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The link between transformational leadership and the EFQM model elements

Abstract

Purpose – This work examines the relationship between transformational leadership and enablers and results of the European Foundation for Quality Management (EFQM) model 2013, and the relationship between the EFQM model elements (enablers and results).

Design/methodology/approach - The work employs Partial Least Squares (PLS) and empirical data from 102 hotels.

Findings - Transformational leadership is key to facilitate the enablers of the EFQM model (strategy, people, partnership, and processes) and improve customer, employee and social results, and organizational performance.

Originality/value - The present work expands previous studies that focus on analyzing the link between enablers and results of EFQM by showing that transformational leadership is an appropriate leadership style to foster the EFQM model elements. It empirically supports the view that transformational leadership is a facilitator that can foster the EFQM enablers and improve results in hotels. Thus, it also sheds light on the controversial link between transformational leadership and various performance measures (customer, employee and social results, and organizational performance).

Keywords Quality management, Transformational leadership, EFQM model, Hotels.

Paper type Research paper

1. Introduction

Leadership is a critical issue for quality management (QM) success (EFQM, 2020;

Khalfan *et al.*, 2022), and in this context transformational leadership is a leadership style that can be associated to QM (Bouranta, 2021; Teoman and Ulengin, 2018). In addition, this leadership style is important for improving performance (Chen *et al.*, 2020). This is the case because the characteristics of transformational leadership are compatible with the principles and values of QM and because it promotes the creativity of employees to introduce improvements and thus enhance performance (Jovicic *et al.*, 2018; Khattak *et al.*, 2020).

Different previous studies on transformational leadership show that it predicts performance. Other studies find that not all transformational leadership dimensions predict performance or that only marginal significant relationships exist between transformational leadership and performance (Jensen *et al.*, 2020). Similarly, prior works on transformational leadership and QM provide mixed findings regarding the effects of transformational leadership on QM practices (Bouranta, 2021; van Assen, 2018). These inconclusive findings indicate that it may be interesting to continue examining if transformational leadership facilitates the development of QM practices and enhances performance. It is necessary for managers to understand what factors are important to improve performance in today's business environment (Abdallah, 2021; Jensen *et al.*, 2020). Performance can be improved by a great variety of factors, and transformational leadership and QM could be some of these factors that can help managers improve performance. The empirical examination of these two factors (transformation leadership and QM) can help managers identify a possible path to enhance performance.

Although the link between transformational leadership, QM and performance has been empirically examined by some previous studies (Bouranta, 2021; Teoman and Ulengin, 2018), it is interesting to examine this issue considering the European Foundation for Quality Management (EFQM) model. These previous studies found

inconclusive results, as has been indicated, and did not consider excellence models (e.g., the EFQM model). The EFQM model 2013 and 2020 elements can be a way of both developing QM practices and improving performance. The EFQM model 2013 and 2020 suggests that leadership should be less hierarchical, with less command and control, and more collaborative. For example, criteria 1 and 2 in the EFQM model 2013 and 2020 suggest that companies should describe their purpose, vision and strategy to improve results. Similarly, both versions of the EFQM model seem to point out that role model leadership behavior inspires others and reinforces values and norms to achieve success by enabling creativity and innovation and engaging in purpose, vision and strategy (EFQM, 2020). These ideas indicate that the characteristics of the EFQM model leadership can be similar to a transformational leadership behavior. This is an interesting point, and it is important to empirically examine if transformational leadership is related to the EFQM model elements. Although the link between the EFQM enablers and results has been previously investigated, in this context the analysis of leadership has been scarce (Para-González *et al.*, 2021).

Based on these gaps, the work answers the following research problem: can transformational leadership favor the adoption of enablers of the EFQM model and improve hotel performance? To address this research problem, the aim of this paper is to study the link between transformational leadership and enablers and results of the EFQM model, and the link between enablers and results of the EFQM model. The work employs Partial Least Squares (PLS) and 102 respondents.

The present paper contributes to the literature in three areas. First, the transformational leadership behavior could be implicit in the EFQM model and therefore it is interesting to empirically analyze this issue because it could provide more information on the current state of the art regarding leadership as a facilitator of EFQM

enablers and results. The present work empirically supports the idea that transformational leadership is a facilitator that can foster the EFQM elements.

Second, few works examine transformational leadership as an antecedent of QM practices and different performance measures (e.g., Laohavichien *et al.*, 2011; Teoman and Ulengin, 2018) such as customer, people and social results, and organizational performance. The present work expands previous studies that focus on analyzing the relationship between enablers and results of EFQM (Bou-Llusar *et al.*, 2009; Gómez *et al.*, 2015) by showing that transformational leadership behavior is an appropriate leadership style to foster the EFQM enablers and results. Thus, it also sheds light on the controversial link between transformational leadership and different performance measures.

Third, previous studies about quality and leadership, and even about the EFQM model, mainly focus on manufacturing organizations, while less attention has been paid to service companies and to hotels (Qiu *et al.*, 2019). Although some previous studies have examined the associations between enablers and results of EFQM in tourism companies (Paraschi *et al.*, 2019) and the role of leadership in hotels for improving hotel performance (Ruiz-Palomino *et al.*, 2019), little research has been conducted on this topic in the context of the hotel industry. New studies are needed, for example in a specific industry (Teoman and Ulengin, 2018) and in other different manufacturing sectors (Gómez *et al.*, 2015) to expand this prior research. The present paper focuses on examining the relationships between transformational leadership and the EFQM model elements in 5-star and 5-star luxury hotels in Spain.

