.e., satisfaction, extra effort, and effectiveness) in independent and chain hotels are acceptable within usual boundary interpretation which is larger than 0.55 (moderate level) (Hair et al. 2011). The composite reliability for individual constructs in subgroups shows acceptable levels, larger than 0.75. Third, measurement invariance was tested as the last prerequisite for multi-group comparison using pair-wise *t*-test. While four factors are statistically significant out of forty variables, the number of significant differences found reflects small fraction which shares 1.1 % (4 out of 34 variables). Thus, the authors of this research say that all three assumptions are met to perform multi-group analysis.

As shown in Table 7, the path coefficients between groups show apparent differences between groups in selected relationships. In terms of transformational leadership, idealized attributes in independent hotels ($b = 0.49$, $p < 0.001$) have relatively larger influence on extra effort than for chain hotels ($b = 0.15$, $p < 0.05$) by calculating *t*-test (T value $= 4.16$). While intellectual stimulation shows a significant relationship with extra effort in chain hotels ($b = 0.25$, $p < 0.01$), it has positively significant relationship with effectiveness only in independent hotels ($b = 0.15$, $p < 0.01$). With regard to transactional leadership, management-by-exception (Active) ($b = -0.16$, $p < 0.001$) and laissez-faire ($b = -0.18$, $p < 0.001$) in independent hotels and management-by-exception (passive) ($b = -0.30$, $p < 0.001$) in chain hotels are statistically significant with satisfaction.

Table 5 Results of PLS structural model

Paths	Full model	
	Coefficient	R^2
Idealized attributes → satisfaction	0.33***	0.68
Idealized behaviors → satisfaction	−0.01	
Inspirational motivation → satisfaction	0.04	
Individualized consideration → satisfaction	−0.05	
Intellectual stimulation → satisfaction	0.24***	
Contingent reward → satisfaction	0.26***	
Management-by-exception (active) → satisfaction	−0.04	
Management-by-exception (passive) → satisfaction	−0.15***	
Laissez-Faire → satisfaction	−0.06	
Idealized attributes → extra effort	0.25***	0.70
Idealized behaviors → extra effort	−0.01	
Inspirational motivation → extra effort	0.32***	
Individualized consideration → extra effort	0.02	
Intellectual stimulation → extra effort	0.12	
Contingent reward → extra effort	0.26***	
Management-by-exception (active) → extra effort	−0.06	
Management-by-exception (passive) → extra effort	0.04	
Laissez-Faire → extra effort	−0.05	
Idealized attributes → effectiveness	0.37***	0.67
Idealized behaviors → effectiveness	−0.06	
Inspirational motivation → effectiveness	0.15**	
Individualized consideration → effectiveness	0.03	
Intellectual stimulation → effectiveness	0.10	
Contingent reward → effectiveness	0.25***	
Management-by-exception (active) → effectiveness	0.05	
Management-by-exception (passive) → effectiveness	0.04	
Laissez-Faire → effectiveness	−0.12**	

** $p < 0.01$; *** $p < 0.001$

Discussion

Based on the importance of leadership in the hospitality industry (e.g., human intensive industry) when confronting economic challenges, this study seeks to identify the underlying structures of departmental or general managers' styles of leadership, to examine the influence of multi-leadership on three aspects of employees' performance (e.g., perceived satisfaction with the leader, subordinate's extra effort, and perceptions of leadership's effectiveness), and to consider the moderating effect of organizational characteristics (i.e., independent vs. chain) on attributes of leadership, based upon the argument of Antonakis et al. (2003) that leadership must develop customized models to include specific sub-components and structures that may vary depending on the nature of the desired performance and the context.

More specifically, this study argues that the factors of idealized attributes and contingent reward are the most important elements of leadership that influence all three measures of employees' performance. When subordinates perceive managers as *agents of change* (i.e., idealized attributes) who represent positive role models, articulate a clear vision, empower subordinates to achieve higher standards, raise trustworthiness, and encourage meaningfulness of organizational life, the managers inspire perceptions of higher purpose in subordinates' tasks (i.e., extra effort) and in turn, enhance the perceived effectiveness of, and satisfaction with the leader (Erkutlu 2008; Howell and Frost 1989; Podsakoff et al. 1996; Sparks and Schenk 2001). As in Avolio (1999), the current study supports the notion that leadership with contingent rewards is reasonably effective because the leader's communication with subordinates setting clear expectations, clarifying methods for achieving outcomes, and rewarding performance that achieves goals are likely to motivate employees' extra effort, and subsequently, increases subordinates' professional satisfaction. Contrary to transformational leadership that assists identifying followers' needs, leadership via contingent rewards provides tangible or intangible recognition for fulfilling contractual obligations (Bass 1998; Lowe et al. 1996; Walumbwa et al. 2008).

