

# **Authentic leadership's effect on customer orientation and turnover intention among Portuguese hospitality employees: the mediating role of affective commitment**

## **Citation**

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## **Abstract**

**Purpose:** Hospitality employees' attitudes and behaviors play a crucial role in enhancing customer satisfaction and service quality and, ultimately, firms' success, so organizations must have skilled, customer-oriented staff. More research is needed to help hospitality managers gain insights into the best strategies to promote and retain customer-oriented employees. This research specifically provides a more comprehensive understanding of the ways that authentic leadership (AL) can influence subordinates' customer orientation and turnover intention, including exploring affective commitment's (AC) potential mediating role.

**Design/methodology/approach:** The sample comprised 350 employees from different hospitality organizations in Portugal. Data were collected using anonymously completed structured questionnaires available online or in a paper-and-pencil format.

**Findings:** The results show that AL has a positive effect on customer orientation and a negative effect on turnover intention. Moreover, they indicate that AC mediates the relationships between AL and both customer orientation and turnover intention. All hypotheses received empirical support.

**Practical implications:** Hotel managers can increase employees' AC and customer orientation by engaging in AL behaviors. Similarly, management can avoid having employees voluntarily leave their jobs by using more AL styles and strengthening employees' affective bonds to their organization.

**Originality/value:** Prior hospitality studies have rarely focused on AL. This research is the first to analyze AL's effect on customer orientation and AC's role as a mediator variable in the relationships between AL and customer orientation and turnover intention, integrating all these variables into a single research model.

**Keywords:** tourism and hospitality, authentic leadership, customer orientation, turnover intention, affective commitment.

**Article Classification:** Research paper

## 1. Introduction

The recent economic crisis and great number of corporate scandals in Portugal and other countries around the world have contributed to a loss of trust in business leaders. Now more than ever before, trust and transparency are just as important to organizations as their services and products' quality (Ogochi, 2018). Driven by concerns about current leaders' conduct, scholars have devoted considerable attention to leaders who manage teams with authenticity and integrity. In particular, the last decade has revealed a considerable increase in research that encompasses a moral perspective (Brown and Trevino, 2006; Fry, 2003; Walumbwa *et al.*, 2008). The construct of authentic leadership (AL) has emerged as a "root construct" (Luthans and Avolio, 2003) that places morals at the center of successful leadership practices (Gardner *et al.*, 2011). AL is, therefore, being promoted as a potential way for leaders to regain employees' trust (Avolio *et al.*, 2004; Gardner *et al.*, 2005).

AL has been defined as "a process that draws from both positive psychological capacities and a highly developed organizational context, which results in both greater self-awareness and self-regulated positive behaviors on the part of leaders and associates, [thereby] fostering positive self-development" (Luthans and Avolio, 2003, p. 243). According to Walumbwa *et al.* (2008), AL embraces four fundamental dimensions. The first is self-awareness so that leaders know their own strengths and weaknesses and understand the ways their behaviors affect subordinates. The second dimension is a balanced processing of information in which leaders encourage critical perspectives and consider all pertinent information before the decision making. The third is relational transparency so that leaders are open about their own ideas, feelings, and emotions. The last dimension is an internalized moral perspective in which leaders are led by moral values and standards even when under

pressure.

Authentic leaders are characterized as individuals who demonstrate high levels of morality and integrity, communicate with clarity, try to achieve transparency and openness in interactions with subordinates, and create good conditions for accomplishing job goals. These leaders are also able to win followers' respect and trust (Avolio *et al.*, 2004, 2009) and strengthen employees' positive sentiments by constructing supportive, reasonable, and transparent connections with them (Peterson *et al.*, 2012). An increasing number of studies of AL have revealed its association with various positive attitudinal and behavioral outcomes. For example, researchers have reported links with psychological capital (Caza *et al.*, 2010; Rego *et al.*, 2012; Woolley *et al.*, 2011), work engagement (Černe *et al.*, 2014; Gardner *et al.*, 2011), job satisfaction (Baek *et al.*, 2019; Černe *et al.*, 2014; Hoch *et al.*, 2016), creativity (Ribeiro *et al.*, 2018; Semedo *et al.*, 2017, 2018), and organizational and affective commitment (AC) (Baek *et al.*, 2019; Jensen and Luthans, 2006; Leroy *et al.*, 2012; Nasab and Afshari, 2019; Peus *et al.*, 2012; Semedo *et al.*, 2019). Other studies have found connections with individual performance (Clapp-Smith *et al.*, 2009; Walumbwa *et al.*, 2008), organizational citizenship behaviors (Ribeiro *et al.*, 2018; Valsania *et al.*, 2012; Zaabi *et al.*, 2016), and turnover intention (Azanza *et al.*, 2013; Gatling *et al.*, 2016; Lee *et al.*, 2019; Oh and Oh, 2017; Shapira-Lischinsky and Tsemach, 2014).

Yet, no research reported in the literature revised for this study has specifically scrutinized AL's impact on customer orientation. Another neglected topic is AC's role as a mediator variable in the previous relation. In addition, the current study's literature review has identified an absence of empirical research specifically examining AL and its outcomes in hospitality contexts. Gatling *et al.* (2016) also found that hospitality studies have seldom

focused on AL's determinants and consequences. The cited authors thus call for further research on AL's validity in hospitality contexts, more specifically by analyzing various organizational outcome variables and assessing the generalizability of findings in other settings or cultures.

