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## **Catalysing Transformational Leadership in Chinese Hospitality Industry - Complexity Theory Perspective: Mix Method Approach**

### **ABSTRACT**

**Purpose** – The study seeks to propose a linear model by applying complexity theory and resource-based theory to investigate how hotels achieve competitive advantage and organizational performance during the covid-19 pandemic from the perspective of hotel leaders.

**Methodology** - Using a standardized questionnaire and convenience sampling approach hotel managers and administrative employees were surveyed online. A total of 354 participants from five provinces in China were examined using Smart PLS and fsQCA 3.0 for analysis. The utilization of the asymmetric method facilitates the elucidation of relationships that may not be readily apparent when employing conventional symmetric approaches.

**Results** – The results display a significant impact of transformational leadership (TL) on market orientation (MO), competitive advantage (CA) and organizational performance (OP). The results show numerous combinations using fsQCA that can be utilized to increase OP within the hotel industry.

**Originality** – At present, there is a lack of substantial empirical evidence to comprehensively investigate the impact of TL on MO, CA and OP in the field of hospitality research specifically in the context of the covid-19. The study also contributes by providing an explanation of the factors that contribute to the development of a higher organizational performance base through TL, MO and CA during the covid-19 pandemic.

**Keywords:** Transformational leadership, Market orientation, Competitive advantage, Organizational performance, Complexity theory.

## 1. Introduction

The covid-19 pandemic has presented unforeseen challenges for individuals employed in the hospitality industry impacting their working environment. The prevailing circumstances and emotional strains place significant demands on the leadership capacity of hospitality officials (Teoh *et al.*, 2019). The recent changes caused by the pandemic highlight the value of sustainability in the hospitality industry throughout the covid-19 predicament (Mao *et al.*, 2021). In order to effectively navigate dynamic circumstances and provide exceptional customer service within the hotel industry it is imperative to cultivate honest leader-follower connections (Priksat *et al.*, 2021). The enhanced productivity of the workforce in the hospitality industry is intrinsically linked to effective leadership within this sector (Jiang *et al.*, 2020). However, not all forms of leadership play a similar part in helping workers feel appreciated and acknowledged (Huertas-Valdivia *et al.*, 2019). Thus, debates remain as to which leadership forms are most appropriate for the hotel business (Kara *et al.*, 2013). There is a constant pursuit of new features, behaviours, leadership styles and contextual elements that enhance the effectiveness of leaders in managing contemporary businesses (Guchait *et al.*, 2023). Currently, the field of leadership has emerged as a prominent area of research within the hotel industry (Guchait *et al.*, 2023).

The existing body of literature suggests that transformational leadership (TL) has been widely recognized as an effective form of leadership within the hospitality industry over the past few decades Mach *et al.* (2022) and (Bakker *et al.*, 2022). Transformational leadership has drawn significant attention in the hotel industry compared to other leadership styles due to its influence on employee attitudes and behaviours (Gui *et al.*, 2020). Transformational leaders concentrate on educating their people to accept more accountability and outperform expectations (Huertas-Valdivia *et al.*, 2022). It is posited that academics have the potential to mitigate the adverse impacts of the pandemic through the production of empirically supported insights pertaining to transformative leadership (Arici and Uysal, 2022). He further navigates that practitioners must focus more on transformational leadership and crisis management to face future crises in hospitality industry. Considering the preceding discourse, the primary contribution of this research model stimulates deliberation on the role of transformational leaders amid the covid-19 pandemic in augmenting organizational performance through the causal configuration of market orientation and competitive advantages within the volatile environment.

Second, TL serves as a significant catalyst for firms to effectively navigate and overcome various risks and crises (Hannah *et al.*, 2009). Extant research established that TL enhances market orientation (MO) Dahleez and Abdelfattah (2021) which ultimately augments competitive

advantage (CA) (Falahat *et al.*, 2022). The significance of TL in the hospitality industry is evident (Gui *et al.*, 2020). However, there has been limited discussion in current literature regarding the extent to which it contributes to the expansion of MO encompassing all three dimensions (i.e., customer orientation, competitor orientation and cross functional integration) Dahleez and Abdelfattah (2021) specifically within the Chinese hotel industry (Yang *et al.*, 2021). Previous studies have primarily focused on analysing one or two dimensions of market orientation Schulze *et al.* (2022) and (Ali *et al.*, 2020). Moreover, there has been an absence of scholarly focus on the literature pertaining to transformative leadership in the hotel sector in relation to MO particularly in the context of the covid-19 pandemic (Dahleez and Abdelfattah, 2021).

Third, in the competitive landscape of corporate businesses it is imperative for organizations to prioritize MO to effectively cater to their clients (Dabrowski *et al.*, 2019). Market-oriented organizations aim to achieve competitive advantage and superior performance by satisfying the desires and needs of customers more effectively than their competitors (Ali *et al.*, 2020). Prior research has delineated a substantial link between MO, CA and OP (Lee *et al.*, 2015). On the contrary many researchers have manifested no such association among MO, CA and OP in hospitality industry (Dabrowski *et al.*, 2019). Moreover, a plausible rationale for these inconclusive findings is that the utilization of MO alone may be inadequate in attaining exceptional outcomes (Dabrowski *et al.*, 2019). The conflicting results of previous studies have generated scholarly interest in exploring the relationships between MO, CA and OP within the services sector.

