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The Mediating Effect of Psychological Empowerment on Inclusive Leadership and Innovative Work Behaviour: A Research in Hotels

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Abstract

Managers and academics frequently emphasize the importance of innovation and the innovative business behaviours of employees in organizations for achieving long-term success and a sustainable competitive advantage. In this research, a conceptual model including inclusive leadership, innovative work behaviour and psychological empowerment is proposed to further the understanding of the premises of innovative work behaviour and to expand the literature. The questionnaire that was prepared for the purposes of the research was administered to 5-star hotel staff in the northern part of Cyprus (N = 457). The results were analysed using SPSS and AMOS software. The findings show that inclusive leadership in innovative work affects behaviour in a significant and positive way, where psychological empowerment plays a mediating role in this relationship. The research offers practical implications for practitioners while expanding the literature on innovative work behaviour.

Keywords: creativity, innovation, hotel management

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Introduction

Competition is extremely high in tourism and hotel management companies, which are characterised by constant change and transformation (Kale et al., 2019). In order to survive in this competitive environment, hotels must be ambitious and innovative in improving their service quality and providing superior assistance to their guests. Hotels seeking to achieve long-term sustainability rely on the innovative business behaviour of their employees to meet the differing needs of guests and ensure customer satisfaction (Eid & Agag, 2020; Eliyana & Christiananta, 2020). In service-oriented companies such as hotels, it is critical that the factors that can encourage innovative business behaviour in employees are identified, considering that such behaviour can provide a sustainable competitive advantage (Hansen & Pihl- Thingvad, 2019; Eid & Agag, 2020).
Leadership is considered to be one of the most important factors affecting innovation and creativity among the types of innovative business behaviours (Fang et al., 2019). In fact, Karatepe et al. (2020) stated that the leader in hotel management plays an important role in terms of organizational change and innovation. The motivations and competencies of the employees in innovative behaviour are closely related to the leadership style adopted by the hotel management. Research on hotels shows that transformational leadership (Liu & Huang, 2020), authentic leadership (Yamak & Eyupoglu, 2021), and servant leadership (Karatepe et al., 2020) significantly affect the innovative work behaviour of employees. Despite extensive literature on leadership and its impact on employee innovative behaviour, few studies have explored the impact of inclusive leadership on innovative business behaviour (Fang et al., 2019; Qi et al., 2019).

Inclusive leadership conceptually differs from other leadership styles in terms of acceptance, belonging, and inclusiveness. Inclusive leadership, first conceptualized by Nembhard and Edmondson (2006), was originally defined as “the verbal and behavioural performance of leaders in order to motivate and appreciate employees to contribute to the organization”. In further studies, Carmeli et al. (2010) developed the concept of inclusive leadership and stated that “openness, accessibility and the ability of leaders to interact with followers” are the characteristics of an inclusive leader. Unlike traditional 'leader-centred' approaches that focus on the attitude and behaviour of the leader, an inclusive leader advocates individuality and differences in his/her employees and values leader-employee relationships by being people-oriented. An inclusive leader is also open to different ideas and suggestions from his/her employees. It is expected that inclusive leaders who constantly interact with their employees and behave supportively increase innovative business behaviour within their organization.

Previous research has shown that psychological factors are also important for employees to engage in innovative business behaviours during the execution of non-routine tasks in service industries such as hotels. Studies have documented the mediating roles of psychological capital (Fang et al., 2019) and psychological safety (Mansoor et al., 2020) with regard to the influence of inclusive leadership in innovative work behaviour. These studies emphasise that psychological empowerment may play a mediating role in the impact of inclusive leadership on innovative business behaviour. Moreover, researchers have identified the need to examine various mediating variables between inclusive leadership and work outcomes (Choi et al., 2015; Javed et al., 2017) to better understand how the inclusive leadership style is related to different work outcomes such as innovative business behaviour.