In response to this call, the present study drew on data for a sample of employees working in relevant organizations operating in Portugal and assessed AL's effect on two outcomes variables that are especially important to the hospitality industry: customer orientation and turnover intention. AC's mediating role was also analyzed. The tourism and hospitality industries are important drivers of employment in Portugal, where the present study was conducted, but also worldwide, so the expansion of the existing knowledge on this topic was deemed crucial.

According to the United Nations World Tourism Organization (UNWTO), 1 in 10 jobs across the world are in the tourism sector (UNWTO, 2018), and the sector still has great potential for job creation. In Portugal's case, 2017 data indicate that the sector directly generates nearly 9% of total employment (i.e., 401,500 jobs), and this percentage rises to 20% if indirect employment is considered. These figures are expected to increase nearly 5% in the next few years (World Travel and Tourism Council, 2018).

Tourism's importance to the Portuguese economy has been strengthened in the recent years by public recognition of the country's excellent tourism conditions. Portugal currently ranks twelfth in the Travel and Tourism Competitiveness Index (World Economic Forum, 2019). This European country has lately received various awards, such as Europe's Leading Tourism Destination in 2017, 2018, and 2019 at the World Travel Awards. Other awards have been attributed in specific categories (e.g., Madeira—World and Europe's Leading Island

Destination in 2017, 2018, and 2019 and Lisbon—Europe’s Leading Cruise Port in 2018 and 2019). This recognition is “evidence of the progress Portugal has made in terms of visibility and prestige as a quality destination” (Tourism of Portugal Institute, 2018), and, more than winning these awards, Portugal must work to maintain them. The quality of the experiences and services delivered to tourists and/or customers is vital in this context.

Given the intangible and interactive nature of tourism and hospitality services, customers’ satisfaction and evaluations of service quality are frequently based on employees’ job attitudes and behaviors (Chow *et al.*, 2006; Hennig-Thurau, 2004), including their customer orientation. Hospitality employees should be courteous, passionate, positive, and enthusiastic in interactions with guests (Gatling *et al.*, 2016) and especially attentive to their needs and expectations (Hennig-Thurau, 2004). This posture plays a crucial role in customer satisfaction and service quality and, ultimately, firms’ competitiveness and success (Farrell and Oczkowski, 2012). Therefore, hospitality organizations must recruit and train skilled, customer-oriented employees.

Another important point is that these organizations also have to be able to retain these employees, as turnover is traditionally a serious problem in their industry (Davidson and Wang, 2011; Iverson and Deery, 1997). This high turnover rate is largely influenced by labor supply strategies, market forces, and the nature of seasonal jobs, but a significant part of the problem is due to employees’ choosing to quit jobs in search of better employment situations. Jobs in the industry are frequently precarious and poorly paid, with long, alternating shifts and limited career opportunities. This negative image means that many hotels find attracting and retaining employees an increasingly difficult task (Davidson and Wang, 2011; Hinkin and Tracey, 2000), particularly in technical and management positions (UNWTO, 2018).

In addition to the traditional costs of turnover (e.g., staffing, development of novel employees), turnover can be especially relevant in the hospitality industry since competitiveness is largely dependent on the superiority of service delivery. The latter cannot be dissociated from the staff who deliver the services (Hinkin and Tracey, 2000; Singh, 2000; Slatten *et al.*, 2011). Moreover, the service quality lost because of skilled or experienced employees' exit can contribute to the delivery of poorer quality services to clients (Chalkiti and Sigala, 2010; Tax and Brown, 1998). According to Alexandrov *et al.* (2007), staffs with high levels of turnover intention tend have low morale and low AC and to provide poor quality customer service.

Further research is thus needed to help hospitality managers understand how best to promote and retain customer-oriented employees. The current study hypothesized that one possible way to increase workers' customer orientation while decreasing their willingness to leave their organization is to adopt a more positive, authentic, and effective leadership style. As leaders can influence their followers' working conditions, job resources, and quality of life at work, a further examination of leaders' impact on their followers' customer orientation and turnover intention was considered justified. This research's results are expected to benefit the hospitality industry's managers by providing insights into how AL can potentially improve employees' AC and customer orientation and reduce their turnover intention.

## **2. Research Background and Hypothesis Development**

### *2.1 AL and AC*

AL has been found to be associated with AC. Experts reason that subordinates working under authentic leaders will more probably be committed affectively (Avolio *et al.*,

2004; Baek *et al.*, 2019; Gatling *et al.*, 2016; Leroy *et al.*, 2012; Nasab and Afshari, 2019; Peus *et al.*, 2012; Rego *et al.*, 2013; Ribeiro *et al.*, 2018; Semedo *et al.*, 2016). AC, which is one of the three components of organizational commitment, refers to employees' positive emotional attachment characterized by identification and involvement with their organization (Allen and Meyer, 2000). The relevant literature indicates that AC has more looked-for outcomes for companies than the other forms of commitment (Meyer *et al.*, 2002). Jensen and Luthans's (2006) research showed that the affective component of commitment is more strongly related to AL than to other components. When leaders are perceived as more authentic, their followers prefer to stay with the organization basically because they want to and not because of felt obligation or fear of losing resources provided by their job.

