

The Effects of Leadership Behavior and Organizational Culture toward Job Satisfaction in D'Season Hotel

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Abstract — Organizational culture refers to the beliefs and values that have existed in an organization for a long time, and will influence their attitudes and behavior towards working. This cross-sectional study focused on D'Season Hotel Surabaya; 60 questionnaires were distributed and analyzed using Partial Least Square method. The study found that organizational culture is significantly related to leadership behavior and job satisfaction; leadership behavior is significantly related to job satisfaction.

Keywords – *organizational culture, leadership behavior, job satisfaction, hotel industry*

I. INTRODUCTION

Hospitality industry in Surabaya rises sharply; evidenced by the significant increase of number of hotels in Surabaya. Cited from East Java Tourism Board (2011), there were 25 hotels in 2006, whereas there are 121 hotels in 2010. Therefore, in order to achieve organizational goals and to compete successfully in the industry, hotels need to rely more management skills on their organizations, particularly in operating their business. It also has to include management functions such as human resource, organizational behavior, organizational culture, and public relationship (Seetoo, 1999).

Organizations in the hospitality industry are under constant pressure to meet change, develop their structures, and improve performance (Erkutlu and Chafra, 2006). As this study is derived from theoretical problems, it has been suggested that hospitality organisations need to employ effective leadership to improve guest services and employee job satisfaction (Woods and King, 2002). Managers in the hospitality industry can improve employee job satisfaction (Purcell et al., 2003; Mullins, 1998) using their leadership style to

motivate employees and to achieve organisational goals (Kavanaugh and Ninemeier, 2001).

Corporate culture, as a broad science, will absolutely influence how employees will perform. Cultural problem is also an essential element of organization, because it will always be related to internal environment of them. Organizational culture just likes soul of the organizations, and it will bring the energy of the organizations. The study found that an encouragement of innovational services and activities, an emphasis on the cohesiveness and the consolidation of employees can improve organizational performance and work efficiency. (Tang, 2006).

Leaders play a very important role to lead their followers to fill organizational goals effectively. Leaders should influence their followers, motivate and empower them to achieve the common goal. They need to communicate with their employees and manage them among departments. Leadership will transform into organizational culture and influence job satisfaction of employee (Hsin, 2000). Lodge and Derek (1993) stated that leader's behavior will significantly affect behavior, attitude, and employee performance.

Locke (1976) described that the most common consequences of job satisfaction on employees as, the effects on the physical health and longevity, mental health and an impact on the employees' social life in general. It was then further maintained that there is an interaction between employees' feelings about his job and his social life. Job satisfaction may also impact on employee behavior like absenteeism, complaints and grievances, frequent labor unrest and termination of employment (Visser, Breed & Van Breda,

1997). For such huge impacts, job satisfaction influences company performance in order to survive.

Our main aim is to generalize the findings of Tsai (2011) about similar study in health care industry. The divergence may result from different research object industry background; in this study is hospitality industry, particularly hotel. Prior to the results of the research, organizational cultures were significantly (positively) correlated with leadership behavior and job satisfaction, and leadership behavior was significantly (positively) correlated with job satisfaction.

In this study, authors chose D'Season Hotel, one of developing hotels in Surabaya, as the research object with its employees as the research sample. D'Season Hotel is an interesting object to observe because D'Season Hotel will face tough competition in the future with other new hotels in the future years. In conclusion, D'Season Hotel also needs to focus on their human resource in order to improve their overall performance, besides its other management functions.

Based on the results of earlier studies discussed in the previous section, authors' structural model and hypotheses are:

H1: Organizational culture significantly affects leadership behavior

H2: Leadership behavior significantly affects job satisfaction

H3: Organizational culture significantly affects job satisfaction

Authors did not evaluate the direction of relationship (positive or negative).

As Figure 1 shows, it reflects that employee job satisfaction (measured in working partners, rewards and welfare, superior, job recognition) can be influenced by organizational culture and leadership behavior. Leadership behavior is constructed to be the intervening variable between organizational culture and job satisfaction; while

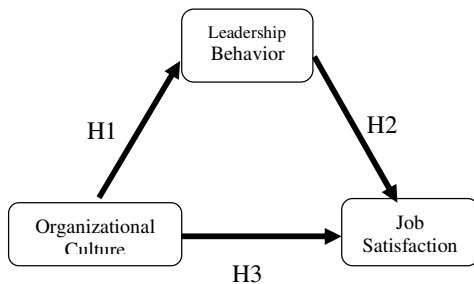


FIGURE 1. Structural model (Tsai, 2011)

organizational culture is the independent variable and job satisfaction is the dependent variable.

