

**THE IMPACT OF TRANSFORMATIONAL
LEADERSHIP STYLE ON EMPLOYEE
PERFORMANCE AND ORGANIZATIONAL
INNOVATION IN FIVE-STAR HOTELS IN THE
KINGDOM OF SAUDI ARABIA**

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UNIVERSITI SAINS MALAYSIA

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by

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LIST OF ABBREVIATIONS

EMP	Employee Performance
EMPCRT	Employee Performance Creativity
EMPINB	Employee Performance Innovation Behavior
GDP	Gross Domestic Product
IC	Individualized Consideration
II	Idealized Influence
IM	Inspirational Motivation
IS	Intellectual Stimulation
KSA	Kingdom of Saudi Arabia
OGRINN	Organizational Innovation
PINN	Product Innovation
PRINN	Process Innovation
TL	Transformational Leadership

**IMPAK TRANSFORMASI GAYA KEPIMPINAN TERHADAP PRESTASI
PEKERJA DAN INOVASI ORGANISASI DALAM PENGURUSAN HOTEL-
HOTEL LIMA BINTANG DI ARAB SAUDI**

ABSTRAK

Perubahan pesat dan pertumbuhan persekitaran global, serta persaingan sengit dalam kalangan syarikat-syarikat industri hospitaliti untuk memperoleh manfaat kompetitif memerlukan kualiti kepimpinan yang tersedia, komitmen terhadap pekerja, dan usaha bersepadu bagi pendekatan inovatif. Dalam kajian ini, gaya kepimpinan transformasi dikaji berdasarkan empat komponen; prestasi pekerja diuji oleh dua komponen, dan inovasi organisasi dikaji dengan inovasi produk dan proses. Jenama hotel digunakan sebagai moderator kajian. Kajian ini menyiasat impak gaya kepimpinan transformasi terhadap prestasi pekerja dan inovasi organisasi dalam konteks industri perhotelan di Arab Saudi. Walau bagaimanapun, penyelidikan berkenaan industri perhotelan di Arab Saudi adalah sukar didapati. Bagi menangani kekurangan ini, kajian ini menyumbang kepada penyelidikan sedia ada dalam industri hospitaliti dan pengusaha-pengusaha hotel. Industri perhotelan di Arab Saudi dan kejayaannya adalah sangat penting untuk dikaji sebagai kajian kes. Tujuh puluh dua hotel bertaraf lima bintang pemilikan tempatan dan antarabangsa di Mekah dan Madinah telah dipilih sebagai sampel kajian. Responden kajian ini adalah pekerja-pekerja bawahan di hotel yang terdiri daripada 371 responden. Kajian ini menggunakan pendekatan kuantitatif dan pautan Google yang mengandungi borang kaji selidik telah dihantar kepada hotel-hotel terpilih. Data yang diperoleh dianalisa menggunakan perisian SMART-PLS. Kajian ini menguji 36 hipotesis berdasarkan

hubungan antara pemboleh ubah yang dikaji, dan mendapati sejumlah 16 hipotesis ditentu sahkan positif, manakala 20 hipotesis telah ditolak.

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ABSTRACT

The rapid changes and the growth of the global environment, as well as the high competition amongst hospitality industry companies to obtain competitive benefits require well-prepared leadership qualities, commitment to employees, and concerted efforts for innovative approaches. In this study, the transformational leadership style is tested by four components; the employee performance is tested by two components, and the organizational innovation is tested by product innovation and process. This study investigates the impact of the transformational leadership style on the employee performance and organizational innovation in the Saudi hotel industry context. However, research on the Saudi hotel industry is scarce. To address this gap, this study contributes to the existing research on the hospitality industry, as well as to the hoteliers. The Saudi hotel industry and its success is very important to be investigated as a case study. Seventy-two local and international five-star hotels in Makkah and Madinah have been chosen. Rank-and-file employees are the respondents of this study, which includes a sample of 371 respondents. A quantitative research method is used to obtain the results, and Google link containing the survey form is administered to the selected hotels. Data were statistically analysed using SMART-PLS. The study found 36 hypotheses based on the relationships between the studied variables, whereby 16 hypotheses from a total of 36 were found to be positive, and 20 hypotheses were rejected.