2. Research context

Tourism is a critical sector for many economies, Spain being an important country in this context. For example, in 2019, USA and Spain were the two countries with the largest travel surplus. In relation to tourism earners in 2019, USA and Spain were also the most important countries (UNWTO, 2020). Regarding top destinations in the world by the percentage of arrivals, France was the first destination in 2019 followed by Spain as the second one. Growth in middle classes, affordable travel, technological advances, and new business models facilitate tourism activities around the world (UNWTO, 2020) leading to an increase in these figures in many countries, including Spain.

Nevertheless, COVID-19 had a negative impact on the industry. For example, in Spain, in 2020, tourism demand accounted for 5.5% of GDP, which represented a decrease in 6.9 points compared to 2019. This represented 11.8% of total employment in the economy, nine tenths less than in 2019 (INE, 2022a). Despite the decrease in tourism demand during COVID-19, in 2022 the figures improved compared to the previous two years and the sector began to recover (INE, 2022b). The Spanish tourism sector continues to be a key sector for the Spanish economy, and this includes the hotel sector. These INE data also show the importance of 5-star hotels within the Spanish hotel sector as a whole.

These hotels in Spain may offer a high level of service quality compared to establishments that have lower categories, which can lead them to become involved in QM practices. In this context, previous works have focused on hotels of different categories, but research that examines QM and leadership in five-star hotels is rare. In addition, the previous literature shows the importance of QM for the competitiveness of the hotel sector (Tari *et al.*, 2019) and the importance of leadership for QM and for improving performance (Khalfan *et al.*, 2022). Quality issues continue being a critical issue for Spanish hotels today (HOSTELTUR, 2021).

3. Literature review and hypotheses

Transformational leaders inspire and motivate followers to go beyond their self-interests for collective purposes (Kim and Park, 2019; Jensen *et al.*, 2020). The literature has identified four dimensions to describe how transformational leadership can influence its followers (Avolio and Bass, 2004; Lee *et al.*, 2011; Jensen *et al.*, 2020): idealized influence, intellectual stimulation, inspirational motivation and individualized consideration. These four dimensions are considered in the present work. Idealized influence refers to how leaders' behaviors allow them to serve as role models for their followers. Intellectual stimulation refers to the degree in which leaders foster innovative and creative problem solving. Individualized consideration shows how leaders take into account individual followers' needs for achievement and growth. Inspirational motivation shows the ability of leaders to effectively communicate a vision to provide challenges for the work of their followers.

The enablers (leadership, strategy, people, partnership, and processes) and results (customer, employee and social results, and organizational performance) of the EFQM model cover the QM principles (Bou-Llusar *et al.*, 2009) and they are considered in the present paper as a way of measuring QM practices and performance. These five enablers are related to how organizations achieve customer, employee, social and organizational results. The four results are concerned with what organizations have achieved and are achieving for their stakeholders. Although leadership is one enabler of the EFQM model, the characteristics of the EFQM model leadership could be associated to transformational leadership behavior, as has been mentioned in the introductory section. As EFQM leadership could be, or be very related to, transformational leadership, transformational leadership is considered in the present work as a facilitator in order to examine its relationship with the other EFQM model elements. Because of this, leadership is studied

separately from the other four enablers of the EFQM model.

This paper uses the elements of the EFQM model 2013 because it was the model applied when this study was carried out. This model changed in 2020 and although some differences may be found with the previous model (2013), the two models have parallels (Fonseca, 2022). For example, a difference is the number of criteria. The EFQM model 2013 included 9 criteria and the EFQM model 2020 considers seven criteria.

Although the model changed from nine to seven criteria, parallels exist between these criteria. For example, criteria 1 and 2 in the EFQM model 2020 (purpose, vision & strategy; organizational culture & leadership) are related to the leadership and strategy criteria in the EFQM model 2013. Criterion 3 in the EFQM model 2020 (engaging stakeholders) is related to the people and partnerships criteria in the EFQM model 2013. Criterion 4 (creating sustainable value) in the EFQM model 2020 is related to processes in the 2013 version. Criterion 5 in the EFQM model 2020 (driving performance & transformation) is related to partnerships in the 2013 version. Criteria 6 (stakeholder perceptions) and 7 (strategic & operational performance) are related to the four results of the EFQM model 2013 (Fonseca *et al.*, 2021). In addition, the people criterion and the process criterion of the 2013 model are not explicitly referenced in the EFQM model 2020, but are now spread across the whole EFQM model 2020 (EFQM, 2020).

These issues, transformational leadership and the EFQM model, are empirically examined in this paper. In this context, leadership theory is a common theory used by previous authors to support the relationships between leadership and performance (Chen *et al.*, 2021). In the present work, leadership theory is considered to support the relationships proposed. This theory suggests that leadership styles may affect management practices and performance. Leadership can be important for improving

management practices, for example, practices related to strategy, people, partnership, and processes. Similarly, leadership behavior can positively affect different performance measures (e.g., customer, employee and social results). In this context, transactional theory suggests that leaders may inspire their employees to exert extraordinary efforts to achieve organizational goals, owing to their vision. Transformational theory assumes that leaders adopt different behaviors (idealized influence, intellectual stimulation, inspirational motivation and individualized consideration). Both theories assume that leaders' behaviors may affect management practices and performance. In this context, the parallels between transformational theory and quality management theory suggest that transformational leadership can explain how leaders' behavior affects quality improvement and performance. In addition, as EFQM leadership could be similar to a transformational style, this paper considers the transformational theory of leadership to support the conceptual model proposed in this work, in which transformational leadership can affect enablers and results of EFQM.