From the Spanish hotel perspective, changes in demand during the last decade resulting from more selective consumers with unstable purchasing power and changing tastes have led hotel managers to hardly estimating market competitiveness (Perles-Ribes et al. 2013). As a result, the market in which categories of hotels represent identical features and benefits causes hotels' leaders to focus on strategies of differentiation, particularly internal attributes, including service quality, reputation, security, and cleanliness (Chu and Choi 2000). As such, these leaders may encourage employees to establish attainable and clear missions for improving service quality to ensure customers' satisfaction (referring to idealized attributes) with rewards accruing to subordinates who meet objectives (referring to contingent reward from Spanish hotel leaders).

When comparing independent and chain hotels, a consistent, identifiable characteristic is that idealized attributes are key elements of leadership necessary for improving the performance of employees. Interestingly, however, the effects of idealized attributes and contingent reward for extra effort among independent hotels were greater than for chain hotels.

Other than those two leadership elements (idealized attributes and contingent reward) which are significant for

Table 6 Robustness check

Variables	Dependent variables					
	Satisfaction		Extra effort		Effectiveness	
	Standardized coefficient	VIF	Standardized coefficient	VIF	Standardized coefficient	VIF
Transformational leadership						
Idealized attributes	0.35***	2.91	0.25***	2.91	0.36***	2.91
Idealized behaviors	0.01	3.04	−0.01	3.04	−0.07	3.04
Inspirational motivation	0.03	3.19	0.31***	3.19	0.13*	3.19
Individualized consideration	−0.06	3.96	0.01	3.96	0.04	3.96
Intellectual stimulation	0.23**	4.02	0.11	4.02	0.08	4.02
Transactional leadership						
Contingent reward	0.27***	3.69	0.26**	3.69	0.26***	3.69
Management-by-exception (active)	−0.04	1.72	−0.06	1.72	0.06	1.72
Management-by-exception (passive)	−0.15**	1.70	0.02	1.70	0.01	1.70
Non-transactional leadership						
Laissez-Faire	−0.06	1.93	−0.04	1.93	−0.10†	1.93
Adjusted R-square	0.64		0.67		0.65	
F test	42.76***		43.99***		40.09***	

† $p < 0.10$; * $p < 0.05$; ** $p < 0.01$; *** $p < 0.001$; conditional index of the regression model is 17.20

all employees' performance, this research identifies the important factors of the leadership affecting the outcomes of employees' activities that vary depending on different types of performance: for example, management-by-exception (passive) and laissez-faire leadership negatively correlate with subordinates' satisfaction with leaders' effectiveness. Yukl (2002) demonstrated that subordinates are more likely to be effective if they view themselves as active and independent rather than passive toward, and dependent on the leader. Therefore, the passive engagement of the leaders may induce negative outcomes from followers. Given the Spanish hotel context that constitutes a large number of luxury hotels, leaders attempt to offer the highest overall quality by training employees to be active in the service recovery process and to respond to (almost all) customers' inquiries to meet customers' expectations. This explains the results that leadership's inactive response to subordinates' need for assistance leads to negative perceptions of superiors when resolving customers' complaints. In terms of inspirational motivation, the underlying notion of this element of leadership is that "raising the consciousness of workers about the organization's mission and vision, and encouraging others in understanding and committing to the vision" (Sarros and Santora 2001, p. 386) is the core values of inspirational motivation. Leaders who are inspirational and show commitment with genuine concern can provoke their subordinates, thereby, encouraging extra effort, and in turn, positively influencing leaders' effectiveness (Bass and Avolio 1997).

Taking into account different hotel properties, this study suggests managers of independent hotels avoid laissez-faire styles to satisfy employees and for chain hotels to circumvent MEP style not only to improve the level of employees' satisfaction but also to encourage extra effort. With regard to intellectual stimulation, chain hotels' leaders need to acquire the practice of intellectual stimulation to motivate employees' extra efforts. This finding is consistent with the argument of unavoidable empowerment for employees in the chain hotels where employees need flexibility to adapt behaviors to meet the demands of each service encounter to satisfy customers' needs (Hartline et al. 2003). Contrarily, independent managers should induce intellectual stimulation to improve employees' efficiency.

