The Influence of Leadership Style and Corporate Culture on Organizational Commitment and Job Performance - A Comparison between a Local 5-star Hotel and an International Chain Hotel in Taiwan

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Abstract
This study examined the influence of corporate culture and leadership styles on organizational commitment and job performance in a local 5-star hotel and an international chain hotel in Taiwan. Data analyses were implemented through the SPSS 20.0 system. Responses measuring corporate culture, leadership style, organizational commitment, and job performance were factor analyzed, and factor scores derived were used for subsequent data analysis. These were derived using the Regression method, as implemented in the SPSS factor analysis procedure. Correlations between the major variables of the study were calculated. T-tests were used to compare the local 5-star hotel and the International 5-star hotel samples on factor scores derived from the above factor analyses. Regression analyses were utilized to examine the extent to which respondents’ organizational commitment and job performance can be predicted from the leadership style and corporate culture variables. Significant differences between the two samples were found for measures of innovative and supportive corporate cultures, employee organizational commitment, and job performance in an international chain hotel having higher mean scores for all these variables. There are no differences between the two samples for job performance and organizational commitment after statistically controlling for corporate culture, leadership and respondents’ demographic characteristics. The combined samples show innovative and supportive cultures, and a consideration leadership style, had positive effects on employee organizational commitment and job performance, with the influence of an innovative culture on employee organizational commitment and job performance, and the influence of a consideration leadership style on employee organizational commitment, being stronger in the sample of International Chain Hotel. The initiating Structure of leadership style had a negative influence on job performance for the combined sample.

Keywords: leadership style, corporate culture, organizational commitment, job Performance.
1. Introduction

The hotel will have to confront the fierce competition in the external market and the threat of unstable manpower. In order to maintain a competitive advantage, the priority has become the stabilization of the backbone elements, namely, the employees of business departments.

Organization development is concerned with the analysis and diagnosis of the factor that determine organizational effectiveness, and the planning and delivery of programmes to increase that effectiveness. Organizations want to obtain the commitment of their employees. Management would like its employees to identify with the values, norms and artefacts of the organization, hence the need for organizational culture. Management needs to explain and imbibe its culture in its employees; this will enable the employee to get familiar with the organizational system. The culture of the organization should be developed to support continuous improvement, improve employees’ style of performing their job and thus develop quality awareness.

2. Literature Review

2.1 Local 5-star Hotel and International Chain Hotel

In Taiwan recently the international hotel industry has been experiencing a rapid growth of chain properties. There are several famous international chain hotels including the franchise and the management contract in Taiwan, which are the Hyatt International group, the Sheraton group, the Nikko group, and the Shangri-La group. The local five-star hotel evaluated by the Tourism Bureau includes the Grand Hi-Lai Hotel, the Ambassador Hotel, the Evergreen Plaza Hotel and the Howard Plaza.

2.2 Leadership Style

Leadership is a management function, which is mostly directed towards people and social interaction, as well as the process of influencing people so that they will achieve the goals of the organization (Skansi, 2000). Organizational success in obtaining its goals and objectives depends on managers and their leadership style. By using appropriate leadership styles, managers can affect employee job satisfaction, commitment and productivity. Leadership style can be viewed as a series of managerial attitudes, behaviors, characteristics and skills based on individual and organizational values, leadership interests and reliability of employees in different situations (Mosadeghrad, 2003).

It is the ability of a leader to influence subordinates to performing at their highest capability. This factor captures the extent to which management respects workers, operates with honesty
and integrity, promotes efficiency, and has open lines of communication with employees (Aronson et al., 2003).

The subject of leadership is interesting for many researchers. The continued search for good leaders has resulted in the development of many leadership theories. Studies have been carried out to determine how leadership behaviors can be used to influence employees for improved organizational outcomes (Kreitner, 1995). In the past several decades, management experts have undergone a revolution in how they define leadership and their attitudes toward it. There are several styles of leadership such as: autocratic, bureaucratic, laissez-faire, charismatic, democratic, participative, situational, transactional, and transformational leadership (Mosadeghrad 2003).

2.3 Corporate Culture

Corporate culture can be referred to as a set of values, beliefs, and behavior patterns that form the core identity of organisations, and help in shaping the employees’ behavior (Pheysey, 1993; Van der Post, 1998; Deshpande and Farley, 1999).

Corporate culture also acts as a cognitive map that influences the way in which the context is defined, for it provides the selection mechanisms or norms and values which people enact events (Jones, 1983). It is also a pattern of beliefs, symbols, rituals, myths, and practices that have evolved over time in an organisation (Pheysey, 1993).

Van der Post et al. (1998) examined the relationship between organizational culture and financial performance of organizations in South Africa. The results showed that organizational culture has a positive relationship with the financial performance of the firms.

Organizational culture has been linked to economic performance and organization viability/success (Sorensen, 2002 and Devis, 2007).

2.4 Organizational Commitment

The term “commitment” can be referred to as the willingness of social actors to give their energy and loyalty to a social system or an effective attachment to an organization apart from the purely instrumental worth of the relationship (Buchanan, 1974). Commitment has also been defined in terms of:

a. A belief in and acceptance of, the goals and values of the organization and/or profession;

b. Willingness to exert considerable effort on behalf of the organization; And desire to attain membership in the organization (Porter et al., 1974). According to Meyer and Allen (1997), a committed employee is the one who stays with the organization through thick and thin, attends work regularly, puts in a full day (and maybe more), protects company’s assets, shares company
goals and others. Thus, having a committed workforce would be an added advantage to an organization.

2.5 Job Performance

An overview of the history of research into the topic of leadership finds that the literature on leadership and performance can be broadly categorized into a number of important phases. Early studies on leadership (frequently categorized as ‘trait’ studies on leadership) concentrated on identifying the personality traits which characterized successful leaders (Argyris, 1955; Mahoney et al., 1960). Leadership has gone through periods of scepticism, recent interest has focused on the importance of the leadership role to the success of organizations. Fiedler (1996), one of the most respected researchers on leadership, has provided a recent treatise on the importance of leadership by arguing that the effectiveness of a leader is a major determinant of the success or failure of a group, organization, or even an entire country. Indeed, it has been argued that one way in which organizations have sought to cope with the increasing volatility and turbulence of the external environment is by training and developing leaders and equipping them with the skills to cope (Darcy and Kleiner, 1991; Hennessey, 1998; Saari et al., 1988).

3. Methodology

Data analyses were implemented through the SPSS 20.0 system. Responses measuring corporate culture, leadership style, organizational commitment, and job performance were factor analyzed, and factor scores derived were used for subsequent data analysis. These were derived using the Regression method, as implemented in the SPSS factor analysis procedure. Correlations between the major variables of the study were calculated. T-tests were used to compare the local 5-star hotel and the International 5-star hotel samples on factor scores derived from the above factor analyses. Regression analyses were utilized to examine the extent to which respondents’ organizational commitment and job performance can be predicted from the leadership style and corporate culture variables.

4. Results

Significant differences between the two samples were found for measures of innovative and supportive corporate cultures, employee organizational commitment, and job performance in an international chain hotel having higher mean scores for all these variables. There are no differences between the two samples for job performance and organizational commitment after statistically controlling for corporate culture, leadership and respondents’ demographic characteristics. The combined samples show innovative and supportive cultures, and a consideration leadership style, had positive effects on employee organizational commitment and
job performance, with the influence of an innovative culture on employee organizational commitment and job performance, and the influence of a consideration leadership style on employee organizational commitment, being stronger in the sample of International Chain Hotel. The initiating Structure of leadership style had a negative influence on job performance for the combined sample.

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