CHAPTER ONE: INTRODUCTION

1.1 Introduction

The hospitality industry has flourished over the last few decades. It contributes to many initiatives aiming to find non-oil-based revenues for the Kingdom of Saudi Arabia (KSA). Saudi Arabia hosts the most important two sites for Muslims (Makkah and al Madinah) and are the most visited cities by Muslim pilgrims around the year with no seasonality in these sites. Therefore, the Saudi government has always endeavored to facilitate and provide accommodation hotels for pilgrims during Umrah and Hajj. In fact, the total contribution of Travel and Tourism to Gross Domestic Product (GDP) was 218 billion Riyals in 2014 (7.7% of GDP), which has grown by 6.1% to around 231.4 billion Riyals (8.0% of GDP) in 2015. The Saudi Commission for Tourism and heritage expects to receive 88 million visitors by 2020 (Aldosari, 2013). According to Arab News, a local Saudi newspaper, more than 7 million pilgrims visit Saudi Arabia's Holy sites every year with religious tourists spending about US\$10,000 per visit (Derhally, 2015; Nouri Kouchi, Zarra Nezhad & Kiani, 2015; Alotaibi, 2016; Alsughayir, 2017). The revenues that are generated by the hospitality industry to the national economy in KSA are immense as KSA hosts the two Holiest Islamic cities, Makkah and Madinah, where the tourism sector and the hotels in these cities generate huge revenues. This positive outlook is likely to continue because KSA can provide all-year-around tourism activities that are predominantly religious-based.

The contribution of Saudi Arabia to the hospitality industries can no longer be denied. Thus, the role of leaders in such a huge hospitality sector must always be

centered and focused on the development and continuous improvement in this sector by engaging all level of resources (Wanjala, 2014). Leaders in this industry have an important responsibility of motivating and enhancing their employees' capability to provides high-quality services to the guests (Ko & Lin, 2017). KSA hosts the Holiest Islamic cites and, therefore, the needs of tourists at these religious sites can be met and successfully fulfilled by providing tourists with all the necessities (Pint'er, 2014). Realizing the emerging demand in this industry, Abraj Kudai, the prospectively largest hotel, will be opening soon in the Kingdom. It includes 10,000 rooms to make it the largest hotel in the world surpassing The Palazzo, which has 7,000 rooms in Las Vegas, USA (Alotaibi, 2016).

This chapter introduces the topic and provides an overview of the study. It is organized into nine sections. A comprehensive background of the study is provided in the second section. The third section presents and discusses the statement of the problem. The research objectives and questions are provided in the fourth and fifth sections, respectively. The sixth section discusses the significance of the study. Definitions of key terms are given in the seventh section. Section eight presents the thesis structure. The chapter ends with a summary.

1.2 Background of the Study

A leader can be best defined as persons, who influence an individual or a group of people. Leaders are known to inflict a substantial impact on an organization's success or failure that, in turn, affects the employees and include providing motivation and encouragement to the organization at all levels to fulfill the organization's goals (Odetayo & Sajuyigbe, 2012; Karamat, 2013). Positive culture,

risk management, and leadership style, which are employed by the management, can have a positive impact on organizational innovation, which can facilitate the work process (Storti, 2012). Thus, a great leader, who has a unique personality, have proven track record and knowledge on organizational standards and policies with a clear vision of the organizations mission, will be able to lead an organization and brings about positive innovations that will result in sustainable success (Abbas & Asghar, 2010). They directly or indirectly affect an organization's innovation by building up a standard, which enhances creative performance (Jung, Chow & Wu, 2003; Nwokocha & Iheriohanma, 2015). Therefore, leaders act as role models in guiding and assisting employees to be in line with the organization's mission and vision in ensuring a leadership style which is well accepted and will subsequently lead the organization towards achieving its organizational goals (Choi, Yusof, Kowang & Heng, 2014) by understanding the employees' needs, expectations, and psychology by empathizing employees as well as being engaged in the continuous development of employees' skill and expertise towards a more sustainable employee productivity towards organization's success.

Literature suggests that there is a strong and continuous relationship between leadership style and innovation where, both are affected by different social and interpersonal skills (Ayranci, 2011). Simola, Barling, and Turner (2012) define transformational leadership style as the method, which leaders use to guide their followers by motivating, controlling, inspiring, enhancing, and affecting performance positively to bring about positive work performance.