Scholars have reported that authentic leaders can enable the creation of a shared distinctive sense of "us" (Steffens *et al.*, 2014), which allows employees to feel a stronger affective bond. This finding is significant because, according to Baumeister and Leary's (1995) belongingness theory, people feel the need to belong to social groups and to form and maintain positive interpersonal relationships. More recently, Hoch *et al.* (2018) found that ethical forms of leadership, such as AL, significantly affect followers' emotional attachment and connection to their organization. Semedo *et al.* (2019) further confirmed that AL is positively related both to employees' reported happiness and AC within public and private organizations in Cape Verde. In addition, authentic leaders may also provide necessary resources to their employees, thereby ensuring more positive work experiences. This evidence supported the formulation of the hypothesis:

*H1: Employees' perceptions of AL have a positive effect on their AC.*



## 2.2 AL and Customer Orientation

Authentic leaders contribute in important ways to their followers' development (Aydin and Kaya, 2016). These leaders also regulate their behavior based on strong ethical values and tend to influence their employees in terms of adopting attitudes and behaviors considered authentic (Walumbwa *et al.*, 2008). Employees need to avoid using misleading or manipulative tactics that seek to influence or exert intense pressure on customers in order to persuade them to purchase specific products and/or services. Staff members are thus seen as more customer oriented (Saxe and Weitz, 1982) when their behavior is more authentic and positive. Authentic leaders encourage their followers to develop positive, genuine relationships not only with peers but also with clients, which is a basic component of customer orientation (Donavan *et al.*, 2004).

Some authors have defined customer orientation as employees' disposition to satisfy customers' needs in workplace contexts (Brown *et al.*, 2002; Grizzle *et al.*, 2009), conceptualizing customer orientation as a personality trait. Other scholars consider customer orientation to be employees' behavior when meeting the needs and desires of existing and potential customers, which makes customer orientation a competency (Hennig-Thurau and Thurau, 2003; Hoffman and Ingram, 1992; Saxe and Weitz, 1982). The latter approach means customer orientation can be enhanced by training and developed over time. The current study assumed the latter perspective.

Yesiltas *et al.* (2013) carried out research specifically in hospitality contexts in Istanbul, finding that AL has a significant effect on employees' customer-oriented and coworker-oriented prosocial service behaviors. According to George (2003), authentic leaders motivate their subordinates to provide higher customer service. AL in organizations

is often unconsciously passed down by employees to customers. That is, authentic leaders influence and motivate employees to adopt more genuine, trustworthy behaviors that can be more customer oriented. Employees need to trust their leaders first so that this trust can be transmitted to customers later (Aydin and Kaya, 2016). Based on the abovementioned findings, this hypothesis was formulated:

*H2: Employees' perceptions of AL have a positive effect on their customer orientation.*

### *2.3 AC and Customer Orientation*

Prior research has observed a positive relationship between job satisfaction and customer orientation (Donavan *et al.*, 2004; Duarte *et al.*, 2019). Employees who report higher levels of job satisfaction are more committed to customer service, give better service, remain more predisposed to enjoy customer service, and meet customer needs more fully (Donavan *et al.*, 2004). Lee *et al.* (2016) assert that strongly customer-oriented employees tend to develop higher levels of satisfaction with their work because they feel more involved and committed. In contrast, less affectively committed employees express higher levels of dissatisfaction with their work and tend to show more superficial performance of their assigned tasks. These staff members have to suppress their true emotions, which can generate negative psychological results, as opposed to affectively committed workers' more positive experiences.

Joshi and Randall (2001) report that AC has significant effects on both employee customer orientation and performance. AC fosters employees' sense of belonging, positive self-esteem, and stronger identification with organizational aims and values, so AC is considered a booster of behaviors beneficial to organizations, such as customer orientation.

More recently, Lombardi *et al.* (2019) found that employees' commitment significantly and positively affects their customer orientation. Given the existing research's findings, the following was hypothesized:

*H3: Employees' AC has a positive effect on their customer orientation.*

#### *2.4 AC, AL, and Customer Orientation*

AC's mediating role in the association between AL and subordinates' customer orientation has never been examined in prior research. However, several studies have empirically found support to AC mediating role between AL and variables such as individual creativity (Semedo *et al.*, 2018), turnover intention (Oh and Oh, 2017), and employee performance (Ribeiro *et al.*, 2018). The current study thus proposed that AC mediates the relationship between AL and customer orientation.

Authentic leaders need to display transparency in relationships; consistency between principles, words, and actions; knowledge of their own strengths and limitations; and consciousness of their impact on individuals. These traits contribute to higher levels of AC among followers (Avolio *et al.*, 2004). In turn, this emotional attachment reinforces employees' motivation to offer excellent customer service and hospitality, thereby increasing customer orientation (Joshi and Randall, 2001). The above findings led to the formulation of this hypothesis:

*H4: AC mediates the relationship between AL and customer orientation.*

#### *2.5 AL and Turnover Intention*

Employees' voluntary turnover has been of prime interest to both academics and practitioners for decades and continues to be an important issue for organizations (Allen *et al.*, 2010; Gordon *et al.*, 2019) because of turnover's negative impacts (Mobley, 1982; Rubenstein *et al.*, 2018). These include, among others, a decrease in productivity and service quality, and the heavy costs associated with new employees' staffing, training, and socialization (Hinkin and Tracey, 2000; Holtom *et al.*, 2008; Mobley, 1982).

Turnover intention, that is, individuals' plans to leave their organization (Mobley *et al.*, 1979), has been theoretically and empirically established as a reliable predictor of turnover behavior (Gim and Ramayah, 2019; Griffeth *et al.*, 2000; Mobley, 1982; Mobley *et al.*, 1978; Steel and Ovalle, 1984). Previous research on leadership-related variables have confirmed supervisor support's influence on employees' turnover intention or intent to stay (Nedd, 2006; Strachota *et al.*, 2003; Tourangeau and Cranley, 2006). According to Wałachowska and Laguna (2018), clear communication and free exchanges of ideas within organizations encouraged by managers' authenticity should keep employees from wanting to abandon their workplace.

