

# Transformational Leadership and Employee Engagement in Hospitality Sector in Sri Lanka

T. J. R. Thisera<sup>1</sup> and E.P.I. Sewwandi<sup>2</sup>

<sup>1</sup> University of Kelaniya

*Received: 13 December 2017 Accepted: 31 December 2017 Published: 15 January 2018*

## Abstract

This study examines the impact of transformational leadership on subordinates' engagement in the hospitality sector in Sri Lanka. Further, it tests the impact of each dimension (i.e., idealized influence, intellectual stimulation, inspirational motivation, and individual consideration) of transformational leadership on employee engagement. Data were collected through a self-administered questionnaire from 245 executive level employees working in the hospitality sector in Sri Lanka. Findings revealed that transformational leadership and its' each dimension positively influence the employee engagement in the hospitality industry. Further, the study discusses the practical and theoretical implications.

**Index terms**— employee engagement, transformational leadership style, the hospitality sector.

## 1 Introduction

An engaged workforce upgrades innovation, productivity, and bottom-line performance (Harvard Business School Publishing, 2013). There is a general belief about the positive relationship between employee engagement and business performance (Harter, Schmidt, & Hayes, 2002). Many researchers (e.g., Bennis, 2008; Bennis & Markwick, 2009) have found that engagement affects employees' attitudes, absence, turnover, individual, group and organizational performance, quality of customer experience and customer loyalty. Similarly, Maynard (2016) stated that employee engagement is one of the key priorities in businesses since an engaged employee is productive by two times than a disengaged employee and they provide better customer service which leads high profits and returns.

Unfortunately, there can be seen an employee engagement crisis in today's world, with potentially lasting impacts for the global economy (Mann & Harter, 2016). For examples, Gallup researchers have mentioned that truly engaged workplaces are rare today and show that it is just 13% (O'Boyle & Harter, 2015). The remaining 87% of employees are either not engaged or indifferent or even worse, actively disengaged and potentially hostile to their organization. Further, Gallup researchers identified that less than one-third of employees in the United States engage in their jobs and workplaces. Crabtree (2013) mentioned that only one in eight workers is mentally committed to the jobs and contributes positively for the organization. In Sri Lanka, 62% of employees disengaged while 24% of employees actively disengaged (<http://www.gallup.com>, 2014).

When looking at the hospitality sector in Sri Lanka, researchers conducted a few discussions using managerial level employees to verify whether employees in this sector are engaged or not. Majority of them mentioned that disengagement of employees is a burning issue that they are facing today. They highlighted that many employees do enjoy their privileges but do not fully contribute to the success of the organization. One of them mentioned that their organization conducts many programmes focusing on improving engagement of their employees to reduce disadvantages of disengagement of employees.

Empirical research studies (e.g., Bennis, 2011) have shown different antecedents of employee engagement. The impact of leadership on employee engagement has been empirically tested. When looking at the scholarly attention on transformational leadership and employee engagement in Sri Lanka (e.g., Jayarathne & Shermila, 2015) is very limited, especially in the hospitality sector. Thus, Slatten and Mehmetoglu (2011) have mentioned

### 3 A) TRANSFORMATIONAL LEADERSHIP AND EMPLOYEE ENGAGEMENT

---

that there is a high demand for research intervention on employee engagement in the hospitality industry and highlighted the need for more research in this sector while showing the contribution of research findings towards theory and practice for the industrial betterment. Hence, this study examines whether the transformational leadership impacts on employee engagement. The following section focusses on literature review.

## 2 II. Literature Review and Hypotheses Development

Though the concept of employee engagement is relatively new in research and practice, it has become a widely discussable area in managing human resources in organizations (Macey & Schneider, 2008). They defined engagement as the extent to which employees feel passionate about their jobs, are committed to the organization, and put discretionary effort into their work. Further, it was defined as positive, fulfilling, work-related state of mind that is characterized by vigor, dedication, and absorption (Schaufeli, Salanova, Gonzalez-Roma, & Bakker, 2002). Although there are many overlapping definitions and identification for engagement with some other concepts (e.g., job involvement, organizational commitment) in practice, the academic literature clearly defines and distinguishes this concept from other related constructs (Saks, 2006).