Transformational leadership is a very important criterion for leaders for an organization and employees. It can have a direct and indirect positive impact on the

development processes in the hotel industry (Uen, Wu, Teng & Liu, 2012; Chei, Yee, Men, & Bee, 2014; Mittal & Dhar, 2016). Transformational leadership employs charismatic behaviors. Thus, motivates subordinates with the intention to provide better results. The transformational leadership also postulates that it focuses on the critical human assets that helps people to become more committed and to effectively exert organizational changes. This leadership model in fact sheds light on the strategic role that followers have in the form of attitudes and values. Follower's attitudes and values can be enhanced to accomplish a higher degree of effectiveness and change implementation (Druskat, 1994; Ghasabeh & Provitera, 2017; Koech & Namusonge, 2012). Transformational style with the four dimensions (inspirational motivation, idealized influence, individual consideration, and intellectual stimulation) can achieve positive outcomes in the hotel industry services (Quintana, Park, & Cabrera, 2014; Çelik, Güngör, Özkul, & Tuna, 2016). Transformational leaders should employ strategies to improve their employees' performance to the best levels, which would surpass the limits expected of them (Nieves & Segarra-Ciprés, 2015). Nwokocha and Iheriohanma (2015) pointed out that unacceptable and offensive leadership styles may cause negativity and at times hostility in the management of an organization. The interaction that is created by the mutual trust will bring about a work setting, where a highly committed and motivated workforce cooperates in harmony to meet the requirements of an organization.

Today 's global business environments involve a high level of uncertainty and organizations will increasingly need more and better leaders to lead them. Transformational leaders may be more innovative and creative, but some type of leadership is necessary to lead a global organization. For example, influencing

employee individual interest in alignment with the organizational interests. Thus, in this context, employee performance needs to be assessed and measured to ascertain the impact of transformational leadership on employee performance in hospitality industry. Employee performance is regarded as one of the essential elements that can positively affect the success of an organization. It is very important to improve the organizational performance (Almatrooshi, 2016). Performance is defined as the output of the employees' efforts and is achieved by increasing efforts, ability to work creatively, as well as their task commitment and perceptions (Thamrin, 2012). Employee performance is about suitable behaviors to achieve the goals of the organization (Dola, 2015). Employee performance in the hotel industry can be maintained at high levels and this can enhance employees' efforts to the maximum when their managers motivate them and appreciate their work outcomes (Lizzette Barbosa-McCoy, 2016).

1.3 Statement of the Problem

Hospitality industry in the Kingdom of Saudi Arabia has got attention of researchers recently because it is visited by large number of pilgrims from over the world and it is busy year around, and the hotels there fully reserved over the year. However, limited research has been conducted to examine the related roles of the hotel industry. Previous studies investigated exploring receptions towards the hotel careers in Saudi Arabia (Assiri, 2016), Saudization in the hospitality industry; management issues and opportunities (Aldosari, 2013), religious tourism in Mecca, Saudi Arabia (Andrea, 2012), strategic practices and development of the hotel sector for pilgrims in Makkah and Madinah (Alotaibi, 2016), the effect of leader-member exchange on innovative work behavior in the Saudi hospitality (Alsughayir, 2017),

measurement of the strategic performance of hospitality in the Kingdom of Saudi Arabia (El-Hindawy & Alamas, 2014).

The leadership style in any organization is a substantial element in enhancing or lessening the employee's commitment of the workforce in the organization. Transformational leaders show creative ideas within their organizations, which is part of the fundamental roles they play in any organization (Gumusluoglu & Ilsev, 2009). Such leaders have a good vision, which motivates their followers, enhances their abilities to perform beyond expectations, challenges them to implement innovative methods in their work and, consequently, enhances the organizational innovation (Liang et al., 2017). Thus, effective leadership styles are critical in any kind of for-profit, competitive or service-based organizations. However, hotels and restaurants are not a traditional career route for Saudis and they did not stay longer as employees in the hospitality industry, (Alotaibi, 2016; Sadi & Henderson, 2005), that may refer to the several factors, Saudi cultural, amount of salary, rewards, and leadership style at the hotel industry.

Leaders can contribute to the success or failure of any organization (Ojokuku et al., 2012). Idris, Troena, Noermijati, Rohman, and Peter (2014) found that any organization model adopting leaders in terms of work attitude, performance, commitment, and behavior can lead to positive or negative results. Leaders, who have adopted transformational leadership styles, are obviously more likely to create a more favorable work context that would encourage productivity, i.e., the products and services that are generated by an organization (Moghimi & Muenjohn, 2014). Therefore, leadership styles can have a direct and strong impact on the relationships of the organization's members, which would most probably determine the success of

the organization. Leaders of organizations bear the responsibility of promoting and enhancing positive values, culture, tolerance, and employees' motivation (Cavusgil, & Zhao, 2002; Chen, 2011; Nieves & Segarra-Ciprés, 2015).

