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# **The Role of Authentic and Transformational Leadership Styles in enhancing Employees' Psychological Capital in the international hospitality industry**

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# Abstract

Master's Thesis, 15 HP credits in Business Administration

**Title:** The Role of Authentic and Transformational Leadership Styles in enhancing Employees' Psychological Capital in the international hospitality industry

This Master's thesis was primarily focused on examining the role of authentic and transformational leadership styles in enhancing the psychological capital (PsyCap) of employees in the international hospitality industry. We aimed to deepen our understanding of the relationship between these leadership styles and employee PsyCap, and to explore how this relationship is moderated by contextual factors within the industry. The study adopted a qualitative approach, which is less commonly used compared to previous research, by conducting semi-structured in-depth interviews with leaders and employees in International Hospitality Organizations. The findings of our study align well with previous and existing research, suggesting that authentic and transformational leadership styles play a role in enhancing employee PsyCap. Thus, the authors further suggest that the findings provide implications that the relationship between the leadership styles and employee PsyCap is influenced by contextual factors such as cultural context. A crucial insight from this study is that the characteristics of these two leadership styles can be expressed in a variety of ways which are dependent on the contextual factors, requiring leaders to adapt how they demonstrate their characteristics due to the moderating role of contextual factors. This study adds to the existing body of knowledge on leadership, employee well-being, HR-management, and psychology, and provides practical managerial implications for leaders primarily working in the international hospitality industry. For future research, a more comprehensive examination of the moderating role of contextual factors is suggested, with a focus on elements such as organizational culture, national culture, and a deeper exploration of how these factors support the study's assertion that there is variability in the relationship between leadership style and employee PsyCap. Essentially, contextual factors may have a moderating role in this relationship, requiring leaders to adapt their actions associated with authentic and transformational leadership traits. This highlights the multidimensional nature of how authentic and transformational leadership characteristics can be expressed dependent on context and underlines that further investigation is needed.

# 1. Introduction

This chapter discusses the background of the phenomena, along with an explanation of the purpose, and provides a description of the aim of this research paper.

## 1.1 Background

The hospitality industry faces numerous challenges in managing and retaining employees, especially in an international business environment (Li et al., 2019). One of the most significant issues is high employee turnover rates due to various factors such as low wages, long working hours, and limited career advancement opportunities (Tang et al., 2021). High employee turnover can lead to a loss of knowledge and experience, decreased productivity, and increased recruitment and training costs (Deery & Jago, 2015). In addition to high turnover, managing a diverse workforce that includes individuals with different cultural backgrounds, education levels, and language barriers can create a lack of cohesion and collaboration among teams (Zhang et al., 2022). Particularly, the management of cross-cultural teams, which are defined as groups of individuals from different cultural backgrounds, traditions, and perspectives working together towards a common goal, while presenting their own unique challenges and opportunities. These teams, due to their diversity, can foster creativity and innovation, but they may also face challenges in terms of communication, understanding, and alignment of objectives due to cultural differences (Earley & Gibson, 2002). The lack of collaboration can lead to demotivated and unproductive employees, negatively affecting organizational outcomes.

In a competitive international market environment like the hospitality industry, organizations need to handle the challenges of gaining competitive advantage through effective management of