3.1. Transformational leadership and EFQM enablers

EFQM (2020) and previous authors show the importance of leadership for developing QM (Bayo-Moriones *et al.*, 2010; Doeleman *et al.*, 2014). Several works find a positive influence of leadership on the development of enablers of the EFQM model (e.g., strategy, people, partnership, and processes) (Gómez *et al.*, 2015; Heras-Saizarbitoria *et al.*, 2012; Para-González *et al.*, 2021) also in tourism companies (Paraschi *et al.*, 2019).

When this leadership is transformational, the leader identifies changes and a vision (Bass, 1999) and when the leader creates values, aims and systems to satisfy customers and other stakeholders, quality can be improved. This suggests that transformational leadership can influence the development of strategy (e.g., vision and objectives).

Therefore, a transformational leader facilitates the application of the vision and objectives, which supports studies that show that leadership has positive effects on strategy (Calvo-Mora *et al.*, 2020; Para-González *et al.*, 2021), also in tourism companies (Paraschi *et al.*, 2019).

Prior research on the EFQM model also shows that leadership facilitates the development of people management (Gómez *et al.*, 2015; Para-González *et al.*, 2021), also in tourism companies (Paraschi *et al.*, 2019; Ruiz-Palomino *et al.*, 2019). When the leaders are transformational, they transmit to the employees a strong vision of the growth opportunities of the organization, reinforcing critical thought and motivating their employees so that they improve performance (Bass, 1999), and attain the aims proposed. This indicates that transformational leadership facilitates the development of practices related to people management that fit well with QM, which is due to the fact that leaders facilitate communication and the involvement of employees in improvement activities (Kim *et al.*, 2012) and the recognition of their work (Flynn *et al.*, 1995). This idea indicates that transformational leadership can facilitate people management in a QM context.

Similarly, some works on EFQM show that a relationship exists between leadership and partnership (Calvo-Mora *et al.*, 2020; Heras-Saizarbitoria *et al.*, 2012), also in the tourism industry (Paraschi *et al.*, 2019). When leaders are transformational, they manage partnership by facilitating solutions to the problems through the participation of employees (Bass *et al.*, 2003) and other stakeholders. Organizations work in a more effective way when they establish mutually beneficial relationships with their partners (EFQM, 2020). Thus, leaders keep good relations and share knowledge with their partners to fulfil their plans and policies. This review indicates that transformational leadership can facilitate partnership management.

Concerning leadership and processes, leadership in a QM context facilitates teamwork and the contribution of ideas from employees to improve processes (Bayo-Moriones *et al.*, 2010). Thus, leadership in a QM context facilitates process management (Calvo-Mora *et al.*, 2020; Kim *et al.*, 2012). If the leadership is transformational, the leader promotes collaboration and learning, which also facilitates process improvement. That is, transformational leadership helps employees surpass the minimum levels demanded by the company, which can cause a transformational leader to influence process improvement (Laohavichien *et al.*, 2011). This indicates that a transformational leader facilitates process improvement.

Thus, although some works show that there is no link between transformational leadership and QM practices (van Assen, 2018), this review suggests that transformational leadership can be positively related to the development of the enablers of EFQM. This idea suggests that the following hypothesis may be proposed:

H1. Transformational leadership is positively related to the enablers of the EFQM model (strategy, people, partnership, and processes).

3.2. Enablers and results of EFQM

The EFQM model and academic works (Calvo-Mora *et al.*, 2020; Doeleman *et al.*, 2014; Heras-Saizarbitoria *et al.*, 2012; Kafetzopoulos *et al.*, 2019; Liu *et al.*, 2021; Rahman *et al.*, 2019) show that strategy, people, partnership, and process management, improve customer, employee and social results, and organizational performance.

For example, to achieve the aims and the results programmed by the organization, organizations approve objectives and strategies. Thus, planning is directly related to results, which indicates that strategy has positive effects on the different results of the

EFQM model (Gómez *et al.*, 2015).

Similarly, several studies show a relationship between people management and the results of EFQM (Uppal, 2021). For example, happier employees can develop positive attitudes towards the strategies and policies of the organization (Li and Hung, 2009), thus improving employee results (for example, satisfaction). Good work by employees influences customer results (Prayag *et al.*, 2019). Thus, good employee management can guarantee the continuous improvement system (Sanchez-Ruiz *et al.*, 2022) and have positive impacts on customers, employees and social results, and organizational performance (Bou-Llugar *et al.*, 2009; Doeleman *et al.*, 2014; Para-González *et al.*, 2021).

Regarding partnership, some previous works also show a positive link with results (Gómez *et al.*, 2015). Similarly, prior research shows that suitable process management is related positively with customer, employee and social results, and organizational performance (Gómez *et al.*, 2015). This is due to the fact that process management facilitates follow-up in order to analyze and improve work processes with the aim to improve results (Doeleman *et al.*, 2014).

