

# Leadership Styles of General Managers and Job Satisfaction Antecedent of Middle Managers in 5-Star Hotels in Kuala Lumpur, Malaysia

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## Abstract

Leadership styles may differ across countries particularly in aspects such as culture, approach, and language. Expatriate managers in Malaysian 5-star hotels, may have a different approach from local managers, hence the levels of the job satisfaction of middle managers may differ too. Information is still lacking on the influence of expatriate managers leadership styles on employees' job satisfaction in Malaysian 5-star hotels. The purpose of this paper was twofold, to shed light on employees' job satisfaction under the leadership of expatriate managers as well as the differences in leadership styles of local and expatriate managers. Results showed that transformational leadership styles such as; idealized influence (behavior), intellectual stimulation, inspirational motivation had a significant positive effect on employees job satisfaction. Even transactional leadership styles of expatriates such as contingent reward produced significant positive effect on employees job satisfaction. However transactional leadership of management by exception (passive) of expatriate managers had a significant negative effect on job satisfaction. The combination of five leadership styles of expatriate managers, was able to produce 92.2% of employees' job satisfaction. Except for management by exception (passive), the other four leadership styles had a positive effect on job satisfaction. Results further revealed that expatriate managers have different leadership styles, with higher individual consideration, and contingent reward score, but lower management by exception (passive) score compared to local managers. The difference in leadership styles enabled expatriate managers to achieve higher job satisfaction scores compared to local managers.

**Keywords:** leadership styles, transformational leadership, transactional leadership, job satisfaction, middle managers, general manager, 5-star hotels

## 1. Introduction

This paper reports on a study which investigated issues such as outlined below:

- 1) To investigate the influence of expatriate managers transformational leadership style on job satisfaction of middle managers.
- 2) To investigate the influence of expatriate managers transactional leadership style on job satisfaction of middle managers.

3) To investigate the differences in middle managers job satisfaction scores between local and expatriate managers.

Some of the issues which caused this researcher to investigate the leadership styles of expatriate managers in 5-star hotels around the city of Kuala Lumpur Malaysia are outlined below.

Ever since the involvement of Asians and Indians in the global business or international market more than ever before. As globalization is driven by a free market; the more a country opens up its markets to free trade the healthier its economy status (Ferraro, 2006). Globalization and Information Technology (IT) has resulted in many unprecedented interactions due to worldwide political, economical, commercial and social events happening in many parts of the world (Cleland & Gareis, 1994). Resulting in increased international investments and the opening up of trade borders (Javidan et al., 2001).

Globalization as aforementioned is driven by the free market bringing many challenges to multinational or any international organization, compelling them to carry out internal adjustment in order to maintain their competitiveness and survive (Kotter, 1996). Thus multinationals favoured global managerial skills in an effort to maintain competitiveness (Webb & Wright, 1996).

Businesses thus faced the challenge of recruiting and selecting managers for expatriate assignments (Selmer, 1995). Attempts were made to equip managers with global business strategies (Selmer & Leung, 2003). Selmer (1997) investigated whether expatriate managers are being assigned for international assignments without adequate cross cultural understanding and preparation. He argued that expatriate managers who lack training or cross cultural understanding will certainly employ the same leadership style of their home country in other countries without adapting to local norms and cultural environment. Insufficiently trained expatriate managers will be ill-equipped to operate in other cultural settings (Tung, 1988; Black & Porter, 1991; Webb & Wright, 1996; Cleland & Gareis, 1994; Javidan et al., 2001; Haire et al., 1966; Darby, 1995).

Human resource is the most valuable and indispensable organizational need and therefore good management is needed to get the best out of employees, (Mosadragh, 2003). Proper leadership is vital to build employee loyalty whose commitment is much needed for companies to withstand global challenges, (Albion & Gagliardi, 2007). Kennerly (1989) reported that much research was focused on leadership skills and styles since these factors influence the effectiveness of an organization.

## 2. Literature Review

Leftwich and Hogg (2008) stated that there is now a wide recognition in the international community that 'leadership matters' for growth and development of an organization. They suggested that leadership can be described as an influence of the leader towards on the followers. The leadership is crucial in creating job satisfaction of personnel lower down. Whereas Bennis and Nanus (1985); and Burns (1978) described leadership as the relationship that exists between the leader and follower in order to reach certain definite goals. Meanwhile Jong and Hartog (2007) described leadership as a process to influence people to get a desired result. However Gill (2006) outlined leadership as a skill to help in stimulating, motivating, encouraging, and recognizing followers in order to get key performance results. All these definitions appear to agree that leadership style is crucial in enhancing employee performance.