Since psychological empowerment, as one such mediator, has started to gain traction in the literature in terms of its relationship with inclusive leadership (Javed et al., 2019; Van Buskirk, 2020), the present study aims to explore psychological empowerment as a mediator of the relationship between inclusive leadership and innovative work behaviour. We propose that inclusive leadership is positively related to innovative work behaviour both directly and indirectly through psychological empowerment. Our study contributes to the existing literature by providing insights into how inclusive leadership affects innovative business behaviour as well as how psychological empowerment plays a mediating role within this relationship.
Literature Review and Hypothesis Development

While creativity refers to the generation of innovative ideas, innovative business behaviour refers to the process leading to the implementation of new ideas and thoughts. In their study, Scott and Bruce (1994) defined innovative work behaviour as the “production or adaptation of useful ideas and idea implementation and begins with problem recognition and the generation of new ideas or solutions for problems” (p. 581). Employees working in hotels need to solve work-related issues and improve customer satisfaction to maintain their guests’ loyalty (Schuckert et al., 2018). Employees need management support and encouragement to adopt innovative work behaviour, which presents certain risks and uncertainties. An inclusive leader is tolerant towards his/her employees and cares about the different ideas and thoughts that they produce (Fang et al., 2019). In this environment, employees are encouraged to engage in more innovative business behaviours and generate more ideas (Zhu & Wang, 2011). Additionally, the inclusive leader engages their employees in the organizational decision-making process and shares information about the process with them. Including employees in the decision-making process makes all the required resources (information, support, etc.) accessible for the innovative business behaviour, while removing all obstacles to innovative business behaviour (Mansoor et al., 2020). In fact, Eliyana and Christiananta (2020) stated that information sharing and the participation of employees in the decision-making process are important factors in increasing innovative business behaviours in the hotel industry. Research has documented that an inclusive leader promotes innovative business behaviour in employees and increases innovative business behaviour within the organization (Fang et al., 2019; Bannay et al., 2020; Javed et al., 2020). Based on the arguments presented above as well as previous studies, we propose the following hypothesis:

- **H1**: Inclusive leadership has a significant positive impact on innovative work behaviour

Spreitzer (1995) conceptualised and defined psychological empowerment as ‘a form of intrinsic motivation that reflects a proactive orientation toward and sense of control over work that is manifested in four cognitions: meaning, competence, self-determination and impact’ (Spreitzer, 1995: 1444). Meaning refers to when individuals perceive the task they are performing to have importance or value, competence shows that employees have the required ability to perform the assigned task successfully, self-determination or choice reflects the freedom the individuals seek to perform the task with autonomy, and lastly, impact signifies the degree to which employees feel that their effort leads to a positive change in the organisational objectives (Thomas & Tymon, 1994; Spreitzer, 1995; May et al., 2004; Jaafar et al., 2020). Spreitzer’s study showed that psychological empowerment supports decentralized decision making in organizations, which authorizes the lower-level employees to actively play a role in the decision-making process (Del Val & Lloyd, 2003; Barton & Barton, 2011). Since an inclusive leader advocates individuality and differences in his/her employees and values leader-employee relationships by being people-oriented, within this context, the following relationship is hypothesised:

- **H2**: Inclusive leadership has a significant positive impact on psychological empowerment

Innovation has become a critical factor in today’s highly competitive and dynamic business environment (Chowhan et al., 2016). In this context, employees need more psychological empowerment to manage the complexities and uncertainties surrounding innovative business
behaviour (Javed et al. 2019). Studies indicate that employees work more innovatively if they have the opportunity to choose how they will accomplish a particular task (Amabile & Gitomer, 1984; Sun et al., 2012). Providing employees with the opportunity to increase their levels of meaning, competence, self-determination, and impact, which correspond to increasing their feelings of psychological empowerment, is expected to increase their willingness to perform non-routine tasks, which will generate innovative ideas (Javed et al., 2017). Moreover, many past studies have shown empirically that psychological empowerment enhances IWB (Zhang & Bartol, 2010; Seibert, Wang, & Courtright, 2011; Singh & Sarkar, 2012; Çekmecelioglu & Özbag, 2016; Javed et al., 2017). Thus, the following hypothesis is proposed:

- **H3:** Psychological empowerment has a significant positive impact on innovative work behaviour

Employees need psychological empowerment to manage the complex and uncertain process of innovative business behaviour (Javed et al. 2019). The inclusive leader encourages employees to make decisions on their own by granting autonomy when they are conducting non-routine activities in hotels. He/she also plays an important role in increasing the competencies of the employees by giving importance to their training. Granting autonomy to his/her employees and attaching importance to employee training to increase their competencies strengthens the employees psychologically. Nembhard and Edmondson (2006), who originally conceptualized inclusive leadership, stated that leadership effectiveness lies in empowering employees psychologically. In line with the current literature, we can conclude that inclusive leadership strengthens employees psychologically and ultimately motivates them to engage in innovative business behaviour. For this reason, we propose that psychological empowerment mediates the impact of inclusive leadership on innovative business behaviour. The following hypothesis has been developed for testing based on the present argument:

- **H4:** Psychological empowerment has a mediating effect on inclusive leadership and innovative work behaviour

**Methods**

In the research, a conceptual model with inclusive leadership, psychological empowerment and innovative work behaviour is proposed. The proposed model is presented in the figure below.

**Figure 1. Research Model**
Sample

Süreçü and Şeşen (2019) stated that five-star hotels adopt a professional management approach, and the entrepreneurial / innovative business behaviour of employees is supported by management. Therefore, since this study focuses on the effect of inclusive leadership on innovative work behaviour, the decision was made to limit the universe of the research to the employees of 5-star hotels in the north of Cyprus.

Data Collection

In January 2020, data were collected over a two-week period. Firstly, the hotel managers were contacted to request their permission to conduct the research. A closed-ended questionnaire was administered to the employees of 5 hotels who responded positively to this request. A total of 625 questionnaires (125 questionnaires were prepared for each hotel) were given to the human resources managers of the hotels in sealed envelopes. After 2 weeks, the completed questionnaires were collected from the human resources managers of the relevant hotels in sealed envelopes. The 543 obtained questionnaires were examined by the researchers, and 86 questionnaires that were not completed (68 questionnaires) or that were filled out incorrectly / incompletely (18 questionnaires) were excluded from the study. As a result, the research was conducted on a total of 457 questionnaires (return rate 73%).

In terms of gender, 173 of the participants were male and 284 of them were female. 139 participants were married, while 318 participants were single. With regard to educational level, 62 of the participants had graduated from high school or below, 233 had an associate degree, 148 were in university, 13 had a master’s degree and 1 had a doctorate education level. 71 participants worked in managerial positions and 384 participants worked in employee positions. The average age of the participants was 26.19 (SD: 6.521).

Data Sources

Inclusive Leadership: A 9-item scale developed by Carmeli et al. (2010) was used. Participants were asked to rate their supervisors according to the expressions on the scale. Questions were answered on a 5-point Likert-type scale and example questions included: “The manager encourages me to access him / her on emerging issues” and “The manager is open to hearing new ideas”. The Cronbach’s alpha value of the inclusive leadership scale was measured as 0.807.

Innovative Work Behaviour: A 10-item scale developed by De Jong and Den Hartog (2010) was used to measure the employees' innovative work behaviours. Participants were asked to rate themselves according to the statements in the scale. Questions were asked according to a 5-point Likert-type scale and examples included: “How often does this employee generate original solutions for problems?” and "How often does this employee contribute to the implementation of new ideas?". The Cronbach’s alpha value of the scale was measured as 0.862.

Psychological Empowerment: The scale developed by Spreitzer (1995) was used to determine the psychological empowerment of the participants. Participants were asked to rate themselves according to the 12-item in the scale. Sample items answered according to a 5-point Likert type scale included: “I can decide on my own how to go about doing my work” and “I have mastered the skills necessary for my job”. The Cronbach’s alpha value of the scale was measured as 0.828.
The reliability values of the scales included in the study were calculated to be at least 0.7. These values show that the scales used in the study are reliable (Sürücü and Maslakçı, 2020). Analyses conducted using the AMOS program show that the research model has acceptable fit statistics (CMIN / DF = 2.604, GFI = 0.867, AGFI = 0.843, IFI = 0.867, TLI = 0.851, CFI = 0.866, RMSEA = 0.059).