Therefore, when hotels' leaders do not have the ability to provide motivation, coaching, inspiration, training, and direction for their followers, the performance of employees and the organizational culture, ethics, and morale often suffer and the organizational innovation among employees will not happen. Poor leadership styles can have several negative impacts on employees' performance and their outcomes in the overall organization results (Alotaibi, 2016; Sadi & Henderson, 2005). In the hotel industry, hotel managers should adopt policies that would reform the work environment in such a way that employees can feel the presence of the ongoing support from their supervisors to enhance their performance (Jaiswal & Dhar, 2015; Quintana, Park & Cabrera, 2014). Hence, to promote productivity and to create a creative work environment, it is important that hotel managers design specialized training programs, especially for those employees, who have a direct contact with customers to improve the hotel's innovation and success (Hasbullah, 2008). Moreover, the relationship between the growth in the number of Hajj pilgrims and economic growth in Saudi Arabia is examined by Nouri Kouchi et al. (2015), this found that, the growth of economic and the increasing number of Hajj pilgrims in the short-term. Non-oil GDP of Saudi Arabia increases by 0.84 Saudi Arabian Riyal over the long-term in response to a one-digit rise in the number of pilgrims.

Leadership style as one of the reasons for leaving the work at the hotel industry in the kingdom of Saudi Arabia. That may refer to the less consideration of the leader on each employee, leaders didn't provide training and coaching the

followers to improve their performance, lack of rewards, and may they did not get the chance to add or create new technique in workplace. which in turn increase employees turnover, that have a negative impact on the services provided and the hotel's performance in general.

Some scholars argue that transformational leaders positively increase their followers' satisfaction and sense of success because they strive to improve, motivate and encourage their followers to take more responsibility towards their work and the future of the organization they work for (Emery & Barker, 2007; Howell and Higgins 1990). This promotes employees' loyalty and reduces employee turnover, which, in turn, improves their output and work quality in line with the standards and management's expectations.

This study tackles this problem to study the transformational leadership style as one of the leadership styles to identify that whether this style is suitable for the hotel industry in the kingdom of Saudi Arabia to help in increasing employee performance and innovation in the hotel industry. That is because an increase in transformational leadership style practice leads to an increase in the effective performance of any organization (said, 2005; Almutairi, 2016).The impact of the transformational leadership style on employee performance and organizational innovation in the hotel management sector is specifically investigated in the study.

1.4 Research Objectives

The overall purpose of this research work was to identify the relationship between transformational leadership style on employee performance and organizational

innovation in the kingdom of Saudi Arabia five - star hotels. To accomplish this purpose, the research identified the following objectives:

1. To study the effect of employee performance on organizational innovation at five-star hotels in KSA.
2. To investigate the effect of transformational leadership on organizational innovation at five-star hotels in KSA.
3. To identify the effect of transformational leadership on employee performance at five-star hotels in KSA
4. To determine the effect of employee performance on the relationship between transformational leadership styles, and organizational innovation at five-star hotels in KSA.

1.5 Research Questions

This study identified the relationship between transformational leadership style on employee performance and organizational innovation in the kingdom of Saudi Arabia five - star hotels. Thus, this study attempted to answer the following research questions:

1. Does transformational leadership effect on employee performance at five-star hotels in KSA?
2. Does transformational leadership effect on organizational innovation at five-star hotels in KSA
3. Does employee performance effect on organizational innovation at five-star hotels in KSA?

4. Does employee performance mediate the relationship between transformational leadership style and organizational innovation in hotel management in KSA?

1.6 Research Hypotheses

Based on the literature review and the research questions of the study, the following research hypotheses are postulated and tested in this study:

1. There is a significant relationship between transformational leadership style and organizational innovation in the hotel industry (five-star hotels).
2. There is a significant relationship between transformational leadership and employees' performance in the hotel industry (five-star hotels).
3. There is a significant relationship between employees' performance and organizational innovation in the hotel industry (five-star hotels).
4. There is a significant effect of employees' performance, which mediates the relationship between transformational leadership and organizational innovation.

1.7 Significance of the Study

This study is significant research as it has specific contributions to management and hospitality literature, as well as practical contributions. Given the fact that most studies on the impact of transformational leadership styles on employee performance and organizational innovation were conducted in Western countries, it is important to investigate whether similar results can be applied in Middle Eastern countries. Such understanding and investigation help in restructuring their organizational strategies,

policies, and leadership procedures (i.e., investment in employees) to boost innovation in products and processes (services), which will lead to better performance. Furthermore, the proposed theoretical model in this study can be considered as the first step toward testing and developing the theory and practice in the field of hotel management by including other variables.

