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# The Influence of Transformational Leadership on Employees' Innovative Behaviour in the Hospitality Industry: The Mediating Role of Leader Member Exchange

## Abstract

The purpose of this research is to contribute to improving the quality of service in the hospitality industry by helping to understand profoundly the premises of innovative behaviour. For this purpose, a conceptual model including transformational leadership, leader member exchange and innovative behaviour is proposed. To test the research model, data were obtained from the employees of 5-star hotels in Muğla, Turkey (n = 281). The data were analysed with the IBM SPSS 23 program. As a result of the Process Macro analysis, it was discovered that the transformational leader positively influenced innovative behaviour and leader member exchange had a mediating role in this relationship. Our research helps us to understand profoundly the pioneers of innovative behaviour, and will increase managers' awareness by making managerial suggestions to improve service quality in hotels.

**Keywords:** transformational leadership, innovative behaviour, leader member exchange, tourism, hospitality, Turkey

## 1. Introduction

Along with the emergence of new competitors, globalization and rapid technological advances have created a highly competitive market environment in the hospitality sector (Sürücü & Şeşen, 2019). Innovation and innovative behaviour have become increasingly important in the sector due to the changing economic environment and increasing competition (Akram et al., 2016).

The innovative behaviour of employees in the workplace is considered to be a basic prerequisite for survival in the hospitality industry (Bani-Melhem et al., 2018). In this context, research conducted in the sector has shown that employees' innovative behaviour increases the quality standards of hotels (Rogerson, 2013) and improves their financial performance (Kallmuenzer & Peters, 2018) by increasing sales in the future and firms' value (Nicolau & Santa-Maria, 2013). More effective managers understand that they must be constantly innovative in both products and internal processes. From that point of view, managers see their employees as a vital source of growth and sustainable competitive advantage and seek ways to develop innovative behaviours among their employees (Kim & Koo, 2017; Sürücü & Şeşen, 2019).

Managers' expectations are even more evident in the hospitality industry because employees need to display innovative behaviour in order to meet ever-changing customer expectations and demands (Bani-Melhem et al., 2018; Sürücü & Şeşen, 2019). Therefore, identifying potential premises of innovative behaviour among employees remains an important research topic (Bani-Melhem et al., 2018; Harjanti, 2019). Up until now,

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very few studies have examined the factors affecting innovative behaviour in this sector, and more are needed (Bani-Melhem et al., 2018; Edghiem & Mouzughy, 2018). This lack is rather surprising given that the innovative behaviour of employees plays a key role in achieving success (Danaei & Iranbakhsh, 2016).

The literature has often emphasized that leadership is an important factor in promoting and supporting innovative behaviour among employees (Javed et al., 2018). In addition, leaders create an organizational environment that makes it easier for employees to produce innovative ideas and put them into practice. Realizing the importance of leadership in increasing innovative behaviour, researchers have investigated the impact of different leadership styles on innovative behaviour. They have recently provided evidence that inclusive leadership (Javed et al., 2018), transformational leadership (Afsar & Umrani, 2019; Li et al., 2019; Mokhber et al., 2018), and servant leadership (Zhu & Zhang, 2019) are important premises for increasing innovative behaviour among employees.

In the current literature, transformational leadership has attracted more attention on researchers as a determinant of employees' innovative behaviour (Li et al., 2019) and it has been stated that transformational leadership encourages employees' innovative behaviour more than other leadership styles (Choi et al., 2016). Although researchers assumed that transformational leadership is positively associated with employees' innovative behaviour, empirical studies have yielded inconsistent results, and meta-analytical studies have shown inconsistent results for the relationship between transformative leadership and employees' innovative behaviour (Afsar & Umrani, 2019; Afsar et al., 2014; Mokhber et al., 2018). For example, while researchers such as Afsar et al. (2019) and Li et al. (2019) have found evidence that there is a strong positive relationship between transformational leadership and employees' innovative behaviour, Basu and Green (1997) has found evidence of a negative relationship. Gu et al. (2017)'s research showed that there is no direct relationship between transformational leadership and employees' innovative behaviour. Given these inconsistent findings, and the fact that innovative behaviour is challenging, risky, complex, and uncertain, there are likely to be intermediate variables that explain the link between transformational leadership and innovative employee behaviour (Afsar & Umrani, 2019; Mokhber et al., 2018; Choi et al., 2016).