Based on the definitions of leadership above, it is apparent that proper leadership is vital in the hospitality or service industry. Woods and King (2002) believed that the hospitality organizations need to employ different or effective leadership styles to improve the guest services and employee job satisfaction, 'disgruntled' employees would give poor service and bring disrepute to the organization. Organizations such as 5-star hotels need to ensure that there is good management and satisfied employees. Managers in the hospitality industry can improve employee job satisfaction (Purcell et al., 2003; Mullins, 1998). Kavanaugh and Ninemeier (2001) stated that good managers can inspire employees by converting them to the cause. Effective managerial leadership is very important since the hospitality organizations are constantly under pressure to meet change, to develop their structures and improve their performance (Erkutlu & Chafra, 2006).

Leadership style is defined as the pattern of behaviors that leaders display during their work with and through others or followers (Hersey & Blanchard, 1993). Miller et al. (2002) stated that leadership can be explained as the pattern of interactions between leaders and subordinates. This pattern includes controlling, directing, indeed all techniques and methods used by leaders to motivate subordinates to follow their instructions. The extent to which employees comply with leadership directions are highly associated with leadership styles.

Kavanaugh and Ninemeier (2001) pointed out that leaders' characteristics, subordinates' characteristics and the organizational environment are the main factors that can determine the type of leadership style. The personal

background of leaders such as personality, knowledge, values, and experiences shapes their feelings about appropriate leadership that will be determine their specific leadership style. Some factors in the organizational environment such as organizational climate, organization values, composition of work group and type of work can also influence leadership style. However in service industries such as the hospitality industry, proper leadership and the satisfied employees are vital to ensure client or guest satisfaction.

Bass and Avolio (1994) stated that leadership styles can be distinguished to be either autocratic, bureaucratic, laissez-faire, charismatic, democratic, consultative, neurocratic, paternalistic, sociocratic, participative, situational, transactional or transformational. However Wood (1994) stressed that capable leaders can adapt their leadership style to the perceived preferences of their subordinates.

This study looked at how transactional and transformational leadership style influenced the job satisfaction of middle managers.

### *2.1 Transformational and Transactional Leadership Styles*

Bass and Avolio (1994) defined transformational and transactional leadership styles as below:

#### *2.2 Transformational Leadership Style*

A transformational leader is capable of stimulating his followers to apprehend problems in perspectives and assist his followers to develop their full potential which would be able to enhance the followers creativity.

#### *2.3 Transactional Leadership Style*

As the name implies “transactional” leadership style tends to be transactional in nature where employee who able to finish the given task will be appropriately rewarded. This kind of leadership emphasizes on the exchange and agreement between the leader and the follower and no more than that.

## **3. Methodology**

This study sought to establish the issues as shown below:

- 1) The influence of expatriate managers transformational leadership style on job satisfaction of middle managers.
- 2) The influence of expatriate managers transactional leadership style on job satisfaction of middle managers.

Additionally the study established whether expatriate managers leadership styles differs from local managers leadership styles. Also investigated was the difference in middle managers job satisfaction scores between local and expatriate managers.

This study focused on management mainly on 5-star hotels in Kuala Lumpur Malaysia. Hence, researcher identified the population as the list of 5-star hotels in Kuala Lumpur, obtained from the Ministry of Tourism Malaysia. From the list, the researcher identified 24 hotels rated 5-star, where 16 of them have expatriate managers, while 8 of them were led by local managers.

Out of this sample of 24 5-star hotels, the researcher identified 216 middle managers from 9 departments of the hotel. The sample is representative of all the departments namely; front office, housekeeping, sales and marketing, human resource, accounting, food and beverage, kitchen, security and engineering. This sample of 216 middle managers would answer a questionnaire pertaining to their views on their job satisfaction and the top leadership. The top leadership comprised both, the expatriate and local managers.

Middle managers are those who work separately in each department, but frequently deal directly with the general manager, hence they will be able to form opinions as to how far the leadership has given them job satisfaction.