This study, therefore, focuses on this sector to measure transformational leadership level, employee performance, and innovative approach. The study is significant as it investigates the level at which leaders can have an impact on the performance of employees and how it can affect organizational innovation in the hotel industry. The results of the study will help different business stakeholders in the tourism and hotel industry enhance the performance of employees, as well as innovation at the hotel to provide great products and services for sustainable competition in the market. This study is important as it tackles the hotel industry in Saudi Arabia in line with the vision of 2030, which focuses on the improvements, as well as the leaders of the tourism and hotel industry sectors in the Kingdom. In line with that, transformational leadership may have a significant impact of hotel industry on the kingdom, which style that have ability to effect on the performance of employee and the organization as well.

Therefore, this study aims to identify that if transformational style is the best leadership practices that can help leaders gain the knowledge and skills to attract and retain valuable employees which has not been widely explored in the hospitality industry in Saudi Arabia. As concluded by Chei et al. (2014) in her study, employee performance is one of the major elements in the organizational development that affects the overall culture of a hotel property. Lizzette Barbosa-Mccoy (2016)

emphasized the significance of studying the hospitality industry and investigating the full-service hotel sector. Storti (2012) discussed the importance of creating an innovative organizational culture, which produces innovative products, helps cultivate efficient processes, and engages the workforce. This will, in turn, lead to higher productivity and effectiveness. Bass et al. (2003) found that transformational leadership style is an essential element for the innovation process in organizations as there is a positive relationship between them.

Finally, the findings of this study are significant as they advance new theoretical contributions to hospitality firms. These findings are useful for organizations, which aim to improve leadership styles, employee performance, and organizational innovation.

1.8 Definitions of Key Terms

Leadership style: It is defined as an approach that is applied by leaders. It is one of the critical factors in an organization that plays a very important role in enhancing or impeding employees' commitment and interest in their work (Kader Ali & Tang, 2016; Lumbasi, 2016).

Leader: A leader is someone, who has the capability to encourage, have an impact, guide, and lead people to achieve certain tasks. Leaders motivate their team to make the most efficient effort to achieve the set goals of the organization (ojokuku et al., 2012).

Transformational leadership: It is defined as a form of leadership style known as an integrated style, which can make a change in the organization's situation.

Leaders with this style can have the vision to lead their followers through a combination of motivations, inspiration, concern, rewards, and performance assessments (Dola, 2015).

Employee performance: It is the contribution that is made by an individual with an effort and behavior to do his/her duties that can be observed and evaluated to achieve the organizational goals (Anyango, 2015).

Innovation approach: It is a multi-step approach or method in the organizational manner that adds new ideas to improve or create new products and/or service to increase and compete for the success of the organization in the marketplace (Kesting, Ulhøi, Song, & Niu, 2015).

Cultural differences: Defined as the several beliefs, behaviors, styles, languages, traditions, practices, values, and expressions considered unique to members of a specific ethnicity, race or national origin. (MacDonald, et al, 2013).

Organizational innovation: Is the implementations of new methods or process in the business firms, workplace or delivery ways that can improve product or services (Osman, Sharif, & Lajin, 2016).

1.9 Thesis Structure

This thesis is organized into five chapters. **Chapter One** provides an overview of the investigated topic. It provides the background of the study, statement of the problem and the research gap. The research objectives and questions, as well as the significance of the study, are provided in this chapter. **Chapter Two** reviews the related literature on the basic concepts of the study area in the hotel industry

management. It provides a comprehensive background of the leadership theories, transformational leadership style, organizational innovation, and innovation in the hotel industry, employee performance as a mediator, the research framework, as well as the relationship between all the variables of the study. **Chapter Three** explains the methodology of the research, the research design, the area and population of the study, the sampling technique, data collection procedures, the questionnaire design and tools, the measurement of the study variables, validity and reliability of the variables, the statistical technique of data analysis, the pilot study, descriptive statistics, the ethical approval, and the process of preparing and interpreting the collected data for analysis. **Chapter Four** presents the data analysis results and the assessment of the measurement methods, followed by the structural model to test the research hypotheses. **Chapter Five** provides a detailed discussion of the results, conclusion, and recommendations. Based on the results of this study, theoretical and practical implications, limitations, strengths, and recommendations for future research are presented and discussed.

1.10 Conclusion

This chapter introduced the topic of the study. The impact of transformational leadership styles on employee performance and organizational innovation in the hospitality industry in the Kingdom of Saudi Arabia is discussed. The chapter presented and discussed the problem of the study. The research objectives, research questions, the significance of the study, and definitions of key terms were provided. Chapter two critically reviews the previous studies that were conducted in the same area as this study.