Thus, AL can logically be supposed to relate negatively to turnover intention, namely, as an effective way to retain key employees by developing trust and authentic relationships. More recently, AL has been regarded an important factor in employees' decreased turnover intention (Laschinger and Fida, 2014; Lee *et al.*, 2019; Oh and Oh, 2017). Azanza *et al.* (2015) found that AL has a direct negative effect on turnover intention among public and private organizations' employees. Gatling *et al.* (2016) also verified that AL negatively influences turnover intention among American students working in hospitality services. A similar effect was found by Lee *et al.* (2019) for nursing staff members. A negative

relationship can thus also be expected between AL and employees' turnover intention in the Portuguese hospitality industry, which led to the next hypothesis:

*H5: Employees' perceptions of AL have a negative effect on their turnover intention.*

## *2.6 AC and Turnover Intention*

Prior research has confirmed the negative effect of AC on turnover intention (Arnold and Feldman, 1982; DeConinck and Bachmann, 1994; Joo and Park, 2010). Given the support found for the negative relationship between AC and turnover intention, the present research expected a similar relationship between employees' AC and turnover intention. Recent studies have confirmed that AC relates negatively to turnover intention (Gatling *et al.*, 2016; Oh and Oh, 2017). When employees have more intense AC, they have a stronger sense of identification and belonging with their company.

In addition, individuals who possess high levels of affective attachment to their organization report a lower turnover intention (DiPietro *et al.*, 2019; Jang and Kandampully, 2018; Meyer *et al.*, 2002). The current study posited a similar relationship in hospitality contexts, which led to the development of the hypothesis:

*H6: Employees' AC has a negative effect on their turnover intention.*

## *2.7 AC's Mediating Role in the Relationship between AL and Turnover Intention*

Recent research has confirmed that AL may help organizations retain employees by promoting their identification with others in work groups or increasing work engagement (Azanza *et al.*, 2015; Zopiatis *et al.*, 2014). Gatling *et al.* (2016) found that AL has a significant negative indirect effect on employees' turnover intention via AC. A meta-analytic

study revealed that AC is the most important explanatory variable of organizational allegiance because of AC's strong correlations with turnover and withdrawal cognitions (Meyer *et al.*, 2002). Thus, the present research focused on employees' AC as a mediator expected to strengthen AL's ability to reduce turnover intention in the hospitality industry.

Authentic leaders are seen as transparent by their subordinates because these leaders behave with integrity and avoid partial decisions, thereby establishing a better position from which to develop trust relationships. These individuals have a strong ability to increase employees' AC to their organization by building high-quality relationships based on positive social exchanges (Ilies *et al.*, 2005). Employees' AC to their organization means they enjoy being a member of their workplace community (Meyer and Allen, 1991), which reduces employees' turnover intention. In other words, AL increases employees' AC, which, in turn, decreases their turnover intention. This mediating mechanism has recently been confirmed by Oh and Oh (2017). The next hypothesis was thus proposed:

*H7: AC mediates the relationship between AL and turnover intention.*

### **3. Method**

#### *3.1 Procedures and Sample*

To test the research hypotheses, self-report questionnaires were administered to a convenience sample of employees from different hospitality organizations operating in Portugal. Both paper-and-pencil and online formats were made available to respondents to maximize the number of participants. The type of format available depended on which one was requested by the companies contacted. The questionnaire was also published on social networks along with an appeal to hospitality sector employees to take the survey.

The final sample, after discarding incomplete questionnaires, was composed of 350 respondents. Most participants were women (64.6%) and between 20 and 39 years old (63.4%). More than two-thirds of the sample had a bachelor's degree (69.1%). Regarding job tenure, 41.4% of the respondents had been employed by their hotel between 1 and 5 years, and a little more than half of them had a non-rotating work schedule (52.9%). The participants' jobs fell into various categories, including commercial and/or reception staff (37.4%), general manager (28.7%), area manager (17.7%), and back-office staff (4.0%). Table 1 provides more details on the sample's socio-professional characteristics.

*Insert Table 1 near here.*

### *3.2 Measures*

The questionnaire had three sections. The first provided information on research goals, confidentiality of the responses obtained, and anonymity of participants. This section also included instructions explicitly stating that the questions had no right or wrong answers and asking participants to answer the questions with honesty. Podsakoff *et al.* (2003) suggest that protecting respondents' anonymity and diminishing evaluation apprehension contribute to prevent diverse types of bias such as lenience, acquiescence, and social desirability in participants' answers. These measures also help prevent common-method variance.

The second section included four scales assessing the research variables of interest. All constructs were assessed with measures selected from the existing literature. Using a 5-point Likert scale (1 = "Does not apply at all"; 5 = "Applies completely"), subordinates were requested to indicate to what degree each sentence best applied to them (i.e., AC, customer orientation, and turnover intention) or their leader (i.e., perceived AL). To ensure the

questionnaire was parsimonious and thus maximize participation, no other measures were included in the questionnaire. Finally, the last part included questions regarding participants' socio-professional characteristics, such as gender, tenure, job function, type of schedule, and others.