This review indicates that organizations can implement the enablers of the EFQM model in order to enhance their performance (Bou-Llugar *et al.*, 2009; Kafetzopoulos *et al.*, 2019). This idea suggests that the following hypothesis may be proposed:

H2. The enablers of the EFQM model (strategy, people, partnership, and processes) are positively related to results of the EFQM model (customer, employee and social results, and organizational performance).

3.3. Transformational leadership and EFQM results

Although the results about the link between transformational leadership and performance

are mixed (Jensen *et al.*, 2020), some previous studies have found that this leadership style affects measures related to customer satisfaction (Cavazotte *et al.*, 2020), employee well-being (Parr *et al.*, 2013), social results, and organizational performance (Chen *et al.*, 2021). This is due to the fact that leaders provide a collective sense of mission and communicate vision and values (idealized influence), motivate their employees and align their efforts to realize their performance expectations (inspirational motivation), encourage their employees to pursue improvement and problem solving (intellectual stimulation), and pay attention to employees' needs (individualized consideration). This, in turn, may be positively related to different performance measures (Bass, 1999; Jensen *et al.*, 2020).

This idea suggests that performance is fostered by transformational leadership capabilities because they motivate and inspire employees to develop their activities and outcomes beyond expectations (Bass, 1999). Transformational leaders generate confidence among their employees, motivate them, and recognize their work. This helps employees feel increased satisfaction with their work (Buil *et al.*, 2019), improving employee results. Leaders in a QM context motivate employees, and motivated employees help improve quality performance (Chang *et al.*, 2021), which improves customer results (e.g., their satisfaction). Leadership can also encourage participation (e.g., through quality circles and cross-functional teams) to improve workplace processes and procedures by employees. This may improve results (Paraschi *et al.*, 2019; Ruiz-Palomino *et al.*, 2019); for example, social results due to a higher employee commitment with organizational activities, and organizational performance due to improved employee well-being. Thus, leadership can positively affect EFQM results regarding customer results, employee results, organizational results (Calvo-Mora *et al.*, 2020), and social results.

Accordingly, it is expected that transformational leadership is related to different performance measures such as customer, employee and social results, and organizational performance (Chen *et al.*, 2021; Son *et al.*, 2020). This idea suggests that the following hypothesis may be proposed:

H3. Transformational leadership is positively related to the EFQM model results.

Figure 1 shows the three hypotheses proposed.

Figure 1

4. Method

4.1. Data collection

The study considers the 191 five-star and five-star large luxury hotels in Spain according to the Turespaña website (Turespaña, 2015). Researchers contacted these 191 hotels by telephone to invite them to participate in the study. Following ethical considerations for survey studies, researchers informed these hotels why the research was being conducted, that data would be collected through a survey, and that these data collected would be examined anonymously and reported in an aggregated way. Out of these 191 hotels, 26 were closed, 3 did not wish to participate in the study, and 162 agreed to participate. Therefore, researchers finally sent the survey to these 162 hotels.

Before sending the survey to these 162 hotels, first it was designed (November and December 2015) ensuring content validity by means of a literature review and a pre-test (three representatives of three tourist associations, three managers in three hotels, and one quality consultant). The opinions of these seven experts made it possible to improve

the survey.

Second, the survey, alongside a cover letter, was sent by email in three waves to the 162 hotels between January and March 2016. The cover letter explained: (a) the aims of the research, (b) that collected data would be processed anonymously, (c) that data analysis would be carried out in an aggregated way, and no individual response would ever appear in future publications, and (d) the person who had to answer the survey. In the cover letter, a link to the survey was included using Google Forms. Finally, 102 surveys were received using Google Forms. Thus, the final sample was composed by 102 hotels. The quality manager, hotel manager or other managers in the hotels answered the survey: 33% were hotel managers, 30% were quality managers and 37% were other managers in the hotel.

Third, based on the answers, non-response bias was analyzed using two methods. First, it was analyzed using the category variable. The results show that the frequencies by stars of the sample and the population are related (Chi squared=3.84, $p=0.050$) (see Table I). Second, it was analyzed following the method proposed by Armstrong and Overton (1977). This method shows that there are no significant differences between earlier and later respondents in the mean values of all the quantitative variables measured.

Table I

Finally, regarding common method variance, the study applies the Harman's single factor test. After applying factor analysis, seven factors are achieved and the first factor only explains 27% of the variance. In addition, common method variance is also controlled by designing the study procedures. In this case, respondents' answers were

anonymous, it was asked that questions were answered honestly, and a careful construction of the items was considered to keep questions simple, specific and concise.

4.2. Variables

The variables used in the survey sent to the 162 hotels were measured in a five-point scale to estimate the degree of agreement or disagreement with the items considered. They are the following:

- Transformational leadership. It is measured using the four dimensions suggested by the transformational leadership literature as section 3 indicates, and 12 items based on Avolio and Bass (2004), Laohavichien *et al.* (2011) and Lee *et al.* (2011). These four dimensions were considered as two variables: (a) idealized influence and inspirational motivation, and (b) individualized consideration and intellectual stimulation. Both variables are first-order reflective constructs (Table II).
- Enablers of the EFQM model. Enablers included four dimensions (strategy, people, partnership, and processes) and 15 items by Bou-Llugar *et al.* (2009) and Gómez *et al.* (2015). The four dimensions are first-order formative constructs since they have been extracted from a scale that is used as formative by the EFQM organization (Table II).
- Results of the EFQM model. It included four dimensions (customer results, employee results, social results, and organizational performance) and 18 items based on Tari *et al.* (2019). (Table II). As in the case regarding enablers of the EFQM model, these four result variables are also first-order formative constructs.