Recent research has confirmed that information sharing (Masood & Afsar, 2017), learning motivation (Afsar & Umrani, 2019), organizational support (Mokhber et al., 2018), and trust and business relationships (Li et al., 2019) are mediating variables in the impact of transformational leadership on innovative behaviour. Despite these promising findings, there is still a consistent gap in the literature (Mokhber et al., 2018). Therefore, researchers have suggested that more work is needed to examine the fundamental mechanism in the relationship between transformational leadership and innovative behaviour (Afsar & Umrani, 2019; Mokhber et al., 2018). This research has responded to their call by examining leader member exchange (LMX) as a mediating variable.

Leader member exchange was chosen specifically as the mediating variable in this research because the major deficiency of previous studies was their focus on the character and charisma of the transformational leader and the assumption all employees would be treated similarly. However, leaders establish a different relationship with each employee due to time pressure and a lack of resources. Thus, past research has ignored the relationship between leader and employee in developing innovative behaviour (Day & Harrison, 2007; Javed et al., 2018). Indeed, Aryee et al. (2012) considered it appropriate to develop an interactive perspective to help clarify the underlying processes of the premise of innovative behaviour. Our study of LMX as a potential mediating variable included the relationship and interaction between the leader and the employee in terms of the influence of the transformational leader on innovative behaviour. Extending the research to this level of analysis has added to the knowledge of innovative behaviour. It offers a more systematic understanding of the relationship between transformational leadership and innovation (Jong & Hartog, 2010).

The present study contributes to the literature in three ways. First of all, innovative behaviour research has generally been conducted in the manufacturing sector but not service industry (Bani-Melhem et al., 2018; Sürücü & Şeşen, 2019; Javed et al., 2018). There are certain differences between the two sectors. First of all, the manufacturing sector has a capital-intensive feature, however, the service sector is labour-intensive (Sürücü & Şeşen, 2019). Due to its labor-intensive feature, the hospitality sector works mostly customer-oriented and therefore the innovative behaviours of the employees shape the image of the hotels (Afsar et al., 2019). In addition; while the manufacturing sector relies on R&D efforts to achieve a sustainable competitive advantage, the hospitality sector relies more on the individual innovative behaviour of employees (Noerchoidah & Harjanti, 2019). Considering the fact that the employees' innovative behaviour in the hospitality industry contributes to organizational success, the lack of innovative behaviour would be a significant loss. In this context, the study contributes to addressing a deficiency in the hospitality industry. Secondly, it helps us to understand better the premises of innovative behaviour and to improve the quality of service in the hospitality industry. Finally, in line with the findings obtained, the research increases the awareness of the importance of employees' innovative behaviour by making administrative suggestions to the human resources managers of the hotels.

Following the introduction, the research is composed of three parts. In the first part, the literature on transformational leadership, employees' innovative behaviour, and LMX are examined and the relationships between those constructs are discussed. In the second part; analyses and findings of the hypotheses tests are introduced. In the last section, the findings are discussed and recommendations are made for the managers operating in the service sector.

## 2. Literature review

### 2.1. Employees' innovative behaviour in the hospitality industry

Innovative behaviour is defined as the behavioural process that the employees show for the solution of the problems when they encounter within the organization and refers to the activities related to the creation, promotion, and implementation of a new idea in order to benefit the organization. In this respect, innovative behaviour is a complex process including three stages: (a) idea generation; (b) idea promotion; and (c) idea realization (Scott & Bruce, 1994). In the first phase of this process, the employee creates new and useful ideas to solve problems faced by the organization and provides innovative services (De Jong & Den Hartog, 2010). In the second stage, the employee tries to introduce their new ideas and solutions to their colleagues and managers. At the last stage, they realize their innovative solutions and ideas by implementing their solutions and innovative ideas within the organization. This three-stage process is a complicated and risky process for employees.