Employees who are engaged in their job show a positive attitude towards the work physically, mentally and cognitively. Such employees have the desire to invest themselves fully in their tasks (Kahn, 1990; Maslach & Leiter, 1997) and it affects their performance (Kahn, 1990). Further, Kahn (1990) explains that engagement and investment of the self into one's work may lead to mindfulness, intrinsic motivation, creativity, authenticity, non-defensive communication, playfulness, ethical behavior, increased effort and involvement and overall a more productive and happy employee. An engaged employee tends to have a better understanding on how to meet customer needs. Therefore, customer loyalty towards the organization tends to be better (Pont, 2004). Further, it causes to increase engaged customers towards the organization (Bates, 2004). Therefore, employee engagement is a source of sustainable competitive advantage (Macey & Schneider, 2008), and it can make a real difference for a company's survival (Song, Kolb, Lee, & Kim, 2012).

When looking at the antecedents of engagement, Kahn (1990) identified three psychological conditions (i.e., meaningfulness, safety, and availability) that affect the level of work engagement. Similarly, May, Gilson, and Harter (2004) found that meaningfulness influences the engagement of employees than safety and availability. Many other researchers (e.g., Demerouti, Bakker, Nachreiner, & Schaufeli, 2001; Hakanen, Schaufeli, & Ahola, 2004; Schaufeli & Bakker, 2004) have examined the impact of job resources (e.g., feedback, rewards, job control, participation) on employee engagement based on the job demand-resource model. Ruyle, Eichinger and De Meuse (2009) have pointed out eleven (11) factors (i.e., strategic alignment, trust in senior leadership, immediate manager working relationship, peer culture, personal influence, nature of my career, career support, nature of the job, development opportunities, employee recognition and pay fairness) as influential factors on employee engagement. Moreover, they mentioned that the immediate manager working relationship is the most significant factor which drives employee engagement and retention. The following section discusses the empirical evidence on transformational leadership and employee engagement.

### 3 a) Transformational leadership and employee engagement

Transformational leadership is one of the new leadership theories which was introduced by James MacGregor Burns (1978) in his book of "Leadership." Burns (1978) mentioned that transformational leadership involves shifts in the beliefs, the needs and the values of followers. Transformational leaders operate out of deeply held personal value system that includes values such as justice and integrity (Bass, 1985; Burns, 1978). Burns (1978) refers to these values as end values which cannot be negotiated or exchanged between individuals.

By expressing their standards, transformational leaders can unite followers while changing followers' goals and beliefs. This form of leadership results in the achievement of higher levels of performance among individuals (Bass, 1985). Bass, Avolio, Jung, and Berson (2003) described four I's (i.e., Idealized influence, inspirational motivation, individual consideration, and intellectual stimulation) as dimensions of transformational leadership. The idealized influence which means being a role model for their followers (Hinkin & Tracey, 1999) influences on ideology, influence over ideals, and influence over "bigger-than-life" issues (Bass, 1990). The second dimension, inspirational motivation is shown by a leader when he/she acts in a way that causes subordinates to perform better by instilling a sense of meaning in their work (Avolio & Bass, 2004). Hinkin and Tracey (1999) mentioned that transformational leaders behave in ways that motivate and inspire people around them by providing meaning and challenge to their followers' work. Individual consideration is usually emphasizing the role as a coach or mentor, he/she tends to be concerned for each of their subordinates' independent needs (Avolio & Bass, 2004) while acknowledging that every employee has his/her own needs and abilities (Hinkin & Tracey, 1999). The fourth dimension, intellectual stimulation is exhibited when a leader asks questions to increase innovation and creativity (Avolio & Bass, 2004). A transformational leader stimulates followers to enhance their innovation and creativity in different ways (e.g., questioning assumptions, reframing problems, and approaching old situations in new ways). Followers are encouraged for creativity, new approaches, ideas (Hinkin & Tracey, 1999) Leaders with idealized influence which means acting as a role model (Hinkin & Tracey, 1999) admire, respect and trust followers. This kind of leaders builds loyalty and devotion while paying less attention to their self-interests (Bass & Bass, 2008). Shamir, House, and Arthur (1993) mentioned that subordinates perform effectively and are