Fourth, the study posits in light of the preceding discourse that there exist two primary deficiencies in the existing literature. Extensive research has been conducted on fragmented links across multiple industries such as the agrifood sector Doucouré and Diagne (2023), container shipping firms Kuo *et al.* (2017) and SME sector (Mukherjee *et al.*, 2023). However, in the hospitality industry there has been no prior investigation conducted on the utilization of a configurational path approach to enhance GP by examining the relationship between TL, MO and CA. This gap in the research restricts our understanding of the relationships between multiple complex features of organizational performance. Examining the correlation between TL and MO in relation to CA can lead to enhanced GP for hotels. Here, we present our four main research inquiries: RQ1. Does TL impacts MO (customer orientation, competitor orientation, cross-functional integration) during covid-19 in Chinese hotels? RQ2. Is there a direct impact of MO (customer orientation, competitor orientation, cross-functional integration) during covid-19 on CA within Chinese hotels? RQ3. Does CA have a direct impact on organizational performance during covid-19? RQ4. What diverse pathways exist to achieve elevated

organizational performance (OP) during covid-19? There is a limited body of research that has examined the organizational and employee behavior characteristics specific to the hotel industry during covid-19. Prior studies have shown the need of explaining these aspects pertaining to the travel and manufacturing sector.

The paper outlines three main contributions. First, the study makes a valuable contribution by providing theoretical insights that can be applied to enhance future research and practice. This study integrates both organizational and employee perspectives utilizing TL and MO to examine the impact on competitive advantage and organizational performance. The aim is to provide a more comprehensive understanding of how hotel leaders may effectively secure the attainment of competitive advantage and enhance overall hotel performance.

Second, our study enhanced the proposition of RBV Newbert (2007) and complexity theory Wu *et al.* (2014) to answer the fundamental inquiry of how and under what circumstances TL and MO can impact CA and OP. This study enhances the existing theoretical concepts by providing empirical evidence on the significance of TL in organizational performance in the hotel industry of China where market and organizational dynamics may differ from those of the West. Previous research has employed various theoretical frameworks including the leader-member exchange theory and natural resource-based view theory to investigate the relationship between TL and OP Ghufan Ali Khan *et al.* (2022) and (Mohammed and AL-Abrow, 2022).

Finally, the study also makes valuable methodological contributions by utilizing a configuration approach and assessing the combination of factors that could potentially improve a hotel's organizational performance during the covid-19 pandemic. The essence of such causal configurations was rarely observed before in the hotel industry (Seyfi *et al.*, 2021) specifically when there was a broad focus on symmetric methods (Rasoolimanesh *et al.*, 2022) . In addition, assessing the pathways on how various factors could gather and realize their potential to identify the enhanced business outcomes is less discovered and critical (Prentice and Loureiro, 2017). Thus, the study makes a valuable contribution to the existing literature on TL by applying the configurational method to the hotel industry. It empirically demonstrates how TL leaders, managers or supervisors can effectively achieve MO and CA thereby enhancing OP during the challenging circumstances of the covid-19 pandemic.

## 2. Hypotheses Development and Conceptual Framework

### 2.1. Resource Based Theory

RBV provides a foundation for defining and visualizing a company's CA and overall performance (Barney *et al.*, 2011). The market-oriented resource perspective places emphasis on intangible and relational resources that have the potential to significantly impact an organization's competitive advantage (CA) and performance, surpassing the influence of tangible resources (Srivastava *et al.*, 1998). According to Srivastava *et al.* (1998) it has been suggested that intangible resources might potentially contribute to around 70% of a firm's market value. This notion is further supported by Lusch and Harvey (1994) which asserts that establishing buyer value, consumer affairs and customer satisfaction appear to be more critical to the performance of an organization than tangible resources. Previous research also suggests that the highest value is achieved when internal assets are complemented by external market-based assets (Dutta *et al.*, 1999). This perspective aligns with Day (1994) rationale that to effectively leverage outside-in capabilities they should be integrated and aligned with inside-out capabilities. In addition, marketing research rarely verifies the resource prerequisite for RBV's performance estimates (Kozlenkova *et al.*, 2014). RBV argues that competitive advantage (CA) is achieved when an organization possesses resources that are valuable, unique, and difficult to imitate, and when the organization allows for the strategic manipulation of these resources (Kozlenkova *et al.*, 2014).

### 2.2. Complexity Theory

The percept of TL is multifaceted however the role of the transformational leader is conspicuous given its innumerable dimensions (Northouse, 2021). Complexity theory goes beyond identifying the major result by including the equifinality principle which shows underlying circumstances and sufficient configurations that explain outcomes (Fiss, 2011). The main emphasis of complexity theory is on a framework that accentuates comprehension of the association of underlying antecedents with the outcomes.

1. The first tenet of complexity theory Wu *et al.* (2014) states that a single element is sufficient (or even important) for predicting outcomes. A basic antecedent (such as TL behaviour) is scarcely enough to boost marketing orientation, CA, or OP.
2. The second tenet elucidates that an intricate underlying arrangement of two or more uncomplicated conditions is adequate for a constantly eminent outcome condition. This means a compound recipe made from predecessors (TL) may boost marketing orientation, CA, or OP.

3. The tertiary precept of the complexity theory expounds that an adequate framework is insufficient for the coequality axiom. The coequality principle exemplifies that there might be various explanations to achieve the results via multiple recipes of antecedents (Woodside, 2014).
4. The fourth tenet arguments about underlying irregularity and enunciate that causal configuration that could potentially predict marketing orientation, CA, and OP are inimitable and not contradictory to other outcomes.
5. The fifth tenet demonstrates that a single feature (quality, trait, or act) in a configuration depends on the existence or shortage of the additional constituents within the configuration for an explicit outcome that may present positive or negative results.
6. The sixth tenet challenges the predominant myopic view on the generality wherein X is associated with Y conclusively or inconclusively. This precept diverts attention to diverse settings and illustrates presuming situations wherein X could be associated with a Y (positively/negatively). This tenet indicates that for a better Y sum an assumed configuration is certainly related for a few cases though not for every case.