Innovative behaviour is purely an extra-role behaviour. Employees who exhibit innovative behaviours go beyond standard working procedures and engage in a risky and challenging process. However, there is no guarantee that innovative behaviours will always achieve the desired goals, new ideas fail often because of a lack of support from the leader and lack of proper resources. Given the current situation, it is clear that employees need a supportive organizational environment to be innovative (Javed et al., 2018) and would expect to be supported by the leader.

The literature has emphasized that the competitive advantage in the hospitality sector is realized by employees' innovative behaviour (Kim & Koo, 2017; Sürücü & Şeşen, 2019). For this reason, both researchers and practitioners agree that employees who engage in innovative behaviour help the organization to succeed (Afsar & Umrani, 2019). Therefore, organizations in the hospitality sector should facilitate the innovative potential of their employees to compete in the business environment (Kim & Koo, 2017).

## 2.2. Transformational leadership and employees' innovative behaviour

The literature has long recognized that the leadership has been the most prominent issue among the factors affecting innovative behaviour (Choi et al., 2016; Şeşen et al., 2019). Accordingly, researchers have studied the impact of several leadership styles on innovative behaviour over the past decade. Undoubtedly, the most discussed leadership style is transformational leadership (Choi et al., 2016).

Transformational leadership is defined as a style that motivates employees to perform better by changing their morale, ideals, and values (Bass & Avolio, 1997). Bass (1985) states that the transformational leadership is a structure consisting of charisma, intellectual stimulation, individualized consideration, and inspirational motivation as behavioural dimensions. Of these behavioural dimensions, charisma is an important feature that makes the leader reliable, listened and attractive in the eyes of employees. The transformational leader, using his charisma, provides his employees with admiration, respect, commitment and emphasizes the importance of having a shared sense of mission (Gumusoglu & Ilsev, 2009). From this aspect, charisma can be said to be the most general and most important feature of transformational leadership (Bass, 1985). The second dimension of the transformational leader, intellectual stimulation, expresses the support offered by transformational leaders to provide innovative solutions and develop creativity (Jansen et al., 2009). With this feature, the transformational leader encourages employees to use their skills and encourages them to try new approaches (Bass & Avolio, 1997). The third dimension, individualized consideration, is the ability of the transformational leader to analyse the wishes, values, feelings and abilities of the subordinates. Individualized consideration helps the transformational leaders to establish close relationships with their employees and create a relationship of trust with them. Finally, inspirational motivation is defined as a behaviour that inspires and activates the followers (Cho & Dansereau, 2010). In this respect, transformational leaders motivate employees to show extra role behaviors such as innovative behaviors for organizational success (Slåtten & Mehmetoglu, 2015). Wang et al. (2014) suggests that these functional abilities of the transformational leader would create a working environment that can facilitate employees to generate and implement innovative ideas.

Innovative behaviour requires intensive effort, risk taking, and dealing with uncertainty throughout the process. That's why innovative behaviour needs to be supported by leaders (Sürücü & Şeşen, 2019). Transformational leaders are aware of the importance of encouraging and supporting innovative behaviour. For this reason, the transformative leader demonstrates supportive and easy accessible behaviours that adapt to new offers from their employees. It also reassures employees, tolerates potential failures, and enhances their employees' courage to take innovative behaviours (Li et al., 2019). This approach of the transformational leader can encourage employees to make additional efforts to participate in innovative behaviours and increase their intrinsic motivation to think creatively (Gumusoglu & Ilsev, 2009). Furthermore, transformational leader places a deep emphasis on the openness of the communication network within the organization, and on teamwork (Li et al., 2019; Şeşen et al., 2019). This contributes to employees to be innovative and produce creative solutions.

The current literature has pointed out that transformational leadership plays a positive role in the innovative behaviour of employees and the findings of previous research support this idea (e.g. Afsar et al., 2019; Gumusoglu & Ilsev, 2009; Slåtten & Mehmetoglu, 2015; Mokhber et al., 2018; Tsai & Tseng, 2010; Wang et al., 2014, Zhu & Zhang, 2019). The following hypothesis was proposed in light of this:

- *Hypothesis 1: Transformational leadership positively affects the innovative behaviour of employees.*

## 2.3. Leader member exchange and employees' innovative behaviour

Innovative behaviour is a complex and risky process that involves idea generation, promotion, and realization. Moreover, there is no guarantee that innovative behaviours will turn into creative solutions (Scott & Bruce, 1994). In such cases, support received from administrators becomes crucial. Although many employees have great ideas for improving organizational performance, they are reluctant to share them when they believe

their leader does not support them (Afsar et al., 2014). Several leadership theories that support innovative behaviour have been identified in the literature. However, much less attention has been paid to LMX despite its theoretical contribution potential (Atitumpong & Badir, 2018; Bibi & Afsar, 2018). As a result, there are insufficient studies showing how LMX supports and improves employees' innovative behaviour (Saeed et al., 2019).