energized to sacrifice and move beyond their self-interests to make a better contribution towards organizational performance. When leaders set themselves as examples for followers, followers' sense of values and contributions will enhance, and as a result, engage their whole self in work. Further, Lievens et al., (1997) has found that charisma which represents idealized influence and inspirational motivation of leader has a positive impact over the followers. Similarly, Schults and Bezuidenhout (2013) found that charisma strongly predicts affective engagement of employees. Through inspirational motivation, leaders create a future with a vision that appeals to subordinates and makes them a significant part of the organization (Piccolo & Colquitt, 2006). A leader with intellectual stimulation encourages followers to think out of the box and make creative solutions for problems (Bass & Bass, 2008). Moreover, Bass (1985) mentioned that leader encourages employees to go beyond the basic needs to the needs of the organizational mission and purpose through this behavior. Researchers (e.g., Avolio & Bass, 2002; Bass & Bass, 2008) have shown that when leaders do not criticize followers' contribution, then followers tend to become dedicated. Further, leaders who display intellectual stimulation behavior can influence employees' involvement in work. When leaders demonstrate genuine consideration and care for each follower, they are more likely to motivate positive leader-follower relationships, and it improves the sense of belonging to the organization (Zhu, Avolio, & Walumbwa, 2009). If leader provides essential personal resources (e.g., care, consideration and respect) to followers, followers are likely to perceive that the workplace as more supportive and this creates a sense of obligation to reciprocate positively to this support. Saks (2006) found that individualized consideration behaviors of the supervisor enhance employees' attributes of engagement at work.

Based on this evidence, the following hypotheses are suggested.

## 4 H1: There is a positive impact of transformational leadership on employee engagement

H1a: There is a positive impact of idealized influence on employee engagement H1b: There is a positive impact of inspirational motivation on employee engagement H1c: There is a positive impact of intellectual stimulation on employee engagement H1d: There is a positive impact of individual consideration on employee engagement.

## 5 III.

## 6 Methodology

The current study is a positivistic study which uses the deduction research approach. It quantified the relationships between transformational leadership and employee engagement by collecting data from 245 executive level employees in the hospitality industry in Sri Lanka using a self-administered questionnaire. Employee engagement was measured using Utrecht Work Engagement Scale (UWES) developed by Bakker and Schaufeli (2004), and it is a 7-point Likert-scale with anchors ranging from Never (0) to Always (6). Transformational leadership was measured using 39 items adopted from the Multifactor Leadership Questionnaire, covering all four main dimensions of transformational leadership (Bass & Tracey, 1999). All items are in 7-point Likert scale with anchors ranging from strongly disagree (0) to strongly agree (6). The questionnaire was distributed among 350 executive level employees in star hotels in Sri Lanka. Only 256 respondents returned the questionnaire. There were 11 questionnaires which were not in a usable manner. Accordingly, 245 respondents (70%) were included as the final sample.

## 7 IV.

## 8 Sample Composition

Majority of respondents were males (63%) and belonged to the age category (43%) of between 35 years -39 years. Very few (8.5 %) of respondents belonged to the age category of years 46 -50. 47% of the sample were married. 66.9 % of respondents have been working in their current position for less than three years.

Preliminary analysis was conducted for ensuring normality, linearity, homoscedasticity, reliability, validity, multicollinearity, and common method variance. Descriptive statistics (mean, standard deviation (SD), skewness, kurtosis, correlation) relating to all constructs are shown in Table 1. As shown in Table 2, the current study employed simple linear regression for testing the direct effect of transformational leadership and its four dimensions on employee engagement. .17

## 9 Year ( )

A V.

## 10 Results

### 11 Note: EE -Employee Engagement, TL -Transformational Leadership, II -Idealized Influence, IM -Inspirational Motivation, IS -Intellectual Stimulation, IC -Individual Consideration

Results revealed that the impact of transformational leadership on employee engagement is positive and significant. Transformational leadership explains 32% of variance ( $R^2 = .32$ ) of employee engagement. Beta is .40 and p-value is 0.00 ( $P < 0.05$ ). It implies that there is a positive impact of transformational leadership on employee engagement. Hence, H1 is supported.

As shown in Table 2 -Model 2, beta is 0.30. Therefore, idealized influence positively related to employee engagement. Further, it explains the variance ( $R^2$ ) of employee engagement by 23%. P value of 0.00 ( $p < 0.05$ ). Hence, H1a is supported.