The study proposes combining individual dimensions depicts complex configurations leading to a marketing orientation, CA, and OP.

### **2.3. Transformational Leadership and Market Orientation**

Transformational leadership is a leadership style characterized by the capacity to articulate a clear vision, inspire and motivate individuals and provide support for their developmental needs (Singh *et al.*, 2021). Transformational leaders play a crucial role in facilitating the growth and surpassing the expectations of their subordinates (Huertas-Valdivia *et al.*, 2022). The transformational leadership theory has received considerable attention in comparison to other leadership theories across multiple research fields (Huertas-Valdivia *et al.*, 2022). This is due to its notable impact on various aspects such as innovative behaviour, organizational development, employees' performance, service innovation and extra-role activities within the hospitality industry (Gu *et al.*, 2017).

The concept of leadership which plays a vital role in establishing a vision and setting performance objectives, is suggested to have a significant impact on shaping the organizational culture (Day, 1994). According to Narver *et al.* (1998) the establishment of a marketing orientation within an organization is dependent on the presence of capable

transformational leaders. Transformational leaders possess the ability to exert influence and inspire their followers to actively participate in MO behaviours with the objective of meeting consumer demands and understanding competitors' strategies (Kasper, 2002). Moreover, TL leaders possess the ability to discern favourable prospects and potential risks inside the industry (Menguc *et al.*, 2007). They can also analyse the current market conditions and utilize this information to facilitate changes in the organizational culture ultimately resulting in the development of a market-oriented organization (Menguc *et al.*, 2007). Recent studies have presented compelling evidence regarding the impact of TL on market orientation within diverse industries, including but not limited to information technology, service, construction, textile, banking and finance, telecommunication, health, food, energy, chemical, automotive, transportation, machine-production and tourism (Calisir *et al.*, 2016). A comprehensive examination of the correlation between TL and MO within the Chinese hospitality industry specifically during the covid-19 pandemic has yet to be undertaken (Yang *et al.*, 2021). It can thus be suggested that:

**H1a:** Transformational leadership impacts customer orientation.

**H1b:** Transformational leadership impacts competitor orientation.

**H1c:** Transformational leadership impacts cross-functional integration.

#### **2.4. Market Orientation and Competitive Advantage**

Market orientation (MO) is commonly regarded as a business culture that enables companies to attain sustainable competitive advantage by generating exceptional value for customers (Narver and Slater, 1990). While competitive advantage (CA) is a term used to describe a company's ability to outperform its competitors by delivering exceptional customer service (Nguyen Van *et al.*, 2023).

According to Narver and Slater (1990) market orientation (MO) can be defined as the strategic focus on customer-orientation, competitor-orientation and inter-functional coordination. Customer orientation is a fundamental business philosophy or policy statement that emphasizes the primary goal of an organization to meet customer needs to optimize organizational profitability (Appiah-Adu and Singh, 1998). Customer orientation refers to the inherent ability to deliver greater value to customers compared to competitors (Charoensukmongkol and Pandey, 2023). Hsieh *et al.* (2008) support the perspective and assert that customer orientation is a crucial organizational asset that facilitates the organization's attainment of competitive advantage in accordance with the resource-based view theory. Al-alak and Tarabieh (2011) discovered that customer orientation may

provide a business with a competitive edge by providing more value to customers than competitors. Additionally, Dabrowski *et al.* (2019) demonstrates that hotels that prioritize a customer-centric culture are able to develop innovative and impactful marketing strategies that positively impact their financial performance.

Competitor orientation refers to an organizational culture that systematically evaluates the current and future strengths and weaknesses of the main competitors both in the short and long term (Grawe *et al.*, 2009). The adoption of a competitor orientation strategy enhances a hotel's understanding of its competitive landscape by providing insights into the tactics and marketing programs employed by its rivals (Dabrowski *et al.*, 2019). Equipped with such knowledge and understanding the hotel may formulate an innovative and efficacious advertising strategy that distinguishes it from its rivals (Dabrowski *et al.*, 2019). Therefore, it is essential to closely monitor the activities of competitors as it can serve as a source of inspiration for the development of innovative marketing strategies. By doing so, the hotel can enhance its financial performance and overall profitability (Dabrowski *et al.*, 2019). Therefore, the analysis of competitor-orientation allows both present and future entrants to exert influence on strategy (Kaliappen and Abdullah, 2013).

Cross-functional integration constitutes the third element of the MO framework. Cross-functional integration refers to the process of facilitating effective communication, sharing of information, and exchange of knowledge and ideas among different functional areas within an organization. It integrates the internal and external functions of a company to generate competitive advantage (Pagell, 2004). According to Murillo-Oviedo *et al.* (2019) cross-functional integration facilitates the development of a comprehensive organizational vision and objectives. Additionally, it is asserted that this practice aids in disseminating market information across departments that contribute to customer value creation. In contrast, the study conducted by Dabrowski *et al.* (2019) did not identify any significant correlation between cross-functional integration and the innovation of hotel marketing strategies. Adopting a cross-functional approach has the potential to enhance the performance and reputation of an organization leading to potential financial gains. It is imperative to clearly articulate the ways in which a cross-functional orientation can lead to CA. This study is theoretically grounded in the resource-based view of the firm. The success of a hotel can be attributed to its market orientation as it enables the establishment to establish strong connections with clients develop industry expertise and employ effective marketing strategies, all of which are crucial for achieving success in the hospitality industry Srivastava *et al.* (2001) during covid-19. Constructed upon the literature the study suggests that:

H2a: Customer orientation impacts CA.