### 3.2.1 AL as a Predictive Variable

The 16-items questionnaire developed by Walumbwa *et al.* (2008) and translated into Portuguese by Rego *et al.* (2012) was used to measure AL. It assessed the aforementioned AL dimensions and included items such as “your leader ... seeks feedback to improve interactions with others” (i.e., self-awareness) and “... is willing to admit mistakes when they are made” (i.e., relational transparency). Other items were “your leader ... makes decisions based on his/her core beliefs” (i.e., internalized moral perspective) and “... listens carefully to different points of view before coming to conclusions” (i.e., balanced information processing).

Confirmatory factor analysis (CFA) was performed to assess this measurement tool's structure, using the bootstrapping technique and SPSS Amos 22.0 software. Since the root mean square error of approximation (RMSEA) was higher than the 0.08 cutoff value (Hu and Bentler 1999; Kline, 2005; Marsh *et al.*, 2004), potential sources of misspecification bias were scrutinized by observing the standardized residuals and modification indices. Consequently, three items for relational transparency were removed, allowing the emergence of a 13-item second-order factor model with adequate fit indices (chi-squared [ $\chi^2$ ] = 119.649 [62]; calculated probability [ $p$ ] < 0.000;  $\chi^2$ /degrees of freedom [ $df$ ] = 3.220; goodness of fit index [GFI] = 0.918; confirmatory fit index [CFI] = 0.958; Tucker-Lewis index [TLI] =



0.947; RMSEA = 0.080). A composite AL score for each respondent was calculated based on the answers to these 13 items ( $\alpha$  [0.94]).

### 3.2.2 AC as a Mediator Variable

The participants' AC levels were evaluated using three items from Rego *et al.*'s (2011) scale (e.g., "I feel like 'part of the family' at my organization"). The CFA's results indicated that the measurement tool fits the data adequately ( $\chi^2 = 3.666$  [1];  $p = 0.056$ ;  $\chi^2/df = 3.666$ ; GFI = 0.993; CFI = 0.996; TLI = 0.987; RMSEA = 0.087). A composite AC score was calculated by averaging the items' scores ( $\alpha = 0.90$ ).

### 3.2.3 Customer Orientation as a Criterion Variable

The respondents' customer orientation was assessed with six items from Saxe and Weitz (1982) (e.g., "I always try to identify customers' needs"). The CFA's results show that the measurement instrument fits the data well ( $\chi^2 = 25.461$  [9];  $p < 0.01$ ;  $\chi^2/df = 2.829$ ; GFI = 0.975; CFI = 0.984; TLI = 0.974; RMSEA = 0.072). A composite customer orientation score was calculated following the abovementioned procedure ( $\alpha = 0.89$ ).

### 3.2.4 Turnover Intention as a Criterion Variable

The participants' intention to leave their organization in the near future was evaluated with two items from Camman *et al.* (1979), namely "if I have the choice, I intend to pursue my career in the organization where I work" and "I often think of leaving the organization." The CFA's results reveal that the measurement tool has a good fit to the data ( $\chi^2 = 1.607$  [1];  $p = 0.205$ ;  $\chi^2/df = 1.607$ ; GFI = 0.995; CFI = 0.995; TLI = 0.995; RMSEA = 0.042). A

composite turnover intention score was calculated following the abovementioned procedure ( $r = 0.54$ ).

### *3.3 CFAs to Test Discriminant and Convergent Validity*

In order to verify if the four focal variables capture dissimilar constructs, various CFAs were conducted (see Table 2). The four-factor model revealed a good fit to the data (e.g., RMSEA = 0.040; GFI = 0.900; TLI = 0.957; CFI = 0.962), contrary to the single-factor model that presented unacceptable fit statistics. In addition, the inter-correlations between the variables are significantly smaller than the value of one. These findings confirm the discriminant validity of AL, AC, customer orientation, and turnover intention, indicating that common-method variance is not a serious concern in the proposed model.

*Insert Table 2 near here.*

The composite reliability (CR) values are all above 0.70, ranging from 0.70 to 0.99 (see Table 3), as recommended by Hair *et al.* (2010). Average variance extracted (AVE) scores from 0.54 to 0.98 were also obtained, thus coming in above the 0.50 suggested by the cited authors. These results all show acceptable convergent validity.

*Insert Table 3 near here.*

## **4. Data Analysis and Results**

Data analysis was performed using IBM's SPSS AMOS 22.0 software. Table 3 above presents the means, SDs, and Spearman's correlation coefficients between variables. AVEs, CRs, and Cronbach's  $\alpha$  are also listed in that table. Age is negatively correlated with turnover intention and positively with AC and customer orientation. Tenure in the organization also correlates negatively with turnover intention. Education correlates positively with turnover

intention and negatively with AC. In addition, all the focal variables in the study intercorrelated significantly.

*Insert Table 4 near here.*

The research hypotheses were examined using SEM. The respondents' age, education, and tenure in the organization were entered as co-variates. The proposed theoretical model confirmed an adequate fit to the data ( $\chi^2 [317] = 731.633; p < 0.000; \chi^2/df = 2.308; RMSEA = 0.061; GFI = 0.866; CFI = 0.928; TLI = 0.920$ ) (see Table 2, Model 3 above). An examination of the estimates (see Table 4 above) revealed a positive, statistically significant effect of AL on AC (beta [ $\beta$ ] = 0.561;  $p < 0.001$ ), thus providing empirical support for H1.

Likewise, perceived AL positively and significantly effects employees' customer orientation ( $\beta = 0.212; p < 0.001$ ), indicating that the more authentic leaders are, the more customer-oriented their followers' report to be—thereby supporting H2. Moreover, AC exerts a positive, statistically significant effect on customer orientation ( $\beta = 0.405; p < 0.001$ ), implying that customer orientation becomes more common as employees' affective commitment grows stronger. H3 was thus confirmed.