Inspirational motivation has a positive impact on employee engagement since the beta value is 0.51 with a significant value of 0.00 which is less than 0.05.  $R^2$  is 0.45 and it denotes that the variance of employee engagement is explained by inspirational motivation is 45%. Accordingly, H1b is supported; there is a positive impact of inspirational motivation on employee engagement.

As shown in Table 2 -Model 4, intellectual stimulation positively influences (Beta = 0.37) on the engagement of employees. It is significant ( $p = 0.00 < 0.05$ ). Further, it explains the variance of engagement by 34 %. Hence, H1c is supported.

Finally, results suggest that impact of individual consideration on employee engagement is positive and significant (Beta = 0.27,  $p = 0.00 < 0.05$ ).  $R^2$  is 0.19 therefore, the variance of employee engagement explained by individual consideration is 19 percent. Accordingly, the H 5 is also supported.

## 12 VI.

## 13 Discussion

This study examined the impact of transformational leadership on employee engagement in the hospitality industry in Sri Lanka. Findings of this study are consistent with earlier studies (e.g., Weevaart et al., 2008). Idealized influence allows followers to identify with their leaders. As Hinkin and Tracy (2009) explained, the leader becomes a role model for his/her followers. Leader highly concentrates on followers' needs than thinking about personal needs. Leaders who act as role models foster loyalty and devotion while paying less attention to their self-interests (Bass and Bass, 2008). It causes subordinates to perform effectively, and they are energized to sacrifice and move beyond their self-interests to make a better contribution towards organizational performance (Shamir et al., 1993). Euzidenhout and Schults (2013) found that charisma related positively with employee engagement. In the present study, idealized influence explains the engagement of employees in the hospitality sector by 23%. However, there are counter-arguments (e.g., Datche & Mukulu, 2015; Mansor et al., 2017) over the positive impact of idealized influence on engagement.

Further, it revealed that inspirational motivation positively influences engagement of employees while consisting with empirical findings (e.g., Datche & Mukulu, 2015; Mansor et al., 2017). Moreover, current study findings show a positive impact of intellectual stimulation and individual consideration on engagement. Similar findings have been shown in empirical studies (e.g., Datche & Mukulu, 2015; Mansor et al., 2017). Employees will be highly engaging in their job when their leaders stimulate them to be positive (Datche & Mukulu, 2015; Ayati et al., 2014; Mansor, et al., 2017).

## 14 VII.

## 15 Implications

This study contributes to the theory and practice in many ways. There are relatively less scholarly attempts on new leadership theories such as transformational leadership, especially in South Asian countries. Hence, the current study fills the knowledge gap on transformational leadership and employee engagement in the hospitality sector in Sri Lanka while upgrading the current research stock. Further, this study enriches the limited empirical evidence on analyses of impacts of dimensions of transformational leadership.

Further, it provides many implications for managers as it revealed that transformational leadership affects the engagement of employees in the hospitality sector. Accordingly, HR professionals can take necessary actions to improve transformational leadership attributes of superiors of their organizations to increase the level of the engagement of their subordinates. It is suggested to conduct leadership development training programmes, developing role models while focusing all attributes of transformational leadership in employees in the hospitality sector in Sri Lanka.

## VIII.

## Conclusion

This study examined the impact of transformational leadership on employee engagement. Further, it focused on each dimension's impact over the executive-level employees' engagement in the hospitality sector in Sri Lanka. The study revealed that transformational leadership, and each dimension (i.e., idealized influence, intellectual stimulation, inspirational motivation, and individual consideration) positively impacts on employee engagement. Findings suggest that organizations can enhance the employee engagement by developing transformational leaders.

## Year ( )

1

Construct	Mean	SD	Skewness	Kurtosis	Correlation	
					TL	EE
TL	5.53	1.16	-1.29	.87	.969	
EE	4.87	.81	-1.48	2.31	.571 **	.908

\*\* Correlation is significant at the 0.01 level (2-tailed), and Cronbach's alpha values appear on the diagonal.