Leader member exchange focuses on the quality of bilateral interaction between the leader and their employees. Leader member exchange theory divides the relationships into two groups: the in group (high quality LMX) and the out group (low quality LMX). Employees with low LMX relate to their leaders as described in their job descriptions, while employees with high LMX spend more time with them. Therefore, a high LMX relationship eliminates bureaucratic restrictions and helps employees to explore new opportunities by focusing better on key organizational issues and processes that provide high added value and target compliance (Bibi & Afsar, 2018).

Shortening the distance between the leader and the employee increases the leader's awareness of the employee's needs, expectations, and problems, and this can contribute to more innovative and productive work performance (Saeed et al., 2019). In addition, employees have the opportunity to learn about the current situation, to discuss new ideas, and to receive immediate feedback when they spend time with their leaders (Atitumpong & Badir, 2018; Sürücü & Şeşen, 2019). This means that the employee has more opportunities to present new ideas to their leader and to test and apply them as well (Schermuly et al., 2013).

Employees with high quality LMX trust and respect their leaders, and thus they tend to volunteer for non-routine tasks (Graen & Uhl-Bien, 1995). They are expected to come up with new ideas for solving problems because they are busy with new challenges and perspectives (Schermuly et al., 2013). Moreover, they have more opportunities to produce, test, and apply ideas while performing non-routine tasks (Sparrowe & Liden, 2005). Thanks to the trusting environment and support provided by LMX, employees do not have to worry so much when testing and applying their ideas.

Saeed et al. (2019) conducted a research having 323 employees and 121 superiors working in the automotive sector in Thailand. They found that LMX enabled employees to participate in the creative process and encouraged innovative behaviour. Having conducted a survey among 290 hotel employees working full-time in the hospitality industry, Kim and Koo (2017) concluded that LMX quality contributed to their achieving desired results, such as innovative behaviour and organizational commitment. In a study conducted in Pakistan, Bibi and Afsar (2018) found that leader-member exchange had a strong positive relationship with innovative behaviour and creativity. The following hypothesis was proposed in the light of current literature and empirical evidence:

- *Hypothesis 2: Leader member interaction affects innovative behaviour in a significant and positive way.*

## 2.4. The mediating role of leader member exchange

Although the literature states that transformational leadership has an impact on innovative behaviour, research findings on this subject have been varied and inconsistent. They have suggested that further studies are needed to understand the variables that shape the relationship between transformational leadership and innovative behaviour (Mokhber et al., 2018).

Leader member exchange suggests that the behaviour of the leader varies according to the nature of their relationship with the employees. Consistent with this theory, research has revealed that employees differ in their perceptions of and reactions to their leaders, and that these differences affect their attitudes and behaviour (Sürücü & Şeşen, 2019). In this context, the fact that the leader has different relationships with their employees will make a difference in the extra roles the employees assume, such as innovative behaviour (Bibi & Afsar, 2018). In fact, the nature of the LMX relationship provides implicit clues that affect employees'

perceptions of and reactions to transformational leaders (Aryee et al., 2012; Michel & Tews, 2016). From this perspective, it is not expected that the transformational leader will have the same effect on all employees. The behaviour of the leader and their approach to their employees will be perceived variously, and this leads to a change in their attitudes and behaviour. In other words, the effect of the transformational leader on innovative behaviour will change in the presence of LMX. From this point of view, the LMX, which focuses on the relationship between the leader and the employee, is likely to have a mediating role in the influence of the transformational leader on innovative behaviour.