### *3.1 The Instruments*

This study makes use of a questionnaire which consisted of various sections. Section A dealt with leadership styles while section B was about employee job satisfaction, whereas section C was to acquire descriptive data. A Likert scale is used for section A and B which deals with ordinal data, ‘1’ denotes strong disagreement, whilst ‘5’ denotes strong agreement.

#### 1) Section A: Leadership Styles

Section A known as the Multi-factor Leadership Questionnaire comprised of 45 items which sought information pertaining to various leadership styles.

In this study, the Multi-factor Leadership Questionnaire, also known as Form 5x-Short (MLQ-5) was used. The Form 5x-Short (MLQ-5) questionnaire would measure different leadership dimensions such as transformational and transactional styles.

## 2) Section B: Employee satisfaction

This section comprised of 13 items which would gauge the employee satisfaction.

## 3) Section C: Respondent Profiles

This section would elicit information such as the respondents post, gender, marital status, ethnicity, and tenure. Information pertaining to the respondent's respective department will also be obtained. Respondents belong to departments such as front office, housekeeping, sales and marketing, human resource, accounting, food and beverage, kitchen, security and engineering.

Information pertaining to the respondent's qualifications, age and length of time in current position will also be obtained.

### 3.2 Pilot Study

A pilot study was conducted prior to the real case study to ensure the reliability of items measuring the different dimensions of leadership. 30 respondents were selected for the purpose of the pilot study. Cronbach alpha was employed to evaluate the reliability of the measurement scale.

Overall, all items indicated a threshold value of at least 0.69 denoting strong reliability. Nunnally (1978) established that a Cronbach Alpha score of nearly 0.7 is indicative of strong reliability. On the basis of this reliability, the researcher had decided to adapt the questionnaire for the study after minor changes. The pilot study respondents are not part of the actual study.

### 3.3 Data Collection and Analysis

The collected data was then analyzed by SPSS (Statistical Package for Social Science) version 19.0, and the outputs were then modified using Microsoft Excel 2010 so that the results are more interpretable for researcher and also the readers. The statistical approaches involved were descriptive analysis, reliability test, multiple linear- regression, and Mann-Whitney U test.

## 4. Results and Discussions

In order to study the relationship between leadership styles of general manager towards middle managers job satisfaction, several objectives have been developed as a guidance of research.

### 4.1 The Influence of Expatriate Managers' Transformational Leadership Style on the Job Satisfaction of Middle Managers

Transformational leadership consists of 5 dimensions namely;

- a) Idealized Influence (Behavior)
- b) Idealized Influence (Attributed)
- c) Inspirational Motivation
- d) Intellectual Stimulation
- e) Individual Consideration

Based on the analysis, it was found that the transformational leadership score was mostly above average, and high with mean score which ranged from 4.0 to 4.3. Given the scale 1 to 5 employed, a mean score of greater than 4 was considered high. Among the 5 dimensions of transformational leadership, inspirational motivation achieved the highest score, indicating that the majority of the middle level hotel managers who comprise the respondents mainly belong to the inspirational motivation type as they mostly talk optimistically about the future, talk enthusiastically about what needs to be accomplished, articulate a compelling vision of the future, and expresses confidence that goals will be achieved.

The findings also showed that the middle level managers have high ideals which were the influence of top level management. The mean score returned by the respondents for the top management's ability to imbue them with high ideals and aspiration was 4.2, which is rather high considering that 5.0 is the highest value.

### 4.2 The Influence of Expatriate Managers' Transactional Leadership Style on the Job Satisfaction of Middle Managers

Transactional leadership consists of 3 dimensions namely;

- a) Contingent Reward
- b) Management-by-Exception (Active)

### c) Management-by-Exception (Passive)

Meanwhile, the transactional leadership scores, which only returned a mean score of 3.9 for both its dimensions of contingent reward and management by exception (active) were lower compared to transformation leadership scores.

Even passive management by exception only returned a mean score of 2.7. This was not unexpected as passive management by exception is considered an undesirable attitude in management. Management-by-Exception (Passive) is the kind of management that has characteristics such as;

- a) Failing to interfere until problems become serious,
- b) Waiting for things to go wrong before taking action,
- c) Showing apathy for problems brewing
- d) Believing that problems must become chronic before action is necessary,

Hence the respondents returned low mean scores for leaders with the characteristics as above.

### *4.3 Differences in Middle Managers Job Satisfaction Scores between Local and Expatriate Managers*

The researcher found that the influence of leadership style on job satisfaction varied across the manager origin. The researcher found that the expatriate managers had greater capacity to instill positive ideals in middle level managers. The expatriate managers received higher scores than local managers where ability to inculcate ideals in employees was concerned.