Tables II

4.3. Analysis

It applies Partial Least Squares (PLS) and SmartPLS 3 software. Today it is viewed as an alternative method to structural equation modelling (CB-SEM) and it is used in many management studies (Hair *et al.*, 2019). It is used because: (a) the study is a research work which aims to explain possible relationships between variables analyzed, (b) the research model includes many indicators, and reflective and formative constructs, and (c) it uses a small sample (Hair *et al.*, 2019).

The research model includes reflective first-order constructs (transformational leadership variables). Also, Strategy, People, Partnership, Processes, and the four EFQM results are formative first-order constructs due to the fact that they have been extracted from a scale that is used as formative by the EFQM organization.

In addition, the Heterotrait-Monotrait (HTMT) values between idealized influence and inspirational motivation, and between individualized consideration and intellectual stimulation, are higher than 0.90. This is a justification for considering two dimensions as one variable. When they are considered as a single variable, discriminant validity is improved as Table III shows. Consequently, these dimensions are considered as a single variable to improve discriminant validity.

Table III

5. Results

5.1. Evaluation of the measurement model

Individual reliability considers that the factorial loading should be higher than 0.707 to be considered acceptable (Table II). The cut-off value for construct reliability (composite reliability) is 0.70 as Table II shows. Convergent validity is measured by the AVE and the cut-off value for AVE is 0.50 (see Table II). Regarding discriminant validity, the HTMT method (Henseler *et al.*, 2015) is considered. The cut-off for HTMT is 0.90 (Calvo-Mora *et al.*, 2020) (Table III). In addition, Table III shows the confidence interval calculated from 5,000 bootstrap samples.

Regarding formative constructs, Table II shows weights and the variance inflation factor (VIF). Loadings are also shown in this Table, and the VIF is < 5 (under the common cut-off threshold of 5 to 10). Thus, there are no collinearity problems.

5.2. Evaluation of the structural model

Table IV shows R^2 values, and Table V shows β and the t values (bootstrap test: 5,000 subsamples). The goodness-of-fit of the model is examined by Standardized Root Mean Residual (SRMR), which must be ≤ 0.08 (Henseler *et al.*, 2015). SRMR is 0.080 in the first-order model.

Table IV

Table V

Table V indicates that idealized influence and inspirational motivation is positively and significantly related to strategy ($\beta=0.439$), people ($\beta=0.401$) and processes ($\beta=0.583$). Similarly, individualized consideration and intellectual stimulation are positively and significantly related to strategy ($\beta=0.391$), people ($\beta=0.472$) and partnership ($\beta=0.415$), partially supporting hypothesis 1. Individualized consideration

and intellectual stimulation are also related to employee ($\beta=0.554$) and social ($\beta=0.492$) results, partially supporting hypothesis 3. This means that individualized consideration and intellectual stimulation can foster enablers and results of EFQM, and idealized influence and inspirational motivation only affects strategy, people, and processes.

The people enabler is positively and significantly related to the four EFQM results: customer ($\beta=0.398$), employee ($\beta=0.551$), social ($\beta=0.476$), and organizational performance (0.415), partially supporting hypothesis 2. This means that people can foster customer, employee and social results, and organizational performance in the hotels analyzed. Strategy, partnership, and processes do not have a positive and significant direct link with the EFQM results in the hotels analyzed. Table V shows that strategy has a significant negative relationship with organizational performance, and that the processes dimension is significant and negatively related to social results. These results support those obtained by previous authors that found that these dimensions were not positively related (e.g., Heras *et al.*, 2012; Gómez *et al.*, 2015).

To expand these results and reinforce the relationships tested in the three hypotheses, the indirect effects are examined using PLS. The results show that idealized influence and inspirational motivation, and individualized consideration and intellectual stimulation are positively and indirectly related to customer ($\beta=0.160$ and 0.188, respectively), employee ($\beta=0.221$ and 0.260, respectively) and social results ($\beta=0.191$ and 0.224, respectively), and organizational performance ($\beta=0.167$ and 0.196, respectively) via people.

These results are in line with those found in the quality management literature (Bouranta, 2021; Chen *et al.*, 2020; Qiu *et al.*, 2019), that emphasize that aspects related to human issues, such as transformational leadership and employee management (e.g., employee autonomy, participation in improvement activities, training programs, and

employee feedback) are fundamental for quality initiatives and for improving results, in this case, in the context of 5-star hotels.

6. Discussion

This work shows three major findings. First, individualized consideration and intellectual stimulation are the most important behaviors for directly improving enablers (strategy, people, and partnership) and employee results and social results. Idealized influence and inspirational motivation are only positively and directly related to strategy, people and processes. This means that transformational leadership dimensions are differently related to the EFQM model elements in 5-star hotels. This supports the findings regarding the different relationships of transformational leadership dimensions on firm performance found by Jensen *et al.* (2020).