H2b: Competitor orientation impacts CA.

H2c: Cross-functional impacts CA.

## 2.5. Competitive Advantage and Organizational Performance

Competitive advantage (CA) can be defined as an activity that generates profits and is not currently being undertaken by a competitor (Barney, 1991). An organization acquires a competitive advantage through the efficient implementation of a valuable strategy that distinguishes it from other firms both in the present and in the long run (Hossain *et al.*, 2022). The performance of hotels is improved through the implementation of the CA concept (Singjai *et al.*, 2018). Due to intense competition hotels are required to offer competitive values to sustain their operations (Singjai *et al.*, 2018). The relationship between CA and OP is characterized by a multifaceted binary connection (Chatterjee *et al.*, 2021).

Prior research has demonstrated a significant correlation between service-based CA and the achievement of organizational success Chatterjee *et al.* (2021) and (Singjai *et al.*, 2018). Potjanajaruwit (2018) conducted a comprehensive analysis on the performance of start-ups in Thailand focusing on the concept of competitive advantage and yielded highly favorable findings. However, a latest research has shown that the conventional methods of gaining CA are no longer effective within the framework of the digital economy (Koch and Windsperger, 2017). These contradicting findings necessitate further research to obtain more generalized findings. Nevertheless, a comprehensive analysis of the impact of CA on OP within the hotel industry has yet to be conducted.

The following hypothesis is established based on preceding literature.

**H3:** Competitive advantage impacts organizational performance.

## 2.6. Configurational Modelling

The current study uses fsQCA to show incongruent underlying configurations that may improve OP by combining TL, dimensions of MO, and CA. Symmetric approaches measure the direct link between TL and MO, MO's impact on CA, and CA's impact on OP. fsQCA configures result conditions. fsQCA estimates are more precise than the lineal addition method (Sahibzada *et al.*, 2020). The application of fsQCA has a strong reputation for hospitality research Rasoolimanesh *et al.* (2022) as this unties the course that shows key circumstances for latent findings (Rihoux and Ragin, 2008).

A contemplation of the complex nature of the determinant's stirring OP is tempting as the hospitality sector comprises innumerable integrated mechanisms. Different combinations of variables like TL, MO and CA can subsequently intensify a hotel's performance. fsQCA can assess if TL, MO and CA are agreeable, disagreeable, or inconsequential to hotel performance. fsQCA evaluates precursor state dependency instead of double and triple exchange part numbers. Combining TL, all MO components, and CA may assist the company structure its goals. The findings of the fsQCA analysis indicate the presence of an equifinality trend, which refers to the existence of multiple pathways and outcomes that lead to a similar end result (Sahibzada *et al.*, 2022) . wherein various combinations of TL, dimensions of MO and CA have the potential to drive enhanced OP. Increasing calls have been made to use fsQCA to uncover complex underlying recipes (Rodríguez-Ariza *et al.*, 2017). The originality of the existing study is in explaining combinative intricacy considering unequal interactions rather than symmetrical effects. **H4:** Diverse recipes of TL, marketing orientation (customer orientation, competitor orientation, cross-functional integration) and CA are associated with organizational (hotel's) performance.

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**Insert Figure 1**

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### **3. Research Methodology**

A cross-sectional survey was conducted to examine the hypotheses of the study. To examine direct relationships the study used Smart PLS-3.3.9 and the (PLS-SEM) approach. PLS-SEM is a well-researched method for estimating complicated cause and effect models in management research (Gudergan *et al.*, 2008). To further identify the causal recipes the study also used fsQCA for asymmetric analysis (Woodside, 2013a). The present study also uses theoretical triangulation which was attained using more than one theoretical framework that included the resource-based view theory (Barney *et al.*, 2011) and complexity theory (Fiss, 2011).

#### **3.1. Population, Sample, And Data Collection**

The study's population is hotel marketing administrators. The administrative staff is crucial to the marketing functions within the hospitality sector (Ali *et al.*, 2016). The study collected data from three-star, five-star and seven-star hotels. The sample consisted of eight hotels from Beijing, ten hotels from Dalian, eight hotels from Xi'an, four hotels from Shenzhen, and three hotels from Chengdu. Hotel administrators and managers participated in both in-person and online surveys. Surveys in both English and Chinese languages were distributed. A language expert translated the

questionnaire into Chinese. The questionnaire was validated and approved by a professor from North-western Polytechnical University and an associate professor from Liaoning University. The data was obtained using convenience sampling methodology during the period of April to September 2021.

Out of a total of 600 surveys distributed, 391 were successfully returned, resulting in a response rate of 65.1%. A total of thirty-seven surveys that were incomplete or invalid were excluded from the statistical analysis. A total of 354 valid questionnaires were included in the statistical analysis, representing a response rate of 59.1%. Out of the total sample size of 354 participants, 62.4% were males and 37.6% of them identified as female. Additionally, it was found that 35.6% of the sample population fell within the age range of 30 to 39 years while 24.8% were between the ages of 20 and 29 years. Furthermore, 48.2% of the participants held a master's degree, while 40.9% possessed between 11 to 15 years of work experience in the hospitality sector.

### **3.2. Symmetric And Asymmetric Modelling**

The current work employs both direct and configurational analysis techniques. The explanatory variables at both low and high levels exhibit a direct correlation with the outcome variables at corresponding low and high levels based on presumptions. The following values are necessary to determine the level of satisfaction for the outcome variable whether it is low or high (Skarmeas *et al.*, 2014).