Concerning H4, the findings show that both the total effect of AL on customer orientation ( $\beta = 0.212; p < 0.001$ ), as its indirect effect via AC are significant ( $\beta = 0.405; p < 0.001$ ). But, AL's impact on customer orientation is no longer statistically significant when the model includes the AC variable (i.e., direct effect) ( $\beta = -0.015; n.s.$ ). This result supports the full mediating role of AC in the relationship between AL and customer orientation, thereby corroborating H4.

As for H5, the results reveal that AL has a negative, statistically significant effect on turnover intention ( $\beta = -0.527; p < 0.001$ ), supporting the proposal that the stronger the

employees' perceptions of AL are, the less the respondents intend to leave their organization. AC also has a negative, statistically significant effect on turnover intentions ( $\beta = -0.765; p < 0.001$ ), implying that employees' intentions to leave their organization become weaker as employees' affective bond to the organization becomes stronger. H6 was thus supported.

About H7, the results show that both the total effect of AL on turnover intention ( $\beta = -0.527; p < 0.001$ ) and its indirect effect via AC are significant ( $\beta = -0.765; p < 0.001$ ). In addition, AL's impact on turnover intention loses its statistical significance when AC enters the model (i.e., direct effect) ( $\beta = -0.097; n.s.$ ). These results again confirm the full mediation of AC in the relationship between AL and turnover intention, thereby corroborating H7.

Furthermore, the fit indices of the complete mediation model, that is, the model without the paths between AL, customer orientation, and turnover intention, are identical to those of the proposed model (see Table 2 above, Model 4). Therefore, perceptions of AL appear to foster employees' AC to the organization, and this later enhances their customer-oriented behavior at the workplace and diminishes their intention to leave the organization (see Figure 1).

*Insert Figure 1 near here.*

## **5. Discussion and Conclusions**

### *5.1 Conclusions*

According to the results, AL promotes employees' AC (i.e., H1). This finding is consistent with other studies reporting that AL has a positive impact on workers' affective attachment to their organization (e.g., Avolio *et al.*, 2004; Baek *et al.*, 2019; Gatling *et al.*, 2016; Hoch *et al.*, 2018; Rego *et al.*, 2013; Ribeiro *et al.*, 2018; Semedo *et al.*, 2016, 2019).

When leaders are perceived as more authentic (i.e., relationally transparent, honest, and good at balanced information processing), their followers wish to remain within the organization basically because they want to and not due to a felt obligation or fear of losing the resources that their job provides.

The current results also confirm that AL stimulates customer orientation (i.e., H2), which agrees with Yesiltas *et al.*'s (2013) findings in hospitality contexts in Istanbul. More specifically, authentic leaders strongly emphasize acting transparently and maintaining high moral and/or ethical standards (Avolio and Gardner, 2005), thus encouraging their followers to develop positive, honest relationships with both peers and clients, which is part of customer orientation (Donavan *et al.*, 2004). Authentic leaders motivate their subordinates to deliver advanced customer service (George, 2003).

The present research also found empirical evidence that employees' AC has a positive effect on their customer orientation (i.e., H3). This connection has been observed in previous research, which has confirmed that AC has a significant influence on both employee performance and customer orientation (Joshi and Randall, 2001; Lombardi *et al.*, 2019). In addition, prior research has reported a positive association between job satisfaction and customer orientation (Donavan *et al.*, 2004; Duarte *et al.*, 2019). Therefore, employees who report greater job satisfaction are more committed to customer service, deliver better service, tend to be more predisposed to enjoy customer service, and meet clients' needs more fully (Donavan *et al.*, 2004).

The current results further indicate that AC mediates the effect of AL on employees' customer orientation (i.e., H4). When staff members see their leaders as authentic, this contributes to more AC among workers (Avolio *et al.*, 2004). Emotional attachment, in turn,

strengthens subordinates' motivation to offer excellent services to customers, as well as more hospitality, thereby increasing customer orientation (Joshi and Randall, 2001). Adopting more AL styles can stimulate employees' affective bonds to organizations, which fosters behaviors that meet customers' needs and wishes in hospitality contexts. The literature review conducted for the present study found that the current research is the first to empirically assess this mediating effect.

The present study's results also indicate that subordinates' perceptions of AL have a negative effect on their turnover intention (i.e., H5), which is consistent with other studies' findings (Azanza *et al.*, 2015; Gatling *et al.*, 2016; Laschinger and Fida, 2013; Lee *et al.*, 2019; Oh and Oh, 2017). Clear communication and free exchanges of ideas within organizations are encouraged by managers' authenticity, and these behaviors should prevent employees from wanting to abandon their workplace (Wałachowska and Laguna, 2018). Therefore, AL can offer an effective way to retain staff members through the development of trust and authentic relationships.

According to the current results, employees' AC has a negative effect on their turnover intention (i.e., H6). This finding is consistent with prior studies' confirmation of AC's impacts in hospitality (Gatling *et al.*, 2016) and manufacturing contexts (Oh and Oh, 2017). When workers have high levels of AC, they have a strong sense of identification and belonging with their company, so they express less turnover intention.