Concerning several insignificant relationships in the results of this study, Brown and Arendt (2010) argued that employees of large hotels (particularly chain hotels) should follow certain rules and procedures when interacting with guests. Therefore, "because the front desk staff interact with guests frequently and may be restricted in how they do so, they may lack the opportunity to take the initiative or feel less motivated in the workplace" (Brown and Arendt 2010, p.54). The characteristic of hospitality organization may account for certain attributes of transformational leadership (e.g., individual consideration) in the hotel context to produce a relative lack of variance in outcomes from employees' activities. Baliga and Hunt (1988) stated that transformational leadership can have an important role

Table 7 The results of multi-group comparison

Paths	Independent hotel ($N = 84$)		Chain hotel ($N = 107$)		T test
	Coefficient	R^2	Coefficient	R^2	
Idealized attributes → satisfaction	0.36***	0.73	0.36***	0.67	0.01
Idealized behaviors → satisfaction	0.08		−0.11		NA
Inspirational motivation → satisfaction	−0.09		0.09		NA
Individualized consideration → satisfaction	0.06		−0.11		NA
Intellectual stimulation → satisfaction	0.29***		0.19***		1.02
Contingent reward → satisfaction	0.32***		0.29***		0.38
Management-by-exception (active) → satisfaction	−0.16***		−0.07		Difference
Management-by-exception (passive) → satisfaction	−0.04		−0.30***		Difference
Laissez-Faire → satisfaction	−0.18***		0.06		Difference
Idealized attributes → extra effort	0.49***	0.82	0.15*	0.66	4.16***
Idealized behaviors → extra effort	−0.02		−0.01		NA
Inspirational motivation → extra effort	0.26***		0.26***		0.01
Individualized consideration → extra effort	0.06		0.10		NA
Intellectual stimulation → extra effort	0.04		0.25**		Difference
Contingent reward → extra effort	0.34***		0.28***		0.67
Management-by-exception (active) → extra effort	−0.10*		0.01		NA
Management-by-exception (passive) → extra effort	−0.24***		−0.16***		1.24
Laissez-Faire → extra effort	−0.01		0.02		NA
Idealized attributes → effectiveness	0.41***	0.81	0.37***	0.56	0.44
Idealized behaviors → effectiveness	−0.03		−0.08		NA
Inspirational motivation → effectiveness	0.14***		0.14*		NA
Individualized consideration → effectiveness	0.07		−0.04		NA
Intellectual stimulation → effectiveness	0.15**		0.05		Difference
Contingent reward → effectiveness	0.21***		0.29***		0.81
Management-by-exception (active) → effectiveness	0.03		0.07		NA
Management-by-exception (passive) → effectiveness	0.05		−0.01		NA
Laissez-Faire → effectiveness	−0.07		−0.09		NA

* $p < 0.05$; ** $p < 0.01$; *** $p < 0.001$; NA refers to no t-test calculated, difference means that the coefficient value in one of the groups is statistically significant

for an organization's stages of initial inception, growth, and revitalization. Apparently, however, the Spanish hospitality industry confronts a mature market: high-competitive pressure (Becerra et al. 2013) and over supply compared to demand (Cuenllas 2013). Thus, the current research argues that the particular market circumstances of Spanish hotels moderate the study's findings (i.e., selective significant factors) compared to the results regarding leadership for the industry in general. With regard to transactional leadership, the current study coincides with Vila et al. (2013) who noted that the Spanish hotel industry has embarked on a course of innovation in response to the challenging competitive market, and thus, the hotels mainly focus on the aspects of contingent reward in leadership that allows particular recognition for employees for innovative proposals.

Based on these findings, this study contributes to the theoretical foundations of the study of leadership in the context of Spanish hotels. First, this research identifies the elements reflecting multiple aspects of leadership (i.e., transformational, transactional, and non-transactional leadership), in which some factors are modifications of the generic framework of leadership to reflect an improved structure for service business. Next, recognizing that most tourism and hospitality studies focused on transformational leadership, this study assesses, holistically, the effect of multiple leadership styles. As a result, the findings of this research illuminate the core factors that directly improve individuals' performance, according to different aspects, and identified the relative importance of the elements for successful leaders. Last, this study identified the moderating role of hotel property types (independent and chain hotels) on the leadership styles and employee's performance. As such, these findings suggest managerial implications for service firms: (1) develop transformational leadership based on idealized influence to encourage

associates' emulation of managers' trustworthiness, create attainable missions, and clarify visions; (2) identify subordinates' needs and link these to the leader's expectations for accomplishment and rewards for meeting objectives. Contingent reward is the only transactional leadership attribute related to associates' extra effort, meeting subordinates' occupational needs, contributing to organizational effectiveness, and ensuring satisfaction with the leader's style; (3) avoid non-corrective transactional styles of leadership (e.g., passive management-by-exception) and laissez-faire which produce negative effects from those styles on employees' performance; and finally, (4) account for organizational characteristics when instituting certain leadership styles allowing reasonable expectations for specific outcomes from employee's: satisfaction, extra effort, and effectiveness.