Second, the work shows that the EFQM enabler “people” is related to the four EFQM results and that transformational leadership dimensions indirectly affect the four EFQM results through people, showing that transformational leadership is important to facilitate the development of enablers of EFQM and improve results of EFQM. This means that transformational leadership is a driver of the EFQM elements, that is, it is a facilitator of EFQM enablers and promotes performance improvements. These positive relationships between transformational leadership and EFQM model elements empirically support that leadership suggested by EFQM (2020) is associated to transformational leadership. This result also supports leadership theory, which suggests a positive link between transformational leadership and performance.

Third, the results also show that there are no direct and positive relationships between strategy, partnership, and process, with the EFQM results. This does not mean that this model is not valid for hotels because the people enabler is positively and

significantly related to the EFQM results. An explanation for this absence of a direct and positive relationship could be linked to the fact that other relationships among EFQM enablers could exist.

Thus, the EFQM model has positive elements that can help hotel managers improve performance, and in this context transformational leadership is important to strengthen these management practices (e.g., strategy, people, partnership, and processes) and the results of EFQM.

6.1. Contributions to theory

The results of the present study show that transformational leadership can be an antecedent of enablers of EFQM (strategy, people, partnership, and processes). This result supplements the work by Chen *et al.* (2020), who show that quality management significantly and positively affects transformational leadership.

The work also expands the results of prior research that analyzes the link between EFQM enablers and results in different sectors in general (Gómez *et al.*, 2015; Heras-Saizarbitoria *et al.*, 2012; Para-González *et al.*, 2021) and in the tourism industry in particular (Liu *et al.*, 2021; Paraschi *et al.*, 2019) by including the link between transformational leadership and enablers and results of EFQM. It supports EFQM (2020) by empirically showing that transformational leadership is related to EFQM elements and that then it can be an appropriate facilitator of EFQM enablers and results.

Similarly, findings supplement other studies about leadership in hotels and its effects on performance (Ruiz-Palomino *et al.*, 2019), and those studies about the EFQM model in tourism that show the effects of leadership on all EFQM results (Paraschi *et al.*, 2019) by including the key role of transformational leadership. The work supplements those studies that highlight the importance of quality management for the tourism industry in general (Paraschi *et al.*, 2019) and the hotel industry in particular (Hernández-Perlines,

2016; Rahman *et al.*, 2019) by showing the key role of transformational leadership and people management in a quality management context for enhancing customer, employee and social results, and organizational performance.

Finally, the study shows the importance of individualized consideration and intellectual stimulation in order to directly improve employee and social results. The strongest link between transformational leadership and results of EFQM is found in the case of individualized consideration and intellectual stimulation, suggesting that not all transformational leadership dimensions are directly and positively related to EFQM results. Jensen *et al.* (2020) also indicated that not all dimensions are significantly related to firm performance. These authors found that the strongest effects were found for intellectual stimulation and inspirational motivation. Idealized influence and individualized consideration had no link with any of the firm performance measures (Jensen *et al.*, 2020). The results in the present study complement the work of Jensen *et al.* (2020) by suggesting that some dimensions are more important than others for improving customer, employee, social, and organizational results, and that transformational leadership dimensions also indirectly affect the four EFQM results.

6.2. Practical implications

Transformational leadership is a leadership style that can be appropriate to develop the EFQM elements. This behavior will help hotels enhance customer, employee and social results.

Based on the results of the present work, it is important that leaders participate in continuous improvement activities and really show interest in their employees in order to boost employees' creativity. Thus they will be able to contribute ideas towards this continuous improvement, which should be carried out through the participation of both

managers and employees. In this context, it is very important to consider employee needs and show employees the positive aspects of achieving targets are very important. Similarly, based on loading in Table II, allowing followers to think about old problems, engaging employees in one's vision, showing employees the positive effects of achieving targets and participating in continuous improvement activities are the most important behaviors to promote enablers of EFQM and drive results of EFQM. Managers who clearly develop these issues improve all EFQM results in their hotels.

Managers in 5-star hotels should understand that people is a key EFQM enabler to foster results. Thus, human issues, such as transformational leadership behavior and people management practices, are key elements in practice to enhance customer, employee and social results, and organizational performance. The EFQM model elements are valid for hotels and may be used as a tool, along transformational leadership, that can help them improve results even if they use the EFQM model 2020, due to parallels between this model and the previous one.

The research can also be used in teaching by leadership courses, or management courses tackling transformational leadership in hotels can help hotels improve quality and performance. This could be new information for students to know what transformational leadership is and how it can be applied by hotels to improve quality and performance.

Finally, the impact on society of this research is that it will show performance improvement of 5-star hotels as regards leadership, as they can be role models for others to develop quality issues and then improve customer, employee and social results.

6.3. Limitations and future research

This work uses answers from quality managers, hotel managers or other managers in the hotel regarding transformational leadership and the EFQM model elements. In future

research, the respondents could include managers and employees, and transactional leadership could be added to examine if this style is also related to EFQM elements. The sample size is 102 hotels, which means that the study uses a small sample. In future studies it would be interesting to include more hotels and even extend the work to other tourism sub-sectors or other services. Also, as only some elements of the model are directly and positively associated to performance, the lack of a significant direct positive link of strategy, partnership, and processes with performance could suggest that it would be necessary to review in future studies why not all of them are related to performance. For example, other measures can play a role in these links, and/or some relationships between enablers could be added. The parallels between the EFQM model 2013 and the EFQM model 2020 suggest that leadership, strategy, people, and processes criteria are important for improving business results. The interconnections between the EFQM elements shown in the EFQM model 2020 could help expand these results. Finally, the study has considered the EFQM model 2013 and, as a new model is currently applied (the EFQM model 2020), it will be necessary to retest these issues in the new model, and to examine other relationships between enablers as antecedents of performance to expand the results of this study.