Findings

Correlation Analysis and Descriptive Statistics

The responses of the participants to the scales and the analysis results showing the correlations between the variables are presented in Table 1.

Table 1. Descriptive Statistics and Correlations

<table>
<thead>
<tr>
<th>Variables</th>
<th>Mean</th>
<th>Sd.</th>
<th>1</th>
<th>2</th>
<th>3</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Inclusive Leadership</td>
<td>3.678</td>
<td>0.650</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Innovative Work Behaviour</td>
<td>3.874</td>
<td>0.646</td>
<td>0.399**</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>3. Psychological Empowerment</td>
<td>3.841</td>
<td>0.593</td>
<td>0.343**</td>
<td>0.682**</td>
<td>1</td>
</tr>
<tr>
<td>Skewness</td>
<td>-</td>
<td>-</td>
<td>-0.301</td>
<td>-0.486</td>
<td>-0.418</td>
</tr>
<tr>
<td>Kurtosis</td>
<td>-</td>
<td>-</td>
<td>-0.104</td>
<td>0.283</td>
<td>0.177</td>
</tr>
</tbody>
</table>

Note. **p<0.05

Tabachnick and Fidell (2013) emphasized that data distributions are important in choosing statistical methods. Analyses to determine the data distribution show that the values of skewness and kurtosis are between -1.5 and +1.5 and that the data have a normal distribution. In this context, Pearson correlation values were considered in the correlation analysis. Correlation analysis results: Inclusive leadership has a significant and positive correlation with both innovative work behaviour (r = 0.399, p <0.05) and psychological empowerment (r = 0.343, p <0.05), while innovative work behaviour has a significant and positive correlation with psychological empowerment (r = 0.682, p <0.05).

As in the research model, the method suggested by Baron and Kenny (1986) has been frequently used in the analysis of simple mediator variables in the past. However, many recent studies indicate that this method does not give sufficiently strong statistical values and has many potential shortcomings (Hayes, 2017).

Hypothesis Testing

In the past, the method developed by Baron and Kenny (1986) was frequently used in simple mediating analysis. However, many recent studies indicate that this method does not give sufficiently strong statistical values and has many potential shortcomings (Hayes, 2017). Therefore, the PROCESS macro developed by Hayes (2017) was used to test the research hypotheses (Model 4). The analysis results are presented in Table 2.
The bootstrap results presented in Table 2 show the significant positive impact of inclusive leadership on both innovative work behaviour ($\beta= 0.1852$, 95% CI = [0.1160, 0.2544], t=5.259, p<0.05) and psychological empowerment ($\beta= 0.3129$, 95% CI = [0.2340, 0.3917], t=7.798, p<0.05). Moreover, psychological empowerment has a significant positive impact on innovative work ($\beta= 0.6733$, 95% CI = [0.5973, 0.7493], t=17.419, p<0.05). According to these results H1, H2 and H3 are supported.

The analysis indicated that psychological empowerment has a significant mediating effect on inclusive leadership and innovative work behaviour ($\beta = 0.2106$, SE = 0.0321, 95% BCA CI = [0.1496, 0.2766]). Likewise, the lower and upper limit confidence intervals (LLCI-ULCI) do not contain zero (0) in any case. Therefore, Hypothesis 4 is supported according to the obtained findings.

Conclusions

Hotel employees make significant contributions to ensuring customer satisfaction and the long-term success of hotels by showing innovative business behaviours. In order to further the understanding of the premises of innovative business behaviour in hotels and to expand the literature, this study examined the role of psychological empowerment in the influence of inclusive leadership on innovative work behaviour. The findings obtained are presented below.