This study is subject to limitations that future research could address. First, while this research investigates the moderating effect of the type of hotel property (chain or independent), additional hospitality-specific factors exist that potentially affect the findings, such as the hotels' size and number of employees. Second, in terms of data collection, the surveys' completion between January and April, a very busy season for tourism in the Canary Islands, may have affected responses due to high stress levels of managers and high workloads among subordinates. Future research that obtains data from a number of different hotels in different countries as well as a range of time periods including peak and off-peak seasons may expand validation of this study. In the similar vein, another limitation is the ''post-hoc'' method to estimating the common method bias in this study. Rather, the future research is suggested to control the potential of common method bias by managing the way to collect response data. For example, the researchers may ask employees to rate the leadership behaviors of their leaders and leaders to evaluate the employees' activities in the organization. Last, with regard to the statistical analysis used, the agreed goodness-of-fit for PLS analysis does not exist, which creates difficulty for researchers to estimate the extent to which the response data can explain the proposed model as well as allow comparison between models using certain model fit indexes.

Appendix

See Table 8.

Table 8 PLS confirmatory factor analysis considering full constructs

	IA	IB	IM	IS	IC	CR	MEA	MEP	LF	Effort	Effect	Sat	Org.
p10	**0.85**	0.63	0.63	0.67	0.68	0.71	0.46	−0.34	−0.34	0.66	0.68	0.68	−0.06
p18	**0.64**	0.60	0.53	0.59	0.59	0.52	0.29	−0.16	−0.14	0.46	0.41	0.48	−0.09
p21	**0.72**	0.53	0.44	0.48	0.48	0.42	0.48	−0.35	−0.40	0.50	0.55	0.51	−0.03
p25	**0.81**	0.52	0.62	0.60	0.56	0.55	0.47	−0.39	−0.39	0.59	0.60	0.62	−0.01
p6	0.36	**0.56**	0.44	0.39	0.38	0.34	0.26	−0.12	−0.13	0.30	0.23	0.23	−0.08
p14	0.50	**0.71**	0.51	0.47	0.47	0.46	0.45	−0.29	−0.27	0.40	0.42	0.38	0.07
p23	0.57	**0.75**	0.55	0.56	0.50	0.54	0.51	−0.24	−0.24	0.52	0.53	0.49	−0.09
p34	0.63	**0.79**	0.59	0.64	0.69	0.58	0.40	−0.27	−0.28	0.55	0.49	0.52	−0.19
p9	0.56	0.58	**0.81**	0.59	0.55	0.60	0.39	−0.21	−0.20	0.56	0.49	0.42	−0.08
p13	0.60	0.64	**0.83**	0.63	0.60	0.65	0.44	−0.21	−0.24	0.62	0.55	0.51	−0.02
p26	0.67	0.65	**0.87**	0.68	0.58	0.66	0.48	−0.28	−0.33	0.70	0.65	0.66	−0.04
p36	0.58	0.55	**0.79**	0.63	0.56	0.58	0.48	−0.29	−0.41	0.63	0.64	0.54	−0.06
p2	0.59	0.57	0.61	**0.78**	0.61	0.65	0.39	−0.17	−0.26	0.60	0.62	0.60	−0.02
p8	0.58	0.52	0.50	**0.71**	0.51	0.48	0.38	−0.30	−0.29	0.47	0.44	0.46	−0.07
p30	0.60	0.63	0.63	**0.81**	0.70	0.65	0.44	−0.21	−0.29	0.54	0.50	0.53	0.03
p32	0.64	0.60	0.67	**0.82**	0.77	0.71	0.48	−0.31	−0.31	0.70	0.67	0.65	−0.13
p15	0.65	0.67	0.62	0.69	**0.85**	0.73	0.43	−0.27	−0.30	0.57	0.60	0.52	−0.13
p19	0.07	0.12	0.06	0.09	**0.10**	−0.04	−0.05	0.21	0.17	−0.05	−0.01	−0.05	0.03
p29	0.47	0.43	0.36	0.53	**0.69**	0.41	0.29	−0.28	−0.26	0.45	0.40	0.46	−0.07
p31	0.73	0.69	0.69	0.81	**0.92**	0.77	0.49	−0.27	−0.31	0.72	0.68	0.68	−0.10
p1	0.54	0.50	0.56	0.59	0.56	**0.79**	0.38	−0.33	−0.34	0.60	0.57	0.54	−0.05
p11	0.20	0.24	0.18	0.26	0.24	**0.24**	0.17	0.06	0.07	0.15	0.14	0.05	−0.05
p16	0.60	0.59	0.64	0.65	0.68	**0.86**	0.45	−0.21	−0.30	0.58	0.63	0.57	−0.03