Proper ideals do contribute to employee satisfaction. Therefore the expatriates could produce greater satisfaction in the middle levels on account of their capacity to nurture ideals in their employees.

Apparently, the most palpable distinction was the significant effect of idealized influence (behavior) on employee job satisfaction found on both local and expatriate managers. Aforementioned, idealized influence (behavior) was found to have insignificant affect on the employees' job satisfaction as a whole.

Some of the local managers also received high scores for idealized influence (behavior), however these managers did not receive a corresponding high satisfaction score from the employees. When the expatriate received high scores for idealized influence (behavior), the respondents also indicated a correspondingly high job satisfaction score. There seems to be an anomaly here where the expatriate could get high job satisfaction scores when he received high scores for idealized influence (behavior) but the local managers with idealized influence (behavior) did not receive correspondingly high scores for job satisfaction.

The researcher found that the one reason for this was because the expatriate managers frequently and lucidly expressed their most important values and beliefs and specified the importance of having a strong sense of purpose. The expatriates can clearly and eloquently express the moral and ethical consequences of various decisions and they can emphasize the importance of a collective sense of mission and thereby employees are more likely to exhibit higher job satisfaction.

On the contrary local managers did not excel in expressing their thinking as well compared to expatriate managers, especially in expressing their values, and beliefs, as well as when emphasizing and specifying some issues, resulting in some misunderstanding between managers and employees. Such a situation most likely explains why local managers with good idealized influence (behavior) scores failed to return a correspondingly high employee satisfaction score. The local managers did not effectively convey their mission and vision to the employees and therefore could not adequately convert the employees to the cause as well as the expatriate managers could do.

Another noteworthy finding was that none of the elements in transactional leadership was found to significantly influence employee job satisfaction of employees where local managers are concerned. Therefore, the researcher concluded that local managers with transformational leadership quality alone were not able to adequately ensure employee job satisfaction.

Overall, the expatriate managers who were actively involved in taking action, solving problems or dealing with issues arising will produce higher employee job satisfaction compared to local managers.

The findings also indicated that a higher degree of inspirational motivation leading style did not result in higher employee job satisfaction. And this was true for both the local and expatriate managers.

The researcher also investigated the significant independent contribution of each leadership style on employee job satisfaction. The findings revealed that, idealized influence (attribute), intellectual stimulation, individual

consideration and contingent reward styles were significant predictors for employee job satisfaction in the case of the local managers only when other factors are absent.

## 5. Conclusion

Conclusions were made based on the three proposed research objectives of the full research paper.

- 1) To investigate the influence of expatriate managers transformational leadership style on job satisfaction of middle managers.
- 2) To investigate the influence of expatriate managers transactional leadership style on job satisfaction of middle managers.
- 3) To investigate the differences in middle managers job satisfaction scores between local and expatriate managers.

As for objective 1, intellectual stimulation, inspirational motivation, idealized influence (behavior) were the significant predictors for job satisfaction where expatriate managers were concerned. Intellectual stimulation and idealized influence (behavior) leadership styles have positive influence on employees' job satisfaction, which mean the higher the application of these leadership styles would produce a higher employees' satisfaction score. As for inspirational motivation, it seemed that this leadership style affected job satisfaction negatively. Expatriate manager who exhibited higher inspirational motivation are more prone to lower job satisfaction score by the middle managers.

Objective 2 looked at the influence of the expatriate managers transactional leadership. Results revealed that contingent reward and management by exception (passive) were significant predictors for employees' job satisfaction. Both of them however have different direction of implication on job satisfaction. Contingent reward was found to positively affect job satisfaction, while management by exception (passive) on the other hand does not produce a commensurate job satisfaction. The researcher concluded that contingent reward leadership was important in promising good job satisfaction in middle managers, and management by exception (passive) should be avoided as it is detrimental for better job satisfaction.

In the case of objective 3, results indicated that the middle managers job satisfaction scores were higher in expatriate managers in comparison to local managers. The main reason being, the expatriate managers were better in communicating with employees and converting them to the cause by giving them a clear idea of why they should be doing what the company expects them to do. Expatriate managers do manage to convince employees effectively that it is in the interest of the employees to follow the stipulations as laid down by the organization.

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