Based on the configurational linkage it is generally deemed acceptable to have high values of the explanatory variable. However, it is not necessary to have high values of the observed variable. Various underlying factors can result in identical values. For instance, if the explanatory variable has low values the result variable may inflate with high values (Woodside, 2014).

For symmetric analysis, PLS-SEM was used (PLS-SEM). PLS-SEM is recognized as a robust methodology for assessing the significant impact of explanatory variables on the outcomes of a proposed model. PLS-SEM has the capability to analyse complex multi-layered route patterns a task that traditional PLS-SEM is unable to perform (Ringle *et al.*, 2012). PLS-SEM necessitates the utilization of a reliable and consistent measurement scale. To conduct PLS-SEM it is essential to ensure the authentication of the measuring scale for consistency and reliability. In addition, it is recommended to employ SEM investigation to examine the proposed relationships.

Subsequently, the fsQCA approach calculates the underlying configurations for elucidating complex settings, which involve a combination of explanatory variables that lead to the desired outcome (Olya *et al.*, 2018). The interpretation of H4 is conducted using fsQCA. The fsQCA methodology facilitates the identification of alternative causal configurations that can produce

similar outcomes. In management literature, the distinctive approach analyses how several factors produce important and passable contexts surrounding intrinsic results (Rihoux and Ragin, 2008).

The PLS-SEM and fsQCA methodologies were employed to gain insights into the structures of the scales. The utilization of fsQCA inquiry in conjunction with PLS-SEM analysis has been found to improve the accuracy and reliability of outcomes. This is achieved through the calculation of various metrics such as TL, MO and CA which contribute to the enhancement of OP (Schlittgen *et al.*, 2016). fsQCA is a novel method for identifying dissimilar interactions in the management sector Kan *et al.* (2016).

### **3.3. Measurement scales**

A total of 26 items derived from prior research studies are modified slightly to suit the specific circumstances of hotel environments (Table 1). The study implied a five-point Likert scale from '1 - strongly disagree' to '5 - strongly agree'. The constructs are detailed in the subsequent table.

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**Insert Table 1**

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

### **4.1. Common Method Bias**

To assess common method bias the single factor test of Harman was used. According to the test only 37.371% of the total variance could be explained by a single component which is much less than the 50% cut-off point. This result implies that the common technique bias is not a significant issue in this investigation.

### **4.2. Measurement Model**

First, a comprehensive evaluation is conducted on a measurement model consisting of 26 items to ascertain the reliability and validity of the scale (Hair *et al.*, 1998). All determinants were retained following the valuation process since their factor loadings exceeded the threshold of 0.60. The 26-item final measurement model is presented in Table 2. AVE and CR were also investigated. Both average variances extracted (AVE) and composite reliability (CR) are required in structural equation modelling. According to (Fornell and Larcker, 1981), an AVE lower than 0.50 may be considered if CR is more than 0.70. All results were either 0.50 or 0.70 or above. Then, convergent soundness and consistency are established. Assuming the Fornell and Larcker (1981) criterion all determinants were retained after valuation since factor loadings were more than 0.60.

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**Insert Table 2**

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**Insert Table 3**

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### **4.3. Structural Model**

All hypotheses were scrutinized phase-wise during the structural model examination. First, the impact of TL on MO dimensions was studied. The direct impact of MO dimensions on CA was next explored followed by CA's impact on OP. 5,000 bootstrap resamples were used to establish the relevance of direct paths and estimated average errors (Ringle, 2005). Table 4 provides direct association hypotheses.

Table 4 shows that TL impacts consumer orientation ( $\beta = 0.55, t = 11.08, p < 0.000$ ). TL also impacts competitor orientation ( $\beta = 0.33, t = 6.00, p < 0.000$ ). TL affects cross-functional integration ( $\beta = 0.38, t = 7.37, p < 0.000$ ). H1a, H1b, and H1c are now supported.

Customer orientation boosts CA ( $\beta = 0.47, t = 8.10, p < 0.000$ ). However, competitor orientation is having inconsequential impact on CA ( $\beta = 0.01, t = 0.19, p = 0.846$ ). Cross-functional integration boosts CA advantage ( $\beta = 0.30, t = 4.44, p < 0.000$ ). Consequently, H2a and H2c are substantiated, and H2b is partially found insignificant. While the CA has a noteworthy impact on OP ( $\beta = 0.56, t = 13.38, p < 0.000$ ). Therefore, H3 is supported (table 4).

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**Insert Table 4**

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### **4.4. Findings Of the Configurational Model**

#### **a. Calibration**

Data calibration is the initial phase in fsQCA, and it was based on three anchors:

- Full participation rate: 95th percentile
- Full nonparticipation rate: 5th percentile and
- Cross-over point: fiftieth percentile

#### **b. Necessary Conditions**

The fsQCA (Ragin, 2008) is assumed to construct the equifinality of OP. It enhances the effectiveness of SEM by facilitating the development of complex responses(Woodside, 2013b). The fsQCA method generates conditions because of its procedure. Configurations can be seen as outcome variables like predictor variables. fsQCA technique differs from symmetric ones since it allows configurations to fragment removing blocks from conditions to support the partial effect. SEM discovered that TL, MO and CA have a positive link with OP whereas fsQCA explores

numerous circumstances in which they operate as a condition and join as a configurational component resulting in the greater OP in the hotel business.

The fsQCA starts by calibrating data into fuzzy sets and separating in-, out-, and between-set circumstances. The 95th percentile for full participation, the 5th percentile for full non-participation, and the fiftieth percentile as a cross-over point were defined.