2 CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter critically reviews the literature on transformational leadership styles, employee performance, and organizational innovation. It presents and discusses the concept in the hotels' organizations by explaining how leaders can be effective, how leaders and their followers' interaction can be built, and whether transformational leadership styles and employee performance can have positive impacts on the organizational innovation. Based on the previous related studies, a discussion is made in terms of the meaning and definitions of leaders, leadership theories, leadership styles, leadership and employee performance, leadership and organizational innovation, employee performance, and organizational innovation, as well as the theoretical framework of the study. This chapter ends with a conclusion and presents the contributions of the study.

2.2 Definitions of Leadership Styles

The social process is defined as the process, through which a member, a group of members or an organization can affect the basic understanding of internal and external events, the set of objectives or preferred results, the planning and structuring of work activities, individual drive, and capabilities (Parry, 1998; Yukl 1994; Uhl-bien, 2006) The key factor in developing a learning culture is the leadership style, whereby, a person, who has the ability and power to lead others to achieve their goals is a leader. Meanwhile, the power of the leader and his relationship with followers is defined as a transformational leadership (Luft, 2012). However, an effective leader is the one, who encourages and inspires his/her fellow

colleagues and juniors by providing support and motivation so that best efforts to achieve the set goals is achieved (Saleem, Saqib, & Zahra, 2015).

Studies indicated that leadership can be defined as a social influence, where the leaders require their team or juniors to exert efforts to achieve the set goals of the organization. The person, who carries out such an action, is called a leader (Nanjundeswaras & Swamy, 2014). Anyango (2015) indicated that leaders' core roles include supervising, motivating, and leading their followers so that goals and objectives be accomplished at each level. Therefore, leadership styles discuss all characteristics of dealing internally and externally, managing conflicts, motivating, and leading the team to accomplish a set of duties, and setting a role model for many activities. Additionally, Luf (2012) pointed out that leadership is an action rather than a behavior because it is related to the person, not to the ideas. The organization's success or failure depends on the leadership style that is adopted by its leader (Ojokuku, Odetayo, & Sajuyigbe, 2012). Thus, for organizations to function and achieve efficiency and effectiveness, good leadership practices are essential (Karamat, 2013; Sethuraman & Suresh, 2014). Hurduzeu (2015) stated that the behavior of a transformational leader is quite crucial in guiding the employees, spreading awareness of the task's outcomes, rekindling their order needs and establishing their self-interest with regard to the organization's performance. Nwokocha and Iheriohanma (2015) wrote that transformational leadership is the style that motivates employees to solve problems in their organizational environment due to their importance in the process of achieving the organization's goals. Daft and Lane (2008) stated that leadership is a very impactful relationship between a leader and his/her followers, in which both parties strive to bring in real changes and results that show their shared aims. Timothy, Okwu, and Akp (2011) concluded that in the

organizational behaviors' field, the most important topic is 'leadership'. It has a major impact on the employees' interaction in the organization. This means that leadership is the capability to accomplish teamwork effort pertaining to the extent of leadership power (Bass, Avolio, Jung, & Berson, 2003).

The characteristics and competencies define leadership styles. The key part is the behavior because it is the most stable pattern of behavior, which personifies a leader (Wanjala, 2014; Rmit, 2014; (Arham, 2014), In their study, Mokhber and Ismail (2011) found that the investigated hotel has good leadership practices like having a well-defined organizational structure, training, and development of employees. Wanjala (2014) identified good leadership as encouraging values and achievements, acknowledging contributions, and extending gratitude to individuals, who excel. These actions are encouraged because they represent the motivational steps, which can boost the performance of employees.

2.3 Leadership Styles

Leadership styles are planned factors in enhancing learning culture, improving results of the work, motivating employees, and improving performance (Lumbasi, 2016). In the light of global environmental, economic, and social challenges, business leaders are required to prepare their organizations for important transformations and contribute to the positive design of the future i.e. improve employee performance and organization as well. As discussed in (Lizzette Barbosa-Mccoy, 2016), leadership is one of the factors that can directly influence social change through the encouragement and growth of employees. These employees can further add value to society by helping to create new leaders from this group by providing learning and training sessions, in line with that, leaders should tell their

followers why it's necessary for them to take initiative and describes how being proactive lead to be good for the organization and for them. . Kara and Lee (2013) believed that the leadership style is a detailed frame that relates to the employees and the various organizational variables in the hotel industry. In the following sections of the study, the four styles of leadership are discussed.