Finally, the present research's results provide empirical evidence that AC mediates the relationship between AL and turnover intention (i.e., H7). Prior studies have found that AL has a negative indirect effect on American employees' turnover intention via AC, specifically within hospitality service providers (Gatling *et al.*, 2016). Authentic leaders are

seen as transparent by their subordinates because these leaders behave with integrity, avoid partial decisions, and put themselves in a better position to develop trusting relationships. These behaviors consequently make employees feel more affectively committed to their organization, thereby ensuring decreased turnover intention among workers. According to belongingness theory (Baumeister and Leary, 1995), AL may encourage employees to feel an affective attachment to their organizations, which will, in turn, decrease their turnover intention.

## *5.2 Theoretical Implications*

The above findings have potential implications for theory and management. From a theoretical perspective, this study proposed that AL has a significant effect on customer orientation and turnover intention. In addition, AC's mediating role in the relationships between AL and employees' customer orientation and turnover intention has been underexplored in the literature. Thus, the present research addressed a significant gap by analyzing these mediating effects.

This study was also pioneering in terms of integrating all these variables into a single research model. Besides re-examining some previously analyzed relationships, the research included proposing and empirically exploring AC's mediating role in the relationship between AL and customer orientation. Given the replication crisis in the social sciences, this re-examination of previously tested relationships between constructs was considered just as important as exploring new relationships—particularly in a contrasting setting and culture. Furthermore, empirical research has rarely specifically examined AL and its outcomes in hospitality contexts (Gatling *et al.*, 2016). The present study sought to contribute to bridging

this gap by analyzing AC's mediating role in the relationships between AL and both customer orientation and turnover intention among employees of Portuguese hospitality organizations.

### *5.3 Practical Implications*

From a practical perspective, the above lack of empirical research on AL and its impacts within hospitality organizations is problematic because the tourism and hospitality industry is a crucial driver of employment around the world. Hospitality organizations necessarily rely heavily on skilled, customer-oriented staff members. Moreover, service quality is reduced when competent or experienced employees leave, which can contribute to the provision of poor service to clients (e.g., Tax and Brown, 1998). Employees with strong turnover intention are apt to suffer from low morale and AC and deliver low quality customer service (Alexandrov *et al.*, 2007).

The current research could be beneficial to the hospitality industry's managers because the findings provide insights into how AL improves employees' AC and customer orientation and reduces their turnover intention. Hospitality managers need to stimulate leaders at different organizational levels to adopt more AL behaviors. Training or mentoring programs can be developed to achieve this end, helping individuals to recognize their own strengths and weaknesses and understand how their behaviors impact subordinates. Leaders should be open to critical feedback without seeing it as a threat, and they should consider all relevant information before making decisions, as well as being open about their own ideas, feelings, and emotions and guided by moral values and standards even when under pressure. These behaviors' impacts are particularly important in hospitality contexts since the market



is characterized by intense competition and time is a precious asset especially in tourism's high season.

By fostering AL in their organizations, hospitality managers can contribute to developing employees' commitment to their organization. AL and AC help foster customer orientation, that is, employees who are more prone to identify and respond to customers' needs, wishes, and expectations, thereby delivering more unique, higher quality, and more positive services to clients.

AL and AC also contribute to decreasing turnover intention, which prevents the negative effects that usually arise between decisions to quit and departures from organizations. By preventing employees' exit, authentic leaders also avoid the negative consequences for their teams and for service quality caused by employees leaving their job. Dedicated teams that enjoy their work and identify with the organization's values and aims are a valuable asset to any company. This is particularly true for tourism and hospitality companies since their services cannot be separated from the individuals who deliver them every day.

#### *5.4 Limitations and Future Research*

The current research has several limitations that should be addressed by future researchers. One limitation is convenience sampling, and, although this research relied on a relatively large sample size, no probabilistic sampling procedure was followed, which restricts the results' generalizability. Future research on this topic may need to include more diversified, representative samples to ensure generalizability to the rest of the Portuguese

hospitality industry. Researchers could also assess the present findings' generalizability by gathering data on samples from other settings or cultures (Gatling *et al.*, 2016).

In addition, the data were obtained from a single source (i.e., the respondents rated the predictive, mediating, and outcome variables), which can increase the potential risk of inflated relationships between the variables under study. Various precautions were taken in the questionnaire's construction to prevent common source bias, including ensuring anonymity and confidentiality and assuring respondents that no right and wrong answers existed (Podsakoff *et al.*, 2003). The use of CFAs to test the model's discriminant and convergent validity also indicates that common source bias is not a serious problem in the data. Nonetheless, future studies could check for this bias by gathering data at different times from varied sources.

This research's cross-sectional design further limits solid conclusions about the causality nexus between the variables here analyzed. Future studies can use longitudinal design to scrutinize possible causal relationships amongst variables. Finally, the present study included a single mediating variable, but others are also conceivable. For instance, authentic leaders may develop happiness in their teams, which, in turn, stimulates customer orientation and decreases turnover intention. Despite these limitations, this study contributes to the field of leadership research in hospitality contexts as it examined AL's influence on employees' attitudes and behaviors, so the results open up new avenues of research on positive organizational patterns.