After the calibration is done, the conditions are checked. Table 5 shows the condition analysis. None of the requirements meet  $> 0.9$  consistency. Hence none are obligatory (Ragin, 2008). It also displays that a sole criterion cannot explain OP.

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**Insert Table 5**

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### **c. Solution**

This research explores Boolean algorithm transitional solutions to better understand passable situations that impact predicted results. fsQCA analyses appropriate conditions using truth tables with causal conditions and consistency levels. Table 6 demonstrates OP's provisional solution (Ragin, 2008). Patterns suggested by Lowik *et al.* (2016) shows the condition whereas blank space indicates “do not care”.

Research suggests three paths to high hotel OP. The first path/configuration includes TL which may enhance OP. The second configuration combines TL, MO, and CA to increase OP. The third configuration is characterized using CA which has the potential to yield OP of high level. These configurations can be classified as a vivid representation of equifinality as described by Fiss (2011) Table 6 shows the results of the combinations that forecast high OP.

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**Insert Table 6**

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### **4.5. Predictive Validity**

Model outcomes are forecasted via the examination of predictive validity due to the availability of several datasets (Olya and Akhshik, 2019). To further analyse the data, we split the sample in half. Subsample 1's model makes use of the fsQCA to generate results that are then compared to the full sample's outcomes. A solution consistency of 0.772 is seen in both consequences. There is strong support for the hypothesis that OP predicts TL, MO and CA. Subsample 1's fsQCA

results (consistency = 0.767, coverage = 0.774) are quite close to the total sample's results (TL\*MO\*CA\*OP). In addition, the holdout sample was used to evaluate the specified model (TL\*MO\*CA\*OP) (subsample 2). Similar asymmetry is visible in Subsample 2 (consistency = 0.771, coverage = 0.739). In this approach, the findings corroborate the veracity of the predictions.

## 5. Discussion, Conclusion, Contributions, And Implications

### 5.1. Discussion

This study aims to examine the correlation between transformational leadership (TL) and organizational performance (OP) within the hospitality sector. The specific focus of this study is to understand how TL impacts market orientation (MO), competitive advantage (CA) and organizational performance (OP). The study utilized complexity theory Wu *et al.* (2014) and resource-based theory (Barney, 1991) to examine the linear relationship between TL, MO, CA, and OP.

According to the theoretical framework of the resource-based view (RBV) it has been suggested that TL leaders can serve as an asset within an organization. These leaders possess the capacity to develop unique capabilities such as the efficient execution of MO within hotels ultimately resulting in the achievement of CA. The results of the study provide support for the proposition that transformational leadership has a positive impact on market orientation aligning with the widely accepted belief that managerial support and attention are crucial for fostering market orientation Narver *et al.* (1998) and (Dahleez and Abdelfattah, 2021). The findings suggest that a potential strategy for developing market orientation within the hotel industry is to either cultivate or recruit transformational leaders which provides additional support for the argument that the establishment of a market orientation necessitates a top-down approach rather than a bottom-up approach (Menguc *et al.*, 2007).

Second, the findings of this study make a valuable contribution to the current body of knowledge on market orientation. Specifically, by revealing the underlying mechanism through which market orientation impacts competitive advantage highlighting the significance of this relationship within the context of the hotel industry. Previous studies have primarily focused on the analysis of one or two dimensions of market orientation (MO) Schulze *et al.* (2022) and (Ali *et al.*, 2020). The current study examined the impact of all three MO dimensions on CA and yielded contradictory findings in comparison to previous research Udriyah *et al.* (2019) and (Herman *et al.*, 2018b). The findings indicate that customer orientation and cross-functional integration are among

the main variables contributing to the attainment of a competitive advantage in the hotel industry during covid -19. However, it is worth noting that competitor orientation which constitutes the third component of market orientation has a limited impact on competitive advantage especially when considering the circumstances of the covid-19 epidemic. Based on the facts, it can be contended that hotel management/leadership ought to allocate greater focus towards augmenting service quality and customer value to achieve CA. It is crucial to prioritise meeting customer demands and enhancing marketing programmes to be more appealing than those of competitors. Additionally, it is imperative for the hotel to develop innovative and original marketing and advertising strategies to enhance its overall marketing approach ultimately leading to improved hotel's bottom line (Dabrowski *et al.*, 2019). Dependent solely on the marketing strategies of competitors to attain hotel competitive advantage is insufficient amidst the ongoing covid-19 pandemic. The current circumstances of the pandemic may serve as a catalyst for hotel management to prioritize customer orientation and cross-functional integration to attain organizational performance.

Third, the current investigation revealed a significant correlation between CA and organisational performance (OP) suggesting that CA may play a crucial role in enhancing organisational performance within the hospitality sector. This concept is supported by Wardhani *et al.* (2021) who assert that there is a strong correlation between customer satisfaction and the overall success of organisations specifically within the hotel industry. The findings also provide support for the RBV theory which posits that a company's exceptional performance can be attributed to the effective combination and integration of its resources. Enhancing the company's value contributes to its competitive advantage thereby resulting in improved company performance.

