

THE EFFECT OF LEADERSHIP STYLES ON SERVICE QUALITY IMPROVEMENT: THE MEDIATING ROLE OF ORGANIZATIONAL LEARNING

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ABSTRACT

To improve organizational service quality, consistent knowledge acquisition must be interpreted to constitute memory so that organizations can continuously work on its routines and policies to improve performance (Argyris, 1978; Senge, 1990; Huber, 1991). Organizations need to develop Learning process, learning culture and knowledge creation to sustain its performance and maintain swift competitiveness. This study examined the relationship between organizational learning and leadership styles on organizational service quality improvement for 3 to 5-star rating hotels in the Klang valley region. A total of 450 sets of structured questionnaires were distributed to senior managers, managers, assistant managers, and supervisors in the Klang valley hotels and 173(38%) questionnaires were returned. The results indicated that organizational learning and leadership styles have significant relationship towards organizational service quality improvement. Interestingly the study revealed that organizational learning is the mediator for leadership styles and service quality improvement. This study adds the literature where leadership style significantly contributes to greater influence in the hotel industry, thus providing managerial implications to drive the hospitality towards service quality improvement and sustaining loyalty among guests.

KEYWORDS: Organizational learning, Leadership, Service quality, Knowledge acquisition.

INTRODUCTION

Organizational learning has become a metaphor for managers in providing new paradigm in management practices in their own organizations. The practice of organizational learning is to enhance the learning process in developing sustainable knowledge memory for competitive advantage and service quality improvement. To achieve this, hospitality organization should set the right leadership culture that inculcates organizational learning on improving services (Yang, 2004). According world travel and tourism council 2018; tourism industry continues to grow in the service sector. In 2018, Malaysia received 28.5 million tourists with an average stay of 6.8 nights and generating a total of RM 80.2 billion in receipt. Wang and

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Ahmed (2003) postulates that individuals with good leadership skills are the agent for organizational learning which is crucial for acquiring knowledge on service quality and organizational survival. The opening of many hotels around the globe has increased competitive marketplace in putting enormous pressure towards service quality improvement. The complexity of handling guest has put many hotels to be in the forefront of quality management system that emphasizes on service and delivery. The culture of organizational learning is a continuous and dynamic process that requires good leadership styles and at the same time, learning that takes place within organization cause change in operational action due to the acquisition of knowledge that could transform in to service improvement (Swanson & Holton, 2001). This study focuses on the importance of Leadership styles and organizational learning to bring about improvement in service quality improvement for the hospitality industry.

THEORETICAL FRAMEWORK AND HYPOTHESES

Argyris and Schon (1978) presented a theory that organizational learning takes the phase of individual action through shared models of routines in organization. The introduction of single loop learning (routine learning process) and double loop learning (change of the norm in organization) by Argyris and Schon (1978) provided a theory of action on how individuals learn in organization. The establishment of SERVQUAL instrument by Parasuraman (1994), provided researchers the possibilities of measuring service quality improvement and performance. As individuals are the agent for organizational learning, these individuals are exposed towards the behavioral and cognitive development. The underlying theory through the integration is linked with the application of double loop learning (Argyris, 1999) that formulates organizational learning. However, the effectiveness of organizational learning must involve leadership that is responsible towards change (Yukl, 2010), along with learning culture (Marsick & Watkins, 1997), service improvement program (Parasuaraman et al., 1994) which leads to organizational performance improvement (Castenada & Rios, 2007).

The leadership styles develop a transformation among employees through confidence, mission and goals of organization by creating strong feelings and involvement through cohesiveness and most importantly commitment towards the organizational work performance in terms of quality service in the industry (Bass, Avolia, Jung & Berson, 2003). Much of the work conducted through scholarly basis was reflected on transactional and transformational leadership that contribute towards organizational learning (Yukl, 2010). Thus, this research intends to investigate the following hypothesis:

H1: There is a positive relationship between leadership styles and organizational learning.

The significance of organizational learning for an organization's survival and effective performance has been established theoretically, limited empirical attention has been given to this relationship (Garcia-Morales, 2011). While organizational learning may not always lead to improvement in organizational performance (Garcia et al., 2011), previous studies have verified the existence of a positive relationship between organizational learning and service quality performance and improvement, either in hospitality or other industries (Kuo, 2011; Palacios et al., 2011; Sanchez et al., 2010; Yang, 2010). Based on the theoretical formation of

literature discussed, organizational learning and service quality improvement for hospitality industry is still scarce, therefore the following hypothesis is formulated.

H2: There is positive effect between organizational learning and organizational service quality improvement in hospitality industry.

Leadership styles over the decade produce empirical evidence by many scholars claiming positive relationship between leadership styles and organizational performance, emphasizing in service quality improvement by individuals that reflect on effective and high-performance achievement (Bass, Avolio, Jung & Berson, 2003), transformational and transactional (Bass, Avolio, Jung & Berson, 2003). Leadership styles in the hospitality industries have yet to establish strong significant on how leadership styles could influence service quality performance thus the third hypothesis is established to investigate how leadership styles could positively influence service quality improvement in the hospitality industries.

H3: There is positive relationship between organizational leadership styles and service quality improvement.

The learning embedded in organization aim to focus on key leadership trust and knowledge sharing culture among workers to become an important element in mediating for service quality improvement. Also, organizational learning focus on the significance of bridging members from the workplace to collectively promote the norm of knowledge sharing among subordinates and leaders to achieve organizational goals, in this case it appears to be service improvement thus improving organizational financial performance (Sanchez, Vijande & Gutierrez, 2010). As a result, organizational learning acts as a mediating variable between leadership and service quality improvement. Based on the review of literature the following hypothesis was developed.

H4: Organizational learning mediates the relationship between leadership styles and service quality improvement.

METHODOLOGY, DISCUSSIONS AND IMPLICATIONS

Primary data collection method was exercised for this study. Data was collected from 26 hotels within the region of Klang valley. 16 hotels responded from Selangor and 10 hotels responded from Wilayah Persekutuan. The hotels included in this sample represented from 3 stars, 4 stars and 5 stars. Senior Managers, Managers, Assistant Managers, Supervisors, and Human resources managers were surveyed. Management personnel survey ranged from the hotels include food and beverage, Housekeeping, Front office, Maintenance, Human Resource Management Accounting, and others. A total of 450 questionnaires were distributed, with 173 individuals responded (response rate of 38%). Questionnaires were personally collected from each representative from the hotels.

The findings for this research indicate significant relationship between organizational learning, leadership styles and service quality improvement. The survey for this study materialized important implications for management development especially in relation to operational management and decision-making capacity in the hotels within Klang Valley region. The findings also suggest that strong relationship between leadership styles and organizational learning is due to

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management commitment to create learning culture that enhances organizational learning (Denton, 1998) and Dimovski & Skerlavaj (2005). The research implies that senior managers are strong advocates or champions of learning, and tools used in their modeling of organizational learning is the most powerful way to disseminate the vision and inspire others within the organization to join the bandwagon and continuously work together in achieving organizational goals. The notion of the research is in line with Senge's (1990) work that specifies leadership role being critical for organizational learning.

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