To our knowledge, no studies have examined the mediating role of LMX in the impact of transformational leadership on innovative behaviour, but there is evidence supporting this exchange in the literature. Choi et al. (2016) reported that perceived support and information sharing is a mediating variable in the relationship between transformational leadership and innovative behaviour, and Li et al. (2019) argued that trust in the leader is also a mediating variable. In their study on textile firms, Javed et al. (2018) stated that LMX has a mediating role in the relationship between inclusive leadership and innovative behaviour. Research into LMX has indicated that employees receive more emotional support, respect, and job-related information from their leaders in cases where LMX is high (Sparrowe & Liden, 2005; Sürücü & Şeşen, 2019). All this research has therefore shown that LMX can be an important mediating variable. The following hypothesis has been proposed based on empirical research and the recent literature:

- *Hypothesis 3: Leader member exchange has a mediating role in the relationship between transformational leadership and employees' innovative behaviours.*

## 3. Method

### 3.1. Sample

The research was conducted on employees working in 5-star hotels in Muğla, Turkey. Firstly, the human resources managers of the hotels were contacted to conduct the research and information was shared on the purpose of the research. Since the research was conducted during the summer season when the tourism was intense, the HR managers of some hotels declared that they did not want to provide data due to the customer concentration. A questionnaire was presented to the HR managers of the hotels that accepted the survey and detailed information was given about the study. It was permitted to conduct a survey, provided that the survey was carried out on-site and the data were not shared. On-site questionnaires were applied to managers and employees selected by the researchers for the convenience sampling method for two weeks. In order to reduce anxiety, participants were first informed about the questionnaire and asked not to write their names. A total of 281 valid survey data were obtained.

The demographic characteristics of the participants were as follows. The participants comprised 130 women, 151 men; 219 were single and 62 were married. Eleven were solely primary school graduates, 88 were high school graduates, 31 were associate degree graduates, 101 were undergraduate degree graduates, and 13 were postgraduate degree graduates. One hundred and forty-six were under 25, 86 were between 26 and 30, 32 were between 31 and 35, 10 were between 36 and 40, and 7 were 41 or over. Finally, 15 of the participants work as administration, 130 as service (restaurant-bar), 106 as kitchen, 20 as reception (front office) staff and 10 as housekeeping.

### 3.2. Scales

A questionnaire with 23 questions consisting of 3 different scales was used.

**Demographic structure:** This consisted of 6 questions designed to determine the characteristics of employees.

**Transformational leadership:** The perception of the transformational leadership of the employees was examined with the scale developed by Bass and Avolio (1995). The scale for all questions ranged from 1 ("strongly disagree") to 5 ("strongly agree") using the 5-point Likert system. Options included "he/she sets an example for employees with their behaviour," "he/she takes care of the personal and career development of the employees and guides them," and "he/she encourages employees to produce creative ideas." Cronbach's alpha coefficient for the scale was calculated to be .81.

**Employees' innovative behaviours:** The three-dimension scale developed by Janssen (2000) (idea generation, idea promotion, and idea realization), which had been applied in the private sector and public sectors, was used. All answers ranged from 1 ("strongly disagree") to 5 ("strongly agree") using the five-point Likert system. Options included "I support innovative ideas," "I turn innovative ideas into useful practices," and "My ideas produce original solutions to problems." Cronbach's alpha coefficient for the scale was measured as .85. Reliability coefficients for the sub-dimensions of the scale were: idea generation .71, idea promotion .62, and idea realization .74.

**Leader Member Exchange:** An 11-item scale developed by Liden and Maslyn (1998) was used. All answers ranged from 1 ("strongly disagree") to 5 ("strongly agree") using the five-point Likert system. Sample questions of the scale are "My manager appreciates my professional skills," and "My supervisor/manager is satisfied to work with me." Cronbach's alpha coefficient for the scale was measured as .88.

