The role of wisdom leadership in increasing job performance: Evidence from the Egyptian tourism sector

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A sample of 505 travel agents operating in the Egyptian tourism sector was surveyed. Partial least squares structural equation modelling was used to analyse the data. The paper finds that not all leadership styles have a positive influence on employees’ satisfaction. The paper shows that wisdom leadership mediates the influence of leadership styles on job satisfaction.

1. Introduction

Leadership is an essential and dynamic component of employees’ satisfaction and organisational performance. Effective leadership is seen as an antecedent of employee job satisfaction, a vital factor for organisational success (Mohammed et al., 2014).

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‘Leadership’ is defined as a social effectiveness process through which the leader explores, seeks, and mobilises the voluntary participation of followers in an attempt to achieve organisations’ interests and goals (Ho, Ross, & Couuts, 2016). In this vein, a successful leader influences followers in a desired manner to achieve organisations’ common goals productively (Keskes, 2014). Nanjundeswaraswamy and Swamy (2014) defined a leader as a person who delegates, stimulates, motivates, mobilises and influences followers to perform so to achieve specified organisational objectives. However, followers decide to obey and pursue their leaders not simply because of the leader’s official authority but out of perceptions of their leader’s exceptional and extraordinary character (Conger, Kanungo, & Menon, 2000). Hence, it has been widely acknowledged that a successful leadership depends on different types of leadership styles’ characteristics (Voon, Lo, Ngu, & Ayob, 2011).

Leadership success is not conditioned by a set of specific characteristics, but instead by different leadership styles (Saleem, 2015). These leadership styles were in turn found to be significant predictors of employees’ job satisfaction (Ahmad, Adi, Noor, Rahman, & Yushuang, 2013; Sultan, Kamwal, & Gul, 2015; Alonderiene & Majauskaite, 2016), and subsequently work performance (Devie, Samuel, & Siagian, 2015; Ojokuku, Odetayo, & Sajuigbe, 2012). However, the literature on such links remains inconclusive. Sim and Yap (1997) claimed that there is no appropriate and a best leadership style that will act for leaders in all circumstances and it is difficult to identify the best leadership style for achieving employees’ satisfaction and better organisational performance. More importantly, the emerging strategic leadership theory indicates that the positive influence of leadership styles takes place through the intervention of wisdom, yet thus far, no empirical evidence has clearly supported such claims (Parco-Tropicales & de Guzman, 2014). Hence, important questions arise, namely: which type of leadership style explains employees’ satisfaction? And how can wisdom intervene in such a relationship?

Drawing on the leadership theory (House, Spangler, & Woycke, 1991), and the strategic leadership model (Boal & Hooijberg, 2001), the present research attempts to answer these two questions by investigating the relationship between various leadership styles (namely: transformational, ethical, charismatic and visionary) and employees’ satisfaction and team performance, through the mediating role of wisdom leadership. The study explores this issue in Egyptian travel agents and aspires to contribute to both tourism and leadership literature by: (1) highlighting the relationships between various leadership styles, employees’ satisfaction and team performance, and (2) uncovering the role of the novel concept of “wise leadership” on the basis of Boal and Hooijberg’s (2001) strategic leadership model. In addition, the research findings hold important implications for travel agencies’ leaders in Egypt and the Middle East and North Africa region (MENA) on the link between different leadership styles and job satisfaction, and the role of wisdom in such a relationship.

This paper is structured as follows: the next section outlines the Egyptian tourism context and highlights the need for research in this key sector within the country. Thereafter, the theoretical framework and hypotheses are developed, followed by an overview of the research methods and findings. Finally, the results are discussed and conclusions drawn.

2. The Egyptian tourism sector

Considered as the key engine for Egypt’s economic growth, the Egyptian tourism sector is an important source of foreign exchange, and a significant generator of directly related and indirectly related jobs (El-Gohary, 2012; Richter & Steiner, 2008). Tourism in Egypt is associated with approximately 70 feeder services and complementary industries, and represents about 40% of Egypt’s non-commodity exports (Hilmi, Safa, Reynaud, & Allemand, 2012). The tourism boom has had a great effect on Egypt’s economic development. In most cases, Egypt can be seen as a perfect example of the positive economic outcome of tourism, which seems to outweigh its negative effects (Richter & Steiner, 2008). Tourism is one of the most important pillars of Egypt’s economy. For example, in 2013 the tourism sector employed about 12.6% of Egypt’s workforce, serving approximately 14.7 million tourists, and providing incomes of nearly $19 billion (Agag & El-Masry, 2016). Egypt, however, recorded $6.1 billion in tourism revenue in 2015, as the total number of tourists dropped by 6%–9.3 million and the total number of tourist nights declined by 14% (Egyptian Ministry of Tourism, 2015).

Perceived as a crucial stakeholder in the Tourism sector, travel agents are essential to the development and success of this sector. They are increasingly considered as the most powerful and influential player within the sector through their role as “sales agents” in the distribution of packaged holidays and destinations (Baloglu & Magaloglu, 2001). On the other hand, evidence from the human resource literature posit a clear link between the performance of such service providers and their overall job satisfaction (Pan, 2015). In this vein, one could argue in favour of the importance of travel agents’ job satisfaction levels as a precursor to the sector’s performance and development. For this reason, the present study attempts to examine the influence of leadership styles on Egyptian travel agents’ job satisfaction and team performance.

3. Theoretical background and hypotheses development

In exploring the relationship between different leadership styles and job satisfaction, this study extends the strategic leadership model and includes job satisfaction as the likely outcome resulting from enhanced leadership practices. This model covers various types of leadership styles and incorporates the concept of wisdom into leadership theory. Parco-Tropicales and de Guzman (2014, p. 547) argue that the inclusion of wisdom leadership “purports to expand the growing interest on wisdom by testing a model that describes the impact of transformational, visionary, charismatic and ethical leadership styles on wise leadership development”.

In short, this study attempts to empirically test and validate the intervening role of wisdom in the relationships between leadership styles and job satisfaction and team performance within the Egyptian tourism sector. More importantly, the study takes a comprehensive approach and examines the simultaneous effect of four different forms of leadership styles in explaining wise leadership development and job satisfaction. Investigating the influence of these styles simultaneously helps to compare the influence of these styles and thus enhance the originality of the present study. The research conceptual framework and hypotheses are shown in Fig. 1.

3.1. Leadership styles and wise leadership capability

Webster (2003) defined wisdom as the capability in dealing with critical life experiences to facilitate the development of self and others. Wisdom leadership, according to McCann, Graves, and Cox (2014, p. 29) “includes a combination of awareness of one’s workplace surroundings and the ability to anticipate consequences within the dynamic of the workplace … the ability to understand organisational dynamics and connect reasonable outcomes based upon the environmental cues that they read”. McKenna, Rooney,
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