In the study, it has been determined that inclusive leadership increases innovative work behaviour in employees. In fact, this is an expected result, because the inclusive leader acts respectfully to different ideas and opinions within the organization and is open to all kinds of opinions and suggestions from his/her employees. This behaviour of the leader increases the internal motivation of the employees by increasing their sense of belonging to the organisation, which makes them feel more supported and thus innovative business behaviours are encouraged. Additionally, the inclusive leader acts tolerantly towards his/her employees when mistakes or failures occur. This tolerance shown by the leader promotes and encourages employees to increase their innovative business behaviour. The findings of a recent empirical study conducted by Bannay et al. (2020) on a technology company in Iraq support the current literature in terms of the positive impact of inclusive leadership on innovative business behaviour. Similarly, Javed et al. (2019) reached the same findings in his research on a textile production company in Pakistan. Supporting past empirical research, this study also confirmed the positive effect of inclusive leadership on innovative business behaviour in the context of the service sector (hotels).

Although previous research has documented that inclusive leadership increases innovative business behaviour, research focused on identifying the psychological mechanisms underlying the relationship between the two variables is insufficient. Javed et al. (2019) claimed that
innovative business behaviour is a complex process and that employees should be psychologically supported to manage this complicated and risky process. In addition, the authors stated that employees who are psychologically strong have more intrinsic motivation to engage in such complex processes. In support of these findings, Javed et al. (2020) found that psychological capital has a mediating effect on inclusive leadership and innovative business behaviour, while Mansoor et al. (2020) determined that psychological safety plays a mediating role. All these studies confirm the importance of the psychological state of employees in achieving challenging and complex tasks like innovative business behaviour.

**Implications**

Managers and academics frequently emphasize the importance of innovation and the innovative business behaviours of employees for the long-term organizational success of organizations and achieving a sustainable competitive advantage. Our research findings document that an inclusive leader increases innovative business behaviour in employees. In this context, managers who want to increase innovative business behaviours should appreciate the innovative ideas generated by their employees, as an inclusive leader does, and support their employees in this regard. Engaging in innovative business behaviour involves certain risks. Managers should be tolerant of employees' mistakes and encourage them to engage in innovative behaviour. Considering the positive impact of inclusive leadership characteristics on innovative business behaviours that ensure organizational success, human resources managers (HRM) have an important role to play. HRM should give priority to managers who have an inclusive leadership qualification in recruitment or promotion systems. In addition, the literature emphasizes that leadership qualities can be gained through education. In this context, it will be beneficial to organize training programs for HRM's current managers to gain inclusive leadership qualities.

In addition to practicing an inclusive leadership style, managers should focus on psychologically empowering their employees to add value to their firm and gain a competitive advantage by increasing customer satisfaction. Empowering employees psychologically is an important quality that can encourage innovative business behaviour. In this context, it is recommended that hotel managers organize in-company training programs with expert psychologists. In fact, Eid and Agag (2020) stated that corporate support programs have a positive effect on innovative business behaviour. In addition to the institutional support programs, reading rooms can be established in the hotels, which will contribute to the staff's free time and personal development. The availability of accessories such as pictures, books, magazines, and music systems in the reading rooms can provide a relaxing environment that can motivate hotel employees to adopt innovative ideas and behaviours. Hotel managers can help employees develop innovative ideas by reducing their workload and allowing them to spend time in the reading rooms.

**Limitations**

This study, like any empirical study, has several limitations that highlight important avenues for future research. First, since the research was conducted prior to the pandemic, it does not reflect the possible changes in the attitudes of the hotels and thus the hotel employees as a result of the changing conditions that were caused by the pandemic. Additionally, the accumulated empirical literature emphasizes that psychological factors have important implications for the impact of inclusive leadership on innovative work behaviour (Fang et al., 2019; Javed et al., 2020). In this
study, only the mediating role of psychological empowerment was examined. In future studies, it is believed that the inclusion of sampling in different sectors and the investigation of different psychological factors (like; psychological capital, psychological well-being) will contribute to removing the limitations of this research and, moreover, it will help to expand the literature on innovative work behaviour.

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