## 4. Results

Factor analysis was conducted to test the construct validity of the scales used in the research. The factor analyses conducted on the Varimax rotation axis with Principle Component Analyse method show that Kaiser Meyer Olkin (KMO) values (transformational leadership: .824, employees' innovative behaviour: .879) are greater than 0.7 and the sample size is sufficient for analysis. The significance of the Barlett sphericity test result (transformational leadership:  $X^2(15) = 360,265$ ,  $p < 0,001$ , employees' innovative behaviour:  $X^2(36) = 814,804$ ,  $p < 0,001$ ) indicates that the variables are suitable for factor analysis (Tabachnick & Fidell, 2007). In factor analysis, it is provided to create a factor with eigenvalue greater than 1. In the factor analysis for transformational leadership, it was determined that the single factor structure was appropriate and the explained variance was 46,810%. Factor loads of items are between .643 and .736. The factor analysis results for employees' innovative behaviour confirm a three-factor structure. The total explained variance is 64,283%. Factor loads of items are between .547 and .849.

The Pearson correlation coefficient was measured using the IBM SPSS 23 program to determine the direction and strength of the correlation between the variables included in the study and the results (see Table 1). The correlation analysis results show that the variables have a significant relationship with each other.

**Table 1**  
*Mean, standard deviation, correlation and reliability coefficients*

	Mean	SD	1	2	3	4	5
1. Transformational leadership	3.46	.782	1				
2. Idea generation	3.68	.812	.383**	1			
3. Idea promotion	3.71	.785	.328**	.574**	1		
4. Idea realization	3.65	.821	.420**	.641**	.634**	1	
5. Leader member exchange	3.57	.699	.578**	.529**	.467**	.515**	1

\* $p < 0.10$ , \*\* $p < 0.05$ , (N=281).

The process macro developed by Hayes (2017) was used to test whether LMX had a mediating role on the relationship between transformational leadership and innovative behaviour. Five thousand bootstrap resampling and 95% bootstrap confidence intervals were used in the analysis. Regression results are presented in Table 2.

**Table 2**

*Testing the mediating role of LMX in the impact of transformational leadership on innovative behaviours: Bootstrap results*

	Standardized		
	Coeff.	SE	LLCI-ULLC
Transformational leader (TL)→ LMX	.516**	.436	.430, .620
Transformational leader → Idea generation	.398**	.575	.284, .510
Transformational leader → Idea promotion	.329**	.057	.218, .441
Transformational leader → Idea realization	.441**	.057	.325, .553
LMX → Idea generation	.538**	.720	.396, .679
LMX → Idea promotion	.469**	.073	.324, .612
LMX → Idea realization	.480**	.073	.335, .622
<i>Indirect effect (TL→ LMX → Idea generation)</i>	.278**	.051	.183, .381
<i>Indirect effect (TL→ LMX → Idea promotion)</i>	.242**	.050	.144, .344
<i>Indirect effect (TL→ LMX → Idea realization)</i>	.248**	.540	.143, .354

\*\* p<0.05.

It can be seen that transformational leadership affected all sub-dimensions of innovative behaviour significantly and positively. When the effect of LMX on innovative behaviour was controlled, it had a significant and positive effect on all sub-dimensions. Thus, Hypotheses 1 and 2 were accepted. It was clear that the indirect effect of transformational leadership on all sub-dimensions of innovative behaviour are significant: idea generation ( $\beta = .278$  \*\*, SE = .051,  $p < .05$ , 95% BCA CI = [.183, .381]); idea promotion ( $\beta = .242$  \*\*, SE = .050,  $p < .05$ , 95% BCA CI = [.144, .344]); and idea realization ( $\beta = .248$  \*\*, SE = .540,  $p < .05$ , 95% BCA CI = [.143, .354]). In the light of these results, Hypothesis 3 was also accepted: LMX did have a mediating role in the effect of transformational leadership on innovative behaviour.

## 5. Discussion and conclusion

This research proposed and tested the idea that transformational leadership and LMX has an impact on innovative behaviour. Our goal was to understand better the factors affecting innovative behaviour in the hospitality industry and to contribute to the literature. Our results were consistent with the conceptual framework of social exchange theory. The research results showed that the transformational leader and the positive behaviour directed by the leader increased the innovative behaviour of the hotel staff. These results are parallel with those of previous empirical research (Afsar & Umrani, 2019; Al-Shammari & Khalifa, 2019; Mokhber et al., 2018). Our study, however, went beyond these studies, in that they were based on the notion that the transformational leader treated all employees equally, and that therefore their impact would be the same for each of them. In fact, the previous literature has stated that there were many reasons why leaders had different relationship with each employee (e.g., time pressure, a lack of resources, personal differences, and so on). In our study, LMX was added to the research model as a mediating variable, and the relationships were analysed from a multifaceted interactionist perspective. Thus, the model we created gives us a greater insight into innovative behaviour. Our findings showed that LMX played a mediating role in the influence of the transformational leader on innovative behaviour.