II. METHODOLOGY

A. Measures

Dimensions to measure the data are adapted from the prior research of Tsai, 2011. Dimensions of organizational culture are employee orientation, customer focus, emphasizing responsibility, and emphasizing cooperation. Dimensions of job satisfaction are working partners, rewards and welfare, superior, job recognition. Dimensions of leadership behavior are leaders encouragement and supportive to subordinates, leader giving subordinate his/her clear vision, leader's behavior is consistent with his/her vision, and leader is persuasive in convincing subordinates to acknowledging his/her vision. Similar to the prior research, 6-point Likert-type scales (1=strongly disagree and 6=strongly agree) is used.

Authors adapted the questionnaire of previous study (Tsai, 2011) by selecting questions with highest cross loading factor for each indicator. Authors didn't use the same amount of question in the questionnaire of previous study regarding the big number of questions. So, authors decided to reduce the number of questions for each indicator to give convenience to the respondents.

B. Sample and Data

Data will be collected from D'Season Hotel employees. Due to its few (less than 100) and classified survey respondents, probability sampling is used. The population includes only those respondents who are employed permanently in D'Season Hotel. Authors were using all population. Questionnaires will be distributed to 60 employees varied from 9 departments: Front Office, Food and Beverage service, Housekeeping, Marketing, Finance and Accounting, Security, Engineering, and trainees. Therefore, authors were using stratified sampling.

C. Data Analysis

PLS method will be used to model relationships between latent variables (Temme, Kreit, Hildebrandt, 2004). PLS is a powerful technique for analyzing latent variable structural equation models with multiple indicators (Sirohi, McLaughlin, Wittink, 1998). In order to assess the statistical significance, Smart PLS software package will be used to analyze all data collected (Ringle, Wende, Will, 2006). At last, a series of regression analysis will be used to identify the proposed hypotheses.

III. RESULT AND DISCUSSION

A. Participant Description

From 60 employees of D'Season Hotel as respondents, 80 percent of the respondents are males. Age of respondents ranges from below 21 years old to 40 years old. Majority of the respondents (45 percent) had worked for 1 year. More details participant description is seen in Table 1. Overall, 60 out of 60 questionnaires were usable for further comprehensive empirical analysis.

B. Assessment of Validity and Reliability

The measurement model (outer model) should exhibit satisfactory results of validity and reliability before evaluating the structural model (inner model) (Fornell, 2000). To assure validity and reliability, authors evaluated composite reliability, Cronbach's alpha, and cross loading. The PLS analysis uses composite reliability measure to estimate consistency on the basis of actual measurement loadings; the cut-off value is 0.6. A composite reliability (CR) offers a means of assessing the internal consistency of the items of a latent variable (Chin, 1998).

In both the Cronbach's alpha analysis and the composite reliability coefficient, a scale is considered to be reliable when it gives values equal to or greater than 0.6 (Bagozzi and Yi, 1988; Hair et al., 1998). Table 2 shows that all variables exceeded the cut-off value of 0.6.

Variables	CR	A	Notes
Organizational culture (OC)	0.933	0.921	Reliable
Leadership behavior (LB)	0.752	0.711	Reliable
Job satisfaction (JS)	0.892	0.868	Reliable

TABLE 2: Composite Reliability and Cronbach's Alpha coefficient

Cross loading (correlation between item loadings and construct) shows discriminate validity when the indicators are better associated with the respective construct. Convergent validity exists as all the factor loadings showed greater than 0.50. Hulland (2003) suggest that only items with factor loading less than 0.50 should be removed. The cross loading examination in this study has identified a satisfactory correlation between constructs and the indicators. Cross loading coefficients are explained in Table 3.

Customer focus (OC4 (customer is number one), OC6 (service improvement), and OC5 (customer value is prioritized)) gives stronger

factor loads since the object of study is moving on hospitality industry. Other strong factor load is OC11 (satisfying the need of customer at the largest scale). LB5 (the leader will motivate the followers to act upon ideas already in place in society) has strongest factor load in leadership behavior. JS7 (Supervisor help availability) has stronger factor load in job satisfaction; showing that support and team work are affecting job satisfaction.