Finally, after examining the direct correlation between TL, MO, CA and OP. The study identified specific TL and MO combinations that could potentially lead to an increase in CA thereby improving OP. Additionally, the study identified three causal recipes that could potentially enhance OP. In addition to Solution 1, which exclusively demonstrates that the integration of TL results in enhanced GP, there exist numerous combinations of TL, MO and CA that have the potential to yield a higher OP. The results indicate that both TL and MO contribute to high CA and CA leads to OP via TL and MO dimensions displaying equifinality demonstrating a distinct pattern of equifinality. Solution 3 in Table 6 shows that adding the TL and two aspects of marketing orientation (customer orientation and cross-functional integration) and CA is sufficient to enhance organizational (hotel) performance in 51.03% of cases. Therefore, not only is TL

pursuing a high OP but if MO and CA exist, hotels will ultimately demonstrate a higher OP as well. The findings supported the assumption that there are multiple routes to improved OP and highlighted the need to increase the usage of fsQCA in leadership literature (Sahibzada *et al.*, 2022). The results suggest an all-inclusive management style that will help identify superior recipes (Olya and Akhshik, 2019).

## 5.2. Theoretical Contributions

First, this study integrates organizational and employee perspectives by incorporating TL and MO into the same model. This approach aims to provide a more comprehensive understanding of the mechanisms through which leaders in the hotel industry can effectively drive CA and enhance hotel performance. It has been observed that leaders play a crucial role in effectively executing market orientation initiatives (Dahleez and Abdelfattah, 2021). The findings presented in this study make a valuable contribution to the existing body of knowledge by providing theoretical insights that have the potential to inform and enhance future research and practice.

Second, the configuration approach evaluates combinative aspects that could improve a hotel's performance. The essence of such causal arrangements was rarely found in the hotel business Seyfi *et al.* (2021) particularly when symmetric approaches were widely used (Rasoolimanesh *et al.*, 2022). The objective of this study is to analyse the causal factors that contribute to the generation of an increased organizational performance through TL, MO, and CA. This study contributes to the published literature on TL by extending the configurational method to the hotel setting and demonstrating empirically how TL managers or supervisors can attain CA hence boosting OP.

Third, through the conceptualization of market orientation which encompasses customer orientation, competitor orientation and cross-functional integration we can elucidate the intricate dynamics of the interface between management, employees and customers. Previous research has predominantly concentrated on analysing one or two dimensions of market orientation (MO) Schulze *et al.* (2022) and (Ali *et al.*, 2020). The present study investigated the impact of all three MO dimensions on CA and produced conflicting results in contrast to prior research conducted by (Talaja *et al.*, 2017), (Herman *et al.*, 2018a) and (Udriyah *et al.*, 2019). Consequently, the study presented empirical evidence that supports and enhances current theoretical concepts regarding the importance of market orientation in achieving competitive advantage.

Finally, our study enhanced the proposition of RBV Barney (1991) and complexity theory Wu *et al.* (2014) to answer the crucial question of how and when TL and MO can induce CA and OP. This study supplements the present theoretical concepts with empirical evidence about the importance of TL in organizational effectiveness. Previous research has employed various theoretical frameworks including the leader-member exchange theory and natural resource-based view theory to investigate the relationship between transformational leadership (TL) and organizational performance (OP) (Ghufran Ali Khan *et al.*, 2022) and (Coleman and Donoher, 2022). This study examines the concepts of TL and OP within the context of the hotel industry in China taking into consideration the unique organizational and market dynamics that may differ from Western cultures.

### **5.3. Methodological Contribution**

The study also makes valuable methodological contributions by utilizing a configuration approach and assessing the combination of factors that could potentially improve a hotel's organizational performance during the covid-19 pandemic. The essence of such causal configurations was rarely observed before in the hotel industry Seyfi *et al.* (2021) specifically when there was a broad focus on symmetric methods (Rasoolimanesh *et al.*, 2022). In addition, assessing the pathways on how various factors could gather and realize their potential to identify the enhanced business outcomes is less discovered (Prentice and Loureiro, 2017). Thus, the study makes a valuable contribution to the existing literature on TL by applying the configurational method to the hotel industry. It empirically demonstrates how TL leaders, managers or supervisors can effectively achieve MO and CA thereby enhancing OP during the challenging circumstances of the covid-19 pandemic.

### **5.4. Managerial Implications**

The study findings have numerous significant implications for the hospitality industry. First, To achieve a competitive edge and enhance organizational performance it is crucial for hotel management to adopt a range of important measures. These measures encompass the adoption of TL practices as well as the organization of practical training and development sessions with the goal of promoting staff growth and developing TL attributes. Based on the study research findings, we recommend that Chinese hotels aiming to enhance their market orientation, competitive advantage and organizational performance should prioritize improving their managerial staff's

TL behaviour. Our research indicates that the transformative behaviour of TL leaders has a positive impact on MO within the Chinese hospitality industry. Therefore, it is crucial for Chinese hotels to prioritise and promote the adoption of TL practices by their executives to enhance MO.

Second, hotel managers can enhance MO within their organisations through the implementation of customer-oriented strategic plans. Nevertheless, our research indicates that the presence of transformational leadership within a hotel can effectively cultivate a customer-oriented approach promote a climate of cross-functional integration and ultimately enhance competitive advantage and operational performance. This can be achieved by clearly articulating a vision that aligns with the organization's goals and objectives. Additionally, fostering open discussions about the ever-evolving customer needs can help to ensure that the hotel remains responsive to customer demands. Furthermore, it is crucial for hotel managers to cultivate positive interpersonal relationships with their staff members. This can be accomplished by fostering a supportive and collaborative work environment where employees feel valued and encouraged to contribute their ideas. By promoting a culture of continuous improvement hotel managers can empower their employees to share and develop innovative ideas that contribute to both customer satisfaction and overall organisational performance.