2.3.1 Autocratic Leadership Style

Autocratic leadership is one of the essential forms of transactional leadership. Leaders are to assume full power over their subordinates (Bass et al., 2003). In addition, the leaders ensure that the subordinates have little or no chance to provide some sort of input regardless of them being beneficial for the team and/or company. Karamat (2013) summarized the definition of autocratic leaders. They are leaders, who have planned and decided about goals, but without any suggestions or contribution from their subordinates. After that, these goals are directed to the employees, who are required to fulfill them as instructed by their leader without questioning anything. Ojokuku et al. (2012) defined autocratic leaders as a clear example of orthodox leadership with the motto of “do as I say” form. Conventionally, such leaders are inexpert at managing a new position or any task involving public relations.

Puni, Ofei, and Okoe (2014) discussed the underlying assumption regarding autocratic leadership, which is established on the ideology that workers are lethargic, negligent, and unreliable by nature, people are naturally lazy, irresponsible, and untrustworthy and leaving the functions of planning, organizing, and controlling to subordinate would yield fruitless results and so such functions should be accomplished by the leader without the involvement of people. Therefore, they

cannot be burdened with vital management functions of planning, controlling, and organizing as the generated results will be worthless. Therefore, all these functions should be given to the leader, who restricts the involvement of the group members or workers to a minimal level. Hasbullah (2008) ; Thompson (2016) stated that the autocratic leadership, which is also known as the authoritarian leadership, is a form of leadership that encompasses the total dictatorial control over a group. Such a style of leadership is handy when decisions are to be taken speedily without referring to anyone else. In addition, certain projects need a strong form of leadership that can get work completed rapidly and proficiently. The disadvantages of such leadership as has been found by researchers include the absence of innovative solutions to any issue, which can eventually cause extreme difficulties in the performance of the group. In line with (Özkul & Tuna, 2016), the leadership style, whereby a low positive relationship exists between distinguishing, resolving issues, and taking risks is called autocratic leadership. Leaders, who follow this style are swift in dealing with critical situations. However, it is not compatible with the hotel industry (Deery & Jago, 2001; Monteiro & Sousa, 2013), where the leaders and employees need to act based on the situation and be flexible when dealing with the different guests.

2.3.2 Democratic Leadership

Karamat (2013) defined the democratic leaders as the leaders that equally take part in the procedure along with their subordinates. They allow group members to fully contribute to come to a decision. Yukl (2013) believed that leaders, who adopt this style provide both an individual and/or a team with the power and duty to be the decision makers. The managers normally inform about the boundaries that the taken decision needs to fall in and about whether any sort of preceding approval is

needed or not for the decision to be fulfilled. Bolden et al. (2003) claimed that leaders following this style would conventionally acknowledge the problem in front of the employees and ask for team suggestions. In this style, the leader rather than being the decision maker will act as a democratic leader.

Hall (2013) wrote about democratic leadership, which is also known as consultation, empowerment, and joint decision-making. Management by objective and power-sharing has some prospective rewards. Giltinane (2013) concluded that democratic leaders are quite attentive and understanding. They have the habit of distributing responsibility in such a way that they are contributing to the tasks at hand, too. This provides the subordinates the opportunity to grow their own leadership competencies. A study by Thompson (2016) concluded that such democratic style is typically one of the most successful styles, which leads to higher proficiency, increased yield, and suggestions from the team, as well as a rise in team spirits. Creativity and innovation are prioritized and rewarded. Daft and Lane (2008) stated that in democratic leadership, the leader inspires members to participate depending on the followers' knowledge for job completion and their respect for having any impact.

2.3.3 Laissez-Faire Leadership

Amanchukwu et al. (2015) explained that 'laissez-faire' is the French phrase for "let it be". It is used as a leadership approach by leaders, who let their employees be independent in carrying out their tasks, abdicate from their responsibilities, and actively evade from being the decision maker. They may even be lenient with deadlines and the method the employees use to complete the given task. Giltinane (2013) believes that a leader, who follows the laissez-faire approach does not usually

form any strategy or collaborate and takes a minimal amount of assistance from followers.

Karamat (2013) defined laissez-faire leaders as excessively relaxed and phlegmatic leaders. Thompson (2016) believed that laissez-faire leadership, known otherwise as delegated leadership. Furthermore, they provided evidence through the results of the study that such form of leadership usually becomes the reason for the low yield and proficiency of team members. Puni et al. (2014), based on their proposition, stated that the leader, who attempts to keep exposure at minimal levels, considers and abides by all constituencies within the company, attempts to keep the wave of disturbance at bay, and depends on only a few reliable and faithful people to get the task done.

An avoidant leader is the one who either would not interfere in the tasks of workers or a leader who completely backs off on the given job tasks and responsibilities he/she is shouldering due to their post and is seldom found to be working hard in creating any affiliation with the workers (Koech & Namusonge, 2012).