Authors also concluded that several questions from the indicators need to be dropped. This might occurred because the specific indicators didn't measure the variable or the questions given to respondents were too difficult to understand.

The indicator of consistency of leader's behavior to his/her vision on Leadership Behavior variable (LB) is dropped, because its crossloading is less than 0.5.

Other items should be dropped are: LB3 (personal relationship with the leader), LB6 (narcissistic of the leader), LB7 (interaction with followers, with low social distance), LB8 (the act of leader according to certain vision that specifies a better future state), LB11 (personal example of leader as role model), LB12 (persuasiveness of leader in convincing the visions to the followers), and JS5 (reward and workload). Personal relationship with the leader doesn't influence the leadership behavior strongly because the leader may maintain professionalism at work and keeping distance to employees. Further result can be seen in Table 3.

Regarding the R square, the proposed model showed that 57% of variation of Leadership Behavior is explained by Organizational Culture (43% are explained by other factors such as individual competencies, working environment, immediate situation he/she is facing, cultural factors, and others) (Seiler, 2009).

On the other hand, 68.7% of variation of Job Satisfaction is explained by Organizational Culture (the rest 31.3% are explained by other factors such as individual personality, life satisfaction, job complexity, and others) (Judge, 2001).

Path	Std. Deviation	t-values	Result
H1: OC → LB	0.037	19.027	Supported
H2: LB → JS	0.123	2.640	Supported
H3: OC → JS	0.030	4.408	Supported

TABLE 4: Path Analysis

Path coefficient determines how big the influence of the variable, while t-statistics determine the existence of influence.

The PLS results showed that all path coefficient for hypotheses were significant, given that t-statistics were above 1.96 in the path coefficient produced. All the proposed hypotheses were showing positive relationships between the independent variable and dependent variable. This result supports the prior research of Tsai, 2011. Among the indicators, customer focus represented by OC4, OC5, and OC6 gives the strongest influence to Organizational Culture (and OC4 results the strongest influence); while emphasizing responsibility influences the weakest. Leadership Behavior is strongly influenced by encouragement and support to subordinates (LB1, LB2, LB3, LB4). However, LB5 (the leader motivates followers to apply society ideas) shows the strongest influence to Leadership Behavior (0.741); while LB6 (narcissistic of the leader) influences the weakest (-0.035). Working partners represented by JS1, JS2, and JS3 shows strongest influence to job satisfaction. JS7 (availability of supervisor help when needed) influences job satisfaction the most (0.819). The path coefficient results are shown in Table 6.

To evaluate the direct and indirect effect, authors compared three critical ratios or t-statistics of the three variables. Path analyses using structural equation modeling enables us to determine direct and indirect causal effects among observed variables and to test the meaningfulness of these effects (Kline, 1998)

Organizational Culture has stronger effect on Leadership Behavior (0.755) compared to Job Satisfaction (0.527); while Leadership Behavior has the weakest effect to Job Satisfaction (0.356).