Third, TL can assist employees in navigating the challenges posed by the covid-19 pandemic by providing psychological support, fostering the establishment of realistic goals, and promoting a collaborative work environment. Through developing an environment that encourages and recognises customer fulfilment hotels might differentiate itself among competitors and increase brand loyalty. It is imperative to consider institutional factors including cross-functional integration to enhance collaboration, encourage transparent communication, raise advertising awareness within the organization and facilitate multidisciplinary decision-making processes. This approach may aid Chinese hotels in enhancing the quality of their service, responsiveness to customer needs, overall customer experience, brand recognition, sales performance, and customer base expansion. Finally, our research results imply that management must be aware of the paybacks and constraints of each dimension of orientation to acquire CA and better performance. We perceive the implementation of standardized policies as a drawback as they may not cater to the specific market demands due to the varying dimensions of MO. Based on the findings of this study, it has been observed that hotel organizations may face challenges in effectively leveraging the benefits of a market-oriented strategy without cross-functional integration, especially in the current pandemic scenario. It is imperative for hotel professionals to acquire a deeper understanding of the implementation of an integrated and unified operational framework. This is

essential for hotel management to effectively enhance organizational performance. Hence, it is advisable for Chinese hotel managers to prioritize their efforts towards not only customer and competitor dimensions but also cross-functional integration to achieve enhanced competitive advantage and organizational performance.

### **5.5. Limitations And Future Research Directions**

First, one major limitation of the study is its utilization of a cross-sectional data design that provide opportunities for future research within the hotel industry. Cross-sectional designs may limit the generalizability of results. Hence, it is advisable to conduct longitudinal studies. Second, only five provinces in a developing country (i.e., China) were surveyed. To enhance generalizability, it is suggested that these aspects be examined within developed economies. The natural progression of this work involves the comparison of outcomes between emerging and industrialized economies. Third, this study examined TL, MO, CA and OP within the Chinese hospitality business.

Future studies should also examine how these elements interact with market responsiveness, service innovation and CSR. Further research is required to ascertain both symmetric and asymmetric cross-cultural findings. Fourth, sophisticated and consolidative test models should be used to investigate OP complexity. The leadership philosophies that are recommended for further research include laissez-faire leadership, transactional leadership, instrumental leadership, servant leadership, inclusive leadership, inspirational leadership, and creative leadership.

### **Conclusion**

The study presented four hypotheses to predict OP by utilizing the theoretical foundations of complexity theory (Wu *et al.*, 2014) and resource-based theory (Barney, 1991). The study examined the impact of TL, MO, CA and OP in Chinese hotels amidst the covid-19 pandemic. The evaluation of composite data was conducted using two different approaches: SEM-PLS and asymmetric fuzzy-set qualitative comparative analysis (fsQCA). The utilization of a multi-method approach in this study allows for the examination of complex causal relationships between antecedent and outcome variables (Olya and Akhshik, 2019). The SEM technique reveals that TL impacts MO and the dimensions of MO have an impact on CA subsequently influencing OP. Furthermore, fsQCA analysis demonstrates the presence of equifinality. In essence, the performance of an organization specifically within the context of a hotel can be understood as a complex system comprising various interconnected components. These components collectively contribute to the emergence of novel behaviours that cannot be solely attributed to any individual component in isolation.

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## Appendix:

### **Transformational leadership:**

1. Our hotel's manager gives personal attention to each employee.
2. Our hotel's manager transmits the mission, reason for being and purpose to all the employees.
3. Our hotel's manager Increases hotel's employees' level of enthusiasm.
4. Our hotel's manager emphasizes the use of employees' intelligence.

### **Market Orientation:**

#### ***I. Customer Orientation:***

1. Our hotel objectives are driven primarily by customer satisfaction.
2. Our hotel constantly monitors our level of commitment and orientation to serving customers' needs.
3. Our hotel strategy for competitive advantage is based on our understanding of customers' needs.
4. Our hotel's business strategies are driven by our beliefs about how we can create greater value for customers.
5. Our hotel measure customer satisfaction systematically and frequently.

#### ***II. Competitor Orientation***

1. Our hotel's sales and marketing people regularly share information within our business concerning competitors' strategies
2. We rapidly respond to competitive actions that threaten us
3. Our hotel's top management regularly discusses competitors' strengths and strategies
4. Our hotel's top management targets opportunities where we have an opportunity for competitive advantage.

#### ***III. Cross-Functional Integration***

1. Our hotel's top managers from every function regularly contact our current and prospective customers.
2. Our hotel's top managers from every function regularly contact our current and prospective customers.
3. All of our hotel's business functions are integrated in serving the needs of our target markets.
4. All of our hotel's managers understand how everyone in our business can contribute to creating customer value.
5. All functional groups work hard to thoroughly and jointly solve customer problems in our hotel.

### **Competitive Advantage:**

1. Our hotel has resources which added positive value to the hotel
2. Our hotel has resources which is unique or rare among hotel's current and potential competitors
3. Our hotel has resources which is imperfectly imitable
4. Our hotel has resources which cannot be substituted with another resource by competing hotel's

### **Organizational Performance:**

1. There has been an integral improvement in the operations, administration, services, and overall hotel performance
2. There has been an integral improvement in the relationship between the hotel and its customers (e.g., market share, customer retention rates, customer satisfaction, etc.)
3. There has been an integral improvement in hotel effectiveness and efficiency (e.g., timing of launching new products or services, quality control for developing new products, etc.)
4. There has been an integral improvement in resource development of hotel (e.g., technological development, personnel development etc.)
5. There has been an integral improvement in preparing for the future of the hotel (e.g., quality/depth of strategic planning, indicators of partnerships and alliances, anticipating and preparing for changes in the environment, etc.)

**Table A1:** Questionnaire