The four components of transformational leadership according to Stewart (2006) include 1) idealized influences, whereby leaders act as an ideal. Therefore, they are highly esteemed and well regarded among followers because they have a clear purpose and vision, and they can take risks, 2) inspirational motivation, whereby leaders, who adopt the transformational leadership approach, act in ways that inspire followers and encourage their interests through clear communication, and they demonstrate commitment, 3) intellectual stimulation, whereby leaders actively promote new ways and methods to complete the given work like stimulating people

to be artistic and having direct interaction, face to face communication, and guiding in work manner with followers' criticism, 4) individualized consideration, whereby leaders take care of the essentials and opportunities that will assist in the development of the followers by building a supportive environment that respects individual distinctions and dissimilarities. In short, these four components of transformational leadership are closely related to each other and all directed to enhance and effect positively on the employee performance (Hassan, 2017).

Covey (2007) and Barge (2009) categorized the transformational leadership components as an idealized influence, which means that charismatic personality leaders provide emotional support to their followers, present clear vision and value to the employees, and act as ideal leaders. Inspirational motivation refers to the vision formed by leaders as it should be appealing and inspiring to employees and supported by improving communication methods. Intellectual stimulation is the intensity with which the leader takes possible risks, meets challenges, requests employees for ideas. The leader's vision allows his/her employees to understand in which ways they can relate to their leader, organization, goals, and colleagues. Individualized consideration is when leaders are more careful and take care of each employee's needs. In addition, they should have respect for each employee's support and involvement to the teamwork because differences among team members are what really give an edge to the team. Moreover, it gradually drives workers to advancement and success.

Daft and Lane (2008) added that the transformational leadership components are as follows: 1) idealized influence, which means that followers like their leaders' style and want to follow them, while the leaders are trusted and respected, have

superior standards. The leader is assumed to have more power because of the characteristics rather than the post he/she holds, 2) inspirational motivation, which is acquired from the leader who generates interests and motivation for the workers to work actively to achieve the company's objectives, 3) individual consideration is about the leader, who deals with each worker as a single entity. They care about their followers' needs, give them assignments, which gives employees a chance to learn, 4) intellectual stimulation is defined as being inquisitive about the ongoing ways. The followers are encouraged to be creative in different ways. In addition, the researchers found that women leaders in this model seem to be more in effect as they can yield more effort from workers. Based on the previous discussion, Table 2.1 will summarize the key characteristics of leadership styles:

Table 2.1 Summary of Leadership Styles and Key Characteristics

Leadership Styles	Key Characteristics
Autocratic Leadership	Punitive, less concerned for the socio-emotional dimension of a group, dominating, dictatorial, unilateral decision making.
Democratic Leadership	Considerate, participative, concerned with maintaining relationships with others, group decision making.
Laissez-faire Leadership	Lack of involvement, avoidance of responsibilities, resistance in discussing critical issues.
Transformational Leadership	Vision, inspirational, intellectual stimulation, idealized influence, empowerment, high-performance expectations, decentralize authority.

2.4 Transformational Leadership Theory

The theory of transformational leadership is the basic assumption, which illustrates the fundamental relationship between leadership style and organizational

effectiveness (Bass, 1994). Burns, (1978) defined transformational leadership theory as the process where leaders and their followers raise one another to higher levels of morality and motivation. The most valuable assumption is that transformational leadership is a method in both leaders and their followers through which they promote each other to enhance the level of morality and motivation to help in the organizational transform (Bass, 1990). Successful leadership does not only achieve goals but also transforms the employees to develop suitable organizational strengths to challenge the work pressures as a step to transform the organization into a better effective and highly competitive organization (Bass & Riggio, 2006). Transformational leadership is a theory of leadership where a leader works with teams to identify the needed change, creating a clear vision to conduct and lead the change through inspiration and carry the change in a step by step with committed employees of a group as it is an essential part of the successful Leadership Model (Bass & Burns 2008).

Despite the ample literature on the concept of leadership, a consensus was not made on one key concept and definition of leadership before 1973 (Stewart, 2006). In 1973, Downton introduced the term of transformational leadership. Then, Burns (1978) elaborated on the concept of transformational leadership in his book 'Leadership'. Burns's concept of transformational leadership aimed to introduce a type of leader, who meets people's expectations of a model leader, this leader inspires, enhance, and motivate followers. Moreover, this leader is a model of integrity and fairness (Bass & Riggio, 2006). After that, this concept became an international leadership approach, which is widespread across cultures and eras, (Stewart, 2006). At a later stage, Bass (1985) and Clegg, (2013) enhanced this concept by defining the most prominent behaviors that are related to transformational