7. Conclusions

This study empirically examines if transformational leadership can favor the adoption of enablers of the EFQM model and improve hotel performance using data from 102 5-star and 5-star large luxury hotels in Spain. Data are statistically treated using PLS technique, showing that transformational leadership is important to develop quality practices to a higher extent (e.g., strategy, people, partnership, and processes) and enhance performance (e.g., customer, employee and social results, and organizational performance). Although

transformational leadership dimensions have different impacts on EFQM enablers and results as the Results section shows, it can be highlighted from such results that: (a) transformational leadership behavior is an antecedent of EFQM enablers and results, and (b) human issues such as transformational leadership behavior and people management practices are critical for EFQM elements. Finally, as some links between EFQM elements are not significant, future research should empirically examine other possible links.

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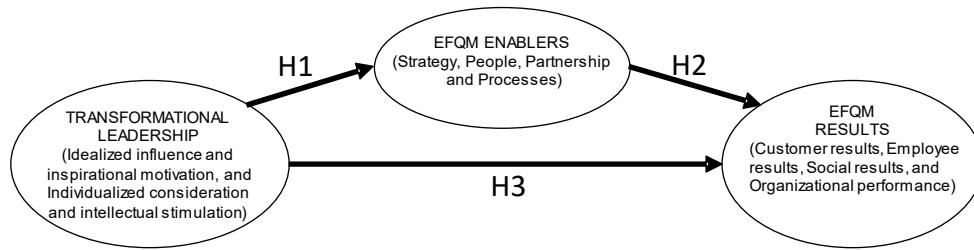


Figure 1. Conceptual model

Table I. Population and sample

	Sample (%)	Population (%)
5-star hotels	62 (61%)	117 (72%)
5-star large luxury hotels	40 (39%)	45 (28%)
Total	102	162

Table II. Evaluation of the measurement model

	Loadings (item reliability >0.707)	Weights	VIF (<5)
<i>TRANSFORMATIONAL LEADERSHIP</i>			
<i>Idealized influence and Inspirational motivation (reflective first-order construct) (a)</i> (Cronbach's Alpha: 0.866; Composite reliability: 0.903; AVE: 0.652)			
• Engages employees in his/her future vision	0.900	0.293	3.157
• Expresses his/her their most important values and beliefs to employees	0.751	0.199	2.062
• Inspires loyalty to the establishment in employees	0.791	0.247	2.038
• His/her behavior allows the integration and mobilization of teams	0.727	0.203	1.914
• They are consistent between what they say and what they do	0.854	0.285	2.470
<i>Individualized consideration and Intellectual stimulation (reflective first-order construct)</i> (Cronbach's Alpha: 0.897; Composite reliability: 0.921; AVE: 0.659)			
• Takes into account the personal feelings of his/her employees before acting	0.805	0.199	2.388
• Encourages employees to think about the best way to do things	0.792	0.194	3.043
• Shows employees the benefits of achieving establishment goals	0.812	0.201	2.285
• Takes part in continuous improvement processes, even when these activities go beyond management responsibilities	0.820	0.232	2.098
• Interested in knowing the needs of his/her working group	0.790	0.178	2.478
• Allows employees to think about old problems in new ways	0.850	0.225	3.472
<i>EFQM ELEMENTS</i>			
<i>Strategy (formative first-order construct)</i>			
• Sets objectives taking into account the opinions and needs of customers, employees and other stakeholders (society, shareholders)	0.921	0.380	2.919
• Informs employees about quality strategies	0.880	0.249	2.781
• Reviews the effectiveness of his/her strategies and plans	0.949	0.454	3.473
<i>People (formative first-order construct)</i>			
• Encourages employee autonomy and participation	0.796	-0.083	3.281
• Encourages and supports individual and team participation in improvement activities	0.872	0.422	2.567
• Develops training and development programs for employees	0.849	0.272	3.184
• Uses formal processes to understand employee feedback and improve staff policies	0.519	-0.227	1.780
• Explicitly acknowledges to employees their involvement and assumption of responsibilities	0.937	0.624	4.007
<i>Partnership (formative first-order construct)</i>			
• Has a high capacity for external cooperation	0.746	0.149	2.313
• Identifies opportunities to build partnerships with other organizations	0.838	0.184	2.751
• Establishes quality agreements with suppliers	0.666	0.011	1.881
• Facilitates access to information for all those who need to know it	0.977	0.744	2.502
<i>Processes (formative first-order construct)</i>			
• Implements process indicators and performance targets	0.927	0.468	2.802
• Identifies and prioritizes opportunities for continuous improvement	0.755	0.185	1.977
• Designs, develops, produces and offers products and services based on customer needs	0.894	0.478	1.910
<i>Customer results (formative first-order construct)</i>			
• Increased customer satisfaction	0.839	0.053	3.342
• Increased service quality	0.969	0.612	4.193
• Increased customer loyalty	0.909	0.170	4.455
• Increased web 2.0 ratings and social media	0.851	0.073	3.495
• Reducing customer complaints	0.756	0.193	1.998
<i>Employee results (formative first-order construct) (b)</i>			
• Increased people's satisfaction	0.882	0.158	3.687
• Increased people's productivity	0.940	0.406	4.169
• Improved people's working conditions	0.900	0.256	3.187
• Reduction in absenteeism	0.785	0.130	2.931
• Reducing people's complaints	0.856	0.171	3.885
<i>Social results (formative first-order construct)</i>			
• Increased environmental protection	0.890	0.351	2.407
• Improving the ethical behavior of the organization	0.921	0.423	2.645
• Increased levels of health and safety risk prevention	0.873	0.341	2.194
<i>Organizational performance (formative first-order construct)</i>			
• Increased market share	0.617	-0.370	2.694
• Increased sales	0.959	1.024	3.575
• Increased profitability	0.828	0.053	4.344
• Cost reduction	0.687	0.294	2.102