Figure 1: Table 1 :

2

	Model 1	Model 2	Model 3	Model 4	Model 5
Regression	EE<-TL	EE<-II	EE<-IM	EE<-IS	EE<-IC
Independent variable	TL	II	IM	IS	IC
Beta	.40	.30	.51	.37	.27
?	.57	.48	.67	.58	.43
Std. Error	.07	.07	.07	.06	.07
P value	.00	.00	.00	.00	.00
Model Summary					
R	.57	.48	.67	.58	.43
R 2	.32	.23	.45	.34	.19
Adjusted R 2	.31	.22	.44	.33	

Figure 2: Table 2 :

1 2

<sup>1</sup>© 2018 Global Journals 1

<sup>2</sup>Transformational Leadership and Employee Engagement in Hospitality Sector in Sri Lanka



- [Mansor et al. ( )] , Z D Mansor , C P Mun , B N Farhana , W A N W Tarmizi . *Influence of Transformation Leadership Style on Employee Engagement among Generation Y*. *World Academy of Science, Engineering and Technology* 2017. 11 (1) p. . (Behavioral, Educational, Economic, Business and Industrial Engineering)
- [Saks ( )] 'Antecedents and consequences of employee engagement'. A M Saks . *Journal of managerial psychology* 2006. 21 (7) p. .
- [Slåtten and Mehmetoglu ( )] 'Antecedents and effects of engaged frontline employees: A study from the hospitality industry. Managing Service Quality'. T Slåtten , M Mehmetoglu . *An International Journal* 2011. 21 (1) p. .
- [Bakker (ed.) ( )] *Building engagement in the workplace*, Bakker . C. Cooper & R. Burke (ed.) 2009. London: Routledge. p. . (The peak performing organization)
- [Crabtree ( )] S Crabtree . <http://www.gallup.com/poll/165269/worldwide-employees-engaged-work.aspx> Gallup. Retrieved from Gallup, 2013. 8.
- [Breevaart et al. ( )] 'Daily transactional and transformational leadership and daily employee engagement'. K Breevaart , A Bakker , J Hetland , E Demerouti , O K Olsen , R Espevik . *Journal of Occupational and Organizational Psychology* 2014. 87 (1) p. .
- [Tims et al. ( )] 'Do transformational leaders enhance their followers' daily work engagement'. M Tims , A B Bakker , D Xanthopoulou . *The Leadership Quarterly*, 2011. 22 p. .
- [Harter et al. ( )] 'Flourishing: The positive person and the good life'. J K Harter , F L Schmidt , C L Keyes , C L Keyes , J Haidt . *Well-Being in the Workplace and Its Relationship to Business Outcomes: A Review of the Gallup Studies*, (Washington, DC) 2002. American Psychological Association. p. .
- [Avolio ( )] *Full leadership development: Building the vital forces in organizations*, B J Avolio . 1999. Sage.
- [Ruyle et al. ( )] *FYI for talent engagement: Drivers of best practice for managers and business leaders*, K E Ruyle , R W Eichinger , K P Demeuse . 2009. Minneapolis, MN: Korn/Ferry International.
- [Attridge ( )] 'Measuring and managing employee work engagement: A review of the research and business literature'. M Attridge . *Journal of Workplace Behavioral Health* 2009. 24 (4) p. .
- [Zhu et al. ( )] *Moderating role of follower characteristics with transformational leadership and follower work engagement*. *Group & Organization Management*, W Zhu , B J Avolio , F O Walumbwa . 2009. 34 p. .
- [Bass et al. ( )] 'Predicting unit performance by assessing transformational and transactional leadership'. B M Bass , B J Avolio , D I Jung , Y Berson . *Journal of applied psychology* 2003. 88 (2) p. 207.
- [Nielsen Pane (ed.)] [http://coeweb.fiu.edu/research\\_conference/](http://coeweb.fiu.edu/research_conference/) *Proceedings of the Eighth Annual College of Education & GSN Research Conference*, & D M Nielsen, Pane (ed.) (the Eighth Annual College of Education & GSN Research Conference) p. . (Miami: Florida International University)
- [Kahn ( )] 'Psychological conditions of personal engagement and disengagement at work'. W A Kahn . *Academy of management journal* 1990. 33 (4) p. .
- [Xanthopoulou et al. ( )] 'Reciprocal relationships between job resources, personal resources, and work engagement'. D Xanthopoulou , A B Bakker , E Demerouti , W B Schaufeli . *Journal of Vocational behavior* 2009. 74 (3) p. .
- [Song et al. ( )] 'Role of transformational leadership in effective organizational knowledge creation practices: Mediating effects of employees' work engagement'. J Song , J A Kolb , Hee Lee , U Kyoung Kim , H . *Human Resource Development Quarterly* 2012. 23 (1) p. .
- [Bass and Bass ( )] *The Bass handbook of leadership: Theory, research, and managerial applications*, B M Bass , R Bass . 2009. Simon and Schuster.
- [Datche and Mukulu ( )] 'The effects of transformational leadership on employee engagement: A survey of civil service in Kenya'. A E Datche , E Mukulu . *Issues in Business Management and Economics* 2015. 3 (1) p. .
- [Jayarathna and Shermila ( )] 'The impact of perceived high performing work practices on employee engagement: a study on multinational corporations operating in Sri Lanka'. S M D Y Jayarathna , K A U Shermila . *Asian Journal of Empirical Research* 2018. 8 (4) p. .
- [Macey and Schneider ( )] 'The meaning of employee engagement'. W H Macey , B Schneider . *Industrial and organizational Psychology* 2008. 1 (1) p. .
- [Schaufeli et al. ( )] 'The measurement of engagement and burnout: A two sample confirmatory factor analytic approach'. W B Schaufeli , M Salanova , V González-Romá , A B Bakker . *Journal of Happiness studies* 2002. 3 (1) p. .
- [Shamir et al. ( )] 'The motivational effects of charismatic leadership: A self-concept based theory'. B Shamir , R J House , M B Arthur . *Organization science* 1993. 4 (4) p. .
- [Zhang et al. ( )] 'The relationship between leadership paradigms and employee engagement'. T Zhang , C Avery , G Bergsteiner , H More , E . *Journal of Global Responsibility* 2014. 5 (1) p. .