The finding that transformational leadership affects innovative behaviour in hotel staff in a significant and positive way is empirically and conceptually appealing. The transformational leader has a broad vision and inspires the employees to be more creative and innovative. In addition, transformational leaders share significant information that helps employees generate useful ideas (Yeoh & Mahmood, 2013). Thanks to open communication channels, employees can freely communicate with the transformational leader about work-related problems and, where necessary, receive support from them in solving problems encountered in the development, promotion, and implementation of ideas. This result accorded with previous studies that discovered a direct and positive link between transformational leadership and innovative behaviour (Afsar et al., 2019; Gumusoğlu & Ilsev, 2009; Slåtten & Mehmetoğlu, 2015; Tsai & Tseng, 2010; Wang et al., 2014).



The fact that transformational leaders have close relationships with and support their employees increases the validity of the transformational leader in the eyes of the employees (Walumbwa et al., 2011; Şeşen et al., 2019). In this way, employees feel that they are cared for by their leaders and that their needs are taken into consideration. In this case, a high-quality LMX involving mutual support, emotional connection, and loyalty is generated between the transformational leader and the employee (Erdoğan et al., 2006). This quality of communication environment increases the quality of LMX (Nishii & Mayer, 2009) and enables employees to demonstrate extra role behaviour such as innovation (Basu & Green, 1997). As a matter of fact, the theory of social exchange also states that positive behaviour directed by leaders will create a sense of responsibility in employees, and that they will then perform extra roles. In line with the present research, it can be said that the transformational leader shapes the innovative behaviour of employees, with a strong emphasis on LMX.

The result showing that the LMX has a mediating role in the relationship between transformational leadership and innovative behaviour is noteworthy, since findings on the relationship have hitherto shown inconsistencies. This is why many researchers have emphasized the need to search for mediating variables that explain the link between transformational leadership and employees' innovative behaviour (Afsar & Umrani, 2019; Choi et al., 2016; Mokhber et al., 2018). It is necessary to go beyond a leader-centred approach to determine the impact of leadership on employee behaviour. This is because the leader will behave differently towards their employees, and as a result, they will not have a uniform effect on them. Leader member exchange theory argues that leaders' behaviour varies according to the nature of their relationship with their employees. Thus, the quality of LMX between the transformational leader and their employees will be an important determinant of how far employees are able or prepared to fulfil roles outside their job description (Bibi & Afsar, 2018). In other words, an employee's behavioural response depends on the nature of the LMX with their leader.

We found that LMX has a direct effect on innovative behaviour other than just its mediating effect. As has been noted, innovative behaviour is a lengthy and risky process in which the employee takes responsibility at every stage, from generating ideas to realizing them. However, resistance to innovative ideas by co-workers, uncertainties in the process, and the danger of not achieving the desired goals can cause anxiety and trepidation. For this reason, hotel staff need a leader they can rely on to implement their innovative ideas. Employees with high LMX spend more time with their leaders. Information sharing and feedback during this time reduces the uncertainties and concerns of the hotel staff with regard to innovative behaviour. In addition, employees do not hesitate to apply their innovative ideas if they know their leader will act constructively and support them if they fail (Atitumpong & Badir, 2018). Research shows that the leader encourages employees' innovative behaviour when high quality LMX is in place.

## 6. Theoretical and managerial implications

### 6.1. Theoretical implications

In the study, it was found that the transformational leader in the hospitality industry positively influences innovative behaviors in hotel employees through LMX. In this respect, our research is a response to the calls made to investigate innovative behaviors in the hospitality industry (For example, Bani-Melhem et al., 2018; Javed et al., 2018; Rider & Şeşen, 2019). Findings obtained in the study contribute to the literature for the hospitality industry.