Table 8 continued

	IA	IB	IM	IS	IC	CR	MEA	MEP	LF	Effort	Effect	Sat	Org.
p35	0.70	0.65	0.70	0.76	0.75	**0.87**	0.48	−0.31	−0.31	0.74	0.68	0.70	−0.14
p4	0.18	0.17	0.19	0.21	0.16	0.27	**0.46**	−0.14	−0.20	0.28	0.25	0.16	0.08
p22	0.46	0.48	0.42	0.43	0.41	0.40	**0.78**	−0.23	−0.32	0.39	0.40	0.36	−0.02
p24	0.47	0.47	0.44	0.42	0.43	0.41	**0.77**	−0.19	−0.35	0.37	0.43	0.39	−0.16
p27	0.31	0.35	0.34	0.33	0.27	0.27	**0.57**	−0.07	−0.15	0.31	0.26	0.23	−0.16
p3	−0.11	−0.19	−0.17	−0.06	−0.12	−0.11	−0.05	**0.52**	0.35	−0.10	−0.13	−0.12	0.09
p12	−0.51	−0.34	−0.36	−0.39	−0.36	−0.38	−0.27	**0.91**	0.64	−0.36	−0.40	−0.52	0.01
p17	−0.19	−0.20	−0.14	−0.13	−0.12	−0.12	−0.18	**0.55**	0.35	−0.15	−0.11	−0.16	0.05
p20	−0.16	−0.16	−0.07	−0.11	−0.19	−0.14	−0.12	**0.74**	0.47	−0.13	−0.19	−0.29	0.09
p5	−0.35	−0.26	−0.34	−0.32	−0.32	−0.30	−0.43	0.48	**0.81**	−0.33	−0.37	−0.40	0.12
p7	−0.17	−0.19	−0.12	−0.11	−0.10	−0.12	−0.10	0.45	**0.52**	−0.12	−0.13	−0.24	0.18
p28	−0.26	−0.21	−0.25	−0.18	−0.23	−0.21	−0.24	0.55	**0.76**	−0.24	−0.34	−0.33	0.06
p33	−0.41	−0.30	−0.29	−0.38	−0.31	−0.36	−0.31	0.53	**0.78**	−0.32	−0.36	−0.41	−0.03
p39	0.12	0.12	0.12	0.18	0.19	0.12	0.14	0.00	0.02	**0.20**	0.13	0.06	−0.16
p42	0.70	0.66	0.74	0.74	0.70	0.77	0.52	−0.31	−0.38	**0.93**	0.77	0.75	−0.08
p44	0.66	0.54	0.69	0.64	0.62	0.64	0.42	−0.28	−0.32	**0.92**	0.66	0.65	−0.07
p37	0.66	0.51	0.63	0.67	0.64	0.69	0.46	−0.28	−0.39	0.71	**0.84**	0.69	−0.04
p40	0.63	0.49	0.56	0.54	0.55	0.58	0.45	−0.29	−0.36	0.57	**0.80**	0.61	−0.03
p43	0.50	0.46	0.50	0.49	0.45	0.48	0.43	−0.26	−0.32	0.56	**0.73**	0.44	−0.05
p45	0.37	0.35	0.39	0.40	0.37	0.39	0.13	−0.20	−0.18	0.41	**0.54**	0.41	−0.02
p38	0.74	0.57	0.64	0.66	0.63	0.65	0.45	−0.36	−0.41	0.66	0.66	**0.91**	−0.04
p41	0.63	0.51	0.54	0.64	0.60	0.63	0.37	−0.49	−0.47	0.69	0.69	**0.90**	−0.10
Org.	−0.06	−0.11	−0.06	−0.07	−0.13	−0.09	−0.11	0.06	0.09	−0.10	−0.05	−0.08	**1.00**

Bold values represent measurements of reflective constructs

IA idealized attributes, *IB* idealized behaviors, *IM* inspirational motivation, *IC* individualized consideration, *CR* contingent reward, *MEA* management-by-exception (active), *MEP* management-by-exception (passive), *LF* Laissez-faire, *Org*. types of hotel properties

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