- 273 [Hinkin and Tracey ( )] 'The relevance of charisma for transformational leadership in stable organizations'. T R  
274 Hinkin , J B Tracey . *Journal of organizational change management* 1999. 12 (2) p. .
- 275 [Batista-Taran et al. (ed.) ( )] *The role of leadership style in employee engagement*, L C Batista-Taran , M B  
276 Shuck , C C Gutierrez , S Baralt . M. S. Plakhotnik, S. M (ed.) 2009.
- 277 [Mann and Harter ( )] 'The worldwide employee engagement crisis'. A Mann , J Harter . *Gallup Business Journal*  
278 2016. 7.
- 279 [Bezuidenhout and Schultz ( )] 'Transformational leadership and employee engagement in the mining industry'.  
280 A Bezuidenhout , C Schultz . *Journal of contemporary management* 2013. 10 (1) p. .
- 281 [Barroso Castro et al. ( )] 'Transformational leadership and followers' attitudes: The mediating role of psycho-  
282 logical empowerment'. C Barroso Castro , M M Villegas Perinan , J C Bueno . *The International Journal of*  
283 *Human Resource Management* 2008. 19 (10) p. .
- 284 [O'boyle et al. ( )] 'Transformational leadership and job behaviors: The mediating role of core job characteristics'.  
285 E O'boyle , J Harter , R F Piccolo , J A Colquitt . [http://www.gallup.com/opinion/gallup/182432/](http://www.gallup.com/opinion/gallup/182432/organizations-lead-world-employee-engagement.aspx)  
286 **organizations-lead-world-employee-engagement.aspx**22 *Gallup. Retrieved from Gallup*, 2015.  
287 2006. 49 p. .
- 288 [Avolio et al. ( )] 'Transformational leadership and organizational commitment: Mediating role of psychological  
289 empowerment and moderating role of structural distance'. B J Avolio , W Zhu , W Koh , P Bhatia . *Journal*  
290 *of organizational behavior* 2004. 25 (8) p. .
- 291 [Maynard ( )] *Why Employee Engagement is a Competitive Advantage*, D Maynard . [https://www.reffind.](https://www.reffind.com/employee-engagement-competitive-advantage/)  
292 [com/employee-engagement-competitive-advantage/](https://www.reffind.com/employee-engagement-competitive-advantage/) 2016.