Although there are many studies in the literature about the relationship between transformational leadership and employee innovative behavior; This study is the first to show that LMX mediates on the effect of transformational leadership on innovative behavior. However, in previous studies, the relationships of the transformational leader with their employees have been neglected, and their impact on employees' innovative behavior has been investigated. Therefore, there is an inconsistency in the research results (Afsar & Umrani, 2019; Mokhber et al., 2018). The inclusion of LMX in the research model sheds light on the researchers

about why inconsistent findings have been achieved in the studies conducted on transformative leadership and innovative behaviors.

## 6.2. Managerial implications

The transformational leader is effective in promoting innovative behavior by building a high LMX with his/her employees. With the innovative behaviors of the employees, it is recommended that the hotels that want to provide a healthy and sustainable competitive advantage should hire personnel with transformative leadership capabilities. In addition, the literature emphasizes that the characteristics of the transformational leader can be gained through education (Khan, 2019). In line with the current literature, if human resources managers can bring their transformational leadership skills to managers at all levels by implementing training programs, this will affect the performance of the hotels positively.

Our findings show that LMX is an essential component for increasing the innovative behavior of employees in the hospitality industry. It means that managers must strengthen the social communication network with their employees and establish their relations with their employees on the basis of trust. As hotel managers establish good relationships with their employees (high LMX), team culture is created. In this team culture, information sharing will increase and a learning environment will be created for all hotel employees. From this point of view, it may be beneficial to increase the areas that all personnel can use in common, such as the coffee room and the rest areas, in order to increase the information sharing of the employees and managers. In these areas, hotel staff and managers have the opportunity to share experience and knowledge that may be useful to the group on informal matters. Thus, it will be easier for employees to introduce and implement their innovative ideas.

Results obtained in the study are important and useful for policymakers as well as managers in the hospitality industry. In the hospitality industry, innovative services offered to the customer with the innovative behavior of employees can be a good marketing strategy. In addition to providing a significant increase in the number of tourists visiting the country, this situation creates income for many sectors related to tourism. Especially in island countries such as Northern Cyprus, where tourism is an important economic driving force, developing tourism will increase its employment as well as its contribution to the national economy. For a sustainable economy, governments are advised to plan training and courses for hotel staff in coordination with hotel managers.

## 6.3. Limitations and future studies

The limitations of this study should be considered when its findings are examined. Firstly, the research was conducted using employees working in 5-star hotels operating in the service sector. Therefore, generalizing the results to other types of hotel or different sectors is not viable. Studies could be undertaken that collect data from other sectors or 1, 2, or 3-star hotels, and this would make it possible to have more widely applicable conclusions. Secondly, the research was confined to the Turkish hospitality sector. The tourist industry varies between countries and according to cultural differences. This means that the culture may affect the nature of the relationship between leadership behaviour and innovative behaviour. Thus, conducting further research in different countries and cultures may yield different results to those herein.

# Appendix

## Leader member exchange

1. My manager appreciates my professional skills
2. My supervisor is the kind of person one would like to have as a friend.
3. My supervisor/manager is satisfied to work with me.

4. My supervisor defends my work actions to a superior, even without complete knowledge of the issue in question.
5. My supervisor would come to my defense if I were "attacked" by others.
6. My supervisor would defend me to others in the organization if I made an honest mistake.
7. I do work for my supervisor that goes beyond what is specified in my job description.
8. I am willing to apply extra efforts, beyond those normally required, to further the interests of my work group.
9. I am impressed with my supervisor's knowledge of his/ her job.
10. I respect my supervisor's knowledge of and competence on the job.
11. I admire my supervisor's professional skills.

### Innovative work behavior

1. I am creating new ideas for improvements.
2. I am often searching out new working methods, techniques, or instruments.
3. My ideas produce original solutions to problems.
4. I support for innovative ideas.
5. I acquire approval for innovative ideas.
6. I make important organizational members enthusiastic for innovative ideas.
7. I turn innovative ideas into useful practices
8. I am trying to introduce innovative ideas into the work environment in a systematic way.
9. I am working actively trying to test the new ideas.

### Transformational leadership

The specific items for transformational leadership are not shown as they are protected by copyright, but all items can be seen in Bass & Avolio, 1995. Sample items are shown in the text describing the measures.

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