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Table 1: Sample characteristics

Variable	Categories	%	Variable	Categories	%
Gender			Occupation		
	Females	64.6		Commercial/Reception Staff	37.4
Age				Director/Manager	28.6
	< 20 years	1.1		Area Manager	17.7
	20–29 years	35.4		Back Office Staff	4.0
	30–39 years	28.0		Multitask Staff	2.9
	40–50 years	20.0		Food and Beverages Staff	2.6
	> 50 years	15.4		Housekeeping Staff	2.0
Education				Marketing and Events Staff	1.1
	4 years	0.9		Other	3.7
	9 years	15.4	Tenure		
	12 years	0.00		< 1 year	25.1
	Bachelor's	69.1		1–5 years	41.4
	Master	13.4		6–10 years	11.1
	Doctorate	1.1		> 10 years	22.3
Schedule					
	No shifts	52.9			

Table 2: Fit indices

	$\chi^2$ ( <i>df</i> )	RMSEA	GFI	TLI	CFI
Model 1 Four-factor model	457.663 (247)	0.040	0.900	0.957	0.962
Model 2 Single-factor model	2,117.740 (252)	0.146	0.554	0.629	0.661
Model 3 Theoretical model <sup>a</sup>	731.633 (317)	0.061	0.866	0.920	0.928
Model 4 No direct path model <sup>a</sup>	734.318 (319)	0.061	0.865	0.921	0.928

<sup>a</sup> Respondents' age, education, and job tenure entered as control variables

Table 3: Means, standard deviations (SDs), correlations, Cronbach's  $\alpha$ , CRs, and AVEs

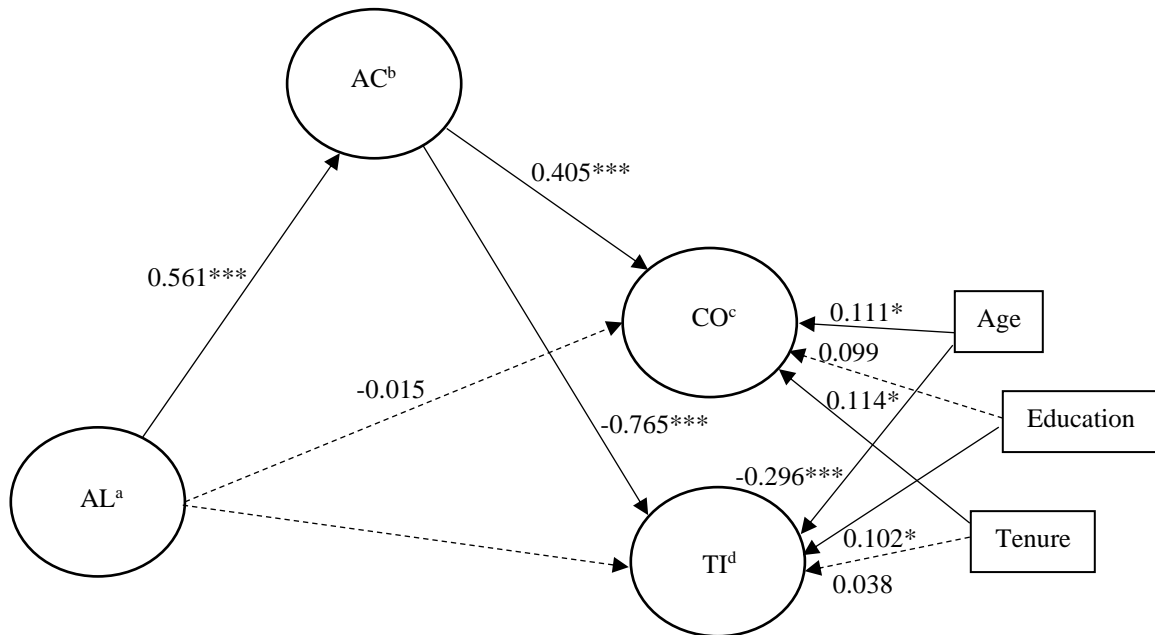
	M <sup>a</sup>	SD	1	2	3	4	5	6	CR	AVE	
1. Age	–	–							–	–	
2. Education	–	–	-.18**						–	–	
3. Tenure	–	–	.56**	-.19**					–	–	
4. Authentic leadership	3.61	0.92	-.03	-.01	-.09	(.94) <sub>b</sub>			.99	.98	
5. Affective commitment	4.13	0.93	.23**	-.11*	.07	.56**	(.90)		.88	.71	
6. Customer orientation	4.55	0.50	.11*	.03	-.04	.26**	.40**	(.87)	.89	.57	
7. Turnover intention	2.66	1.17	-.33**	.17**	-.11*	-.42**	-.66**	-.26**	(.54) <sup>c</sup>	.70	.54

<sup>a</sup> M = mean; \*  $p < 0.05$ ; \*\*  $p < 0.01$ ; <sup>b</sup> Cronbach's alphas in parentheses; <sup>c</sup> Pearson's correlation coefficient

Table 4: Structural equation modeling (SEM)—hypotheses testing

Hypotheses	Relationships	Estimate	<i>P</i> -value	Conclusion
H1	AL → Affective commitment	0.561	0.001	Supported
H2	AL → Customer orientation (total effect)	0.212	0.001	Supported
H3	Affective commitment → Customer orientation	0.405	0.001	Supported
H4	AL → Affective commitment → Customer orientation (direct effect)	-0.015	n.s. <sup>a</sup>	Supported
H5	AL → Turnover intention (total effect)	-0.527	0.001	Supported
H6	Affective commitment → Turnover intention	-0.765	0.001	Supported
H7	AL → Affective commitment → Turnover intention (direct effect)	-0.097	n.s.	Supported

<sup>a</sup> n.s. = not statistically significant



<sup>a</sup> AL = authentic leadership; <sup>b</sup> AC = affective commitment; <sup>c</sup> CO = customer orientation; <sup>d</sup> TI = turnover intention; \*  $p < 0.05$ ; \*\*\*  $p < 0.001$

Figure 1: Structural equation model predicting customer orientation and turnover intention (standardized path coefficients)