(a) One item was removed due to validation problems. The item was “there is a strong communicative culture in all areas of the establishment”.

(b) One item was removed due to the fact that its VIF value was 5.914. The item was “Increased people's motivation”.

Table III. Discriminant validity

	HTMT (95% Confidence interval)	
	1	2
1. Idealized influence and Inspirational motivation		
2. Individualized consideration and Intellectual stimulation	0.90 (0.809;0.976)	

Note: HTMT value is below 0.90.

Table IV. Structural model assessment

	Strategy	People	Processes	Partnership	Customer Results	Employee Results	Social Results	Organizational Performance
R ²	0.625	0.692	0.626	0.458	0.518	0.605	0.549	0.458

Notes: R² values of 0.75, 0.50 and 0.25 can be considered substantial, moderate (such as strategy, people, processes, customer results, employee results, and social results) and weak (such as partnership, and organizational performance) (Hair *et al.*, 2019; Henseler *et al.*, 2009).

Table V. Structural model results

	β	t-value	p-value	95% Confidence interval
H1. Transformational leadership -> Enablers of EFQM				
Idealized influence and Inspirational motivation -> Strategy	0.439	1.862	0.031	[0.075;0.789]
Idealized influence and Inspirational motivation -> People	0.401	2.014	0.022	[0.077;0.721]
Idealized influence and Inspirational motivation -> Processes	0.583	2.740	0.003	[0.234;0.895]
Idealized influence and Inspirational motivation -> Partnership	0.295	1.101	0.135	[-0.234;0.642]
Individualized consideration and Intellectual stimulation -> Strategy	0.391	1.737	0.041	[0.032;0.747]
Individualized consideration and Intellectual stimulation -> People	0.472	2.162	0.015	[0.121;0.814]
Individualized consideration and Intellectual stimulation -> Processes	0.240	1.085	0.139	[-0.108;0.607]
Individualized consideration and Intellectual stimulation -> Partnership	0.415	1.547	0.061	[0.043;0.919]
H2. Enablers of EFQM -> Results of EFQM				
Strategy -> Customer results	0.029	0.108	0.457	[-0.576;0.346]
Strategy -> Employee results	-0.146	0.523	0.301	[-0.773;0.171]
Strategy -> Social results	-0.277	1.224	0.110	[-1.017;-0.050]
Strategy -> Organizational performance	-0.610	1.887	0.030	[-1.393;-0.339]
People -> Customer results	0.398	1.681	0.046	[0.063;0.839]
People -> Employee results	0.551	3.037	0.001	[0.314;0.904]
People -> Social results	0.476	1.959	0.025	[0.108;0.885]
People -> Organizational performance	0.415	1.670	0.047	[0.042;0.823]
Partnership -> Customer results	-0.064	0.295	0.384	[-0.437;0.286]
Partnership -> Employee results	-0.126	0.610	0.271	[-0.612;0.127]
Partnership -> Social results	0.189	1.032	0.151	[-0.071;0.476]
Partnership -> Organizational performance	-0.002	0.010	0.496	[-0.380;0.378]
Processes_ -> Customer results	-0.198	0.781	0.217	[-0.884;0.049]
Processes_ -> Employee results	-0.295	1.266	0.103	[-1.122;-0.110]
Processes_ -> Social results	-0.489	2.038	0.021	[-1.156;-0.317]
Processes_ -> Organizational performance	0.215	0.876	0.190	[-0.221;0.593]
H3. Transformational leadership -> Results of EFQM				
Idealized influence and Inspirational motivation -> Customer results	0.148	0.527	0.299	[-0.242;0.693]
Idealized influence and Inspirational motivation -> Employee results	0.154	0.554	0.290	[-0.2930;0.686]
Idealized influence and Inspirational motivation -> Social results	0.291	1.139	0.127	[-0.059;0.780]
Idealized influence and Inspirational motivation -> Organizational performance	0.226	0.754	0.225	[-0.246;0.686]
Individualized consideration and Intellectual stimulation -> Customer results	0.402	1.282	0.100	[-0.034;0.896]
Individualized consideration and Intellectual stimulation -> Employee results	0.554	1.731	0.042	[0.120;1.007]
Individualized consideration and Intellectual stimulation -> Social results	0.492	1.871	0.031	[0.050;0.857]
Individualized consideration and Intellectual stimulation -> Organizational performance	0.356	1.106	0.134	[-0.113;0.888]