Items		JS	LB	OC	Notes
<i>Organizational culture (OC)</i>					
Employee orientation	OC1	0.498	0.428	0.682	
	OC2	0.616	0.641	0.636	
	OC3	0.608	0.619	0.789	
	OC4	0.608	0.659	0.834	
Customer focus	OC5	0.626	0.575	0.767	
	OC6	0.583	0.625	0.834	
	OC7	0.552	0.397	0.625	
Emphasizing responsibility	OC8	0.519	0.524	0.7328	
	OC9	0.568	0.484	0.662	
	OC10	0.538	0.589	0.737	
Emphasizing cooperation	OC11	0.628	0.545	0.799	
	OC12	0.634	0.483	0.674	
	OC13	0.498	0.428	0.682	
<i>Leadership Behavior (LB)</i>					
Encouragement and support to subordinates	LB1	0.512	0.693	0.635	
	LB2	0.400	0.614	0.460	Drop ped
	LB3	0.381	0.333	0.182	Drop ped
	LB4	0.573	0.739	0.595	
Clear vision given	LB5	0.507	0.740	0.554	
	LB6	0.036	-0.035	-0.130	Drop ped
	LB7	0.229	0.166	-0.061	Drop ped
Consistency of leader to his/her vision	LB8	0.385	0.190	0.253	Drop ped
	LB9	0.044	0.105	-0.061	Drop ped
	LB10	0.344	0.457	0.325	Drop ped
	LB11	0.307	0.494	0.357	Drop ped
Persuasiveness of leader in convincing the visions	LB12	0.045	0.317	0.144	Drop ped
	LB13	0.415	0.660	0.315	
<i>Job satisfaction (JS)</i>					
Working partners	JS1	0.773	0.555	0.600	
	JS2	0.724	0.576	0.654	
	JS3	0.759	0.608	0.613	
Reward and welfare	JS4	0.662	0.505	0.447	
	JS5	0.045	0.001	-0.119	
	JS6	0.769	0.629	0.647	
Superior	JS7	0.819	0.678	0.646	
	JS8	0.624	0.429	0.533	
	JS9	0.598	0.403	0.515	
Job recognition	JS10	0.399	0.268	0.193	Drop ped
	JS11	0.613	0.329	0.326	
	JS12	0.710	0.520	0.576	

TABLE 3: Crossloading coefficient

However, Leadership Behavior is not evidenced as the intervening variable of Organizational Culture and Job Satisfaction since the indirect effect (0.268) gives lower correlation

compared to the direct effect (0.527). This might explain that the figure a leader in D'Season Hotel is not as significant to influence Job Satisfaction due to its less contact with leader or short tenure of employees

IV. CONCLUSION

This study completes the previous study of Tsai, 2011 for hospitality industry, particularly in a hotel. The result supports the results of Tsai. Theoretically, even though Leadership Behavior effect on other variables is not as strong, it doesn't mean that Leadership Behavior is not important; Leadership Behavior doesn't intervene the relationship according to this research.

The newly established (entering its 3rd year) D'Season Hotel might still in the phase of group building because they had realized the existence of team work as an idealized object. Employees are trying to conform to each other. The culture within an organization is very important, playing a large role in whether it is a happy and healthy environment in which to work. In communicating organizational vision and mission, employees acknowledgement and acceptance of it can influence their work behavior and attitudes.

It is recommended for employees to establish a good organizational culture to improve the working environment; which will directly increase employee job satisfaction and leadership behavior. A good organizational culture has to be customer oriented and focused on giving biggest advantage to the customer. When employees see that the culture inside the organization is giving biggest advantage to customer (e.g. clean room, nicely decorated, warm welcome, fast response, etc), they will see the dedication of the organization to serve customer. Our employees will consider that they are not working only for their selves or the company but also serve the community.

Leadership behavior also has to be maintained. Leaders supposed to continuously communicate their vision and deliver the way how to achieve the vision statement to their employee. For instance, when a leader communicate that his/her vision is to increase the service quality of the hotel and deliver the way how to achieve it by doing training for his/her employee or share simple trick and advice to employee, employee will have direction in order to achieve the vision statement of leader. With this employee will see that the vision of the leader is something that reachable, possible and they know the way to achieve it.

Encouragement and support to subordinates also play important role in leadership behavior. Most employees will be very happy if their leader wants to assist his/her subordinate in their job. Employees sometimes easily lost track in doing their job and they need someone to supervise them and give them encouragement. The willingness of supervisor to assist and mentor his/her subordinate will give biggest job satisfaction to the employees. Personal relationship between leader and employee is not necessary but professional relationship still has to be maintained.

The variables used in this study are very broad and measured in many indicators. This study is only limited to 60 employees in an industry. Questions asked to gather data may be too difficult to understand. Organizations face challenges in external environment which can create adaptation and changes in its culture. Leadership behavior is considered subjective because it involves human feelings and psychological needs.

Studies can be conducted in other areas of industry and targeted more respondents. Questions asked on the questionnaire should be simplified so it will be easier to understand and not become a bias so questionnaire will result better result. According to this study, several indicators should be dropped in order to generate better results (questions/indicators dropped are mentioned above). Leadership Behavior variable should be measured with other valid indicators to better measure the variable. In the future, other variables can be tested as the intervening variable (since Leadership Behavior is not proven to be the intervening variable) such as organizational citizenship behavior, value congruence, work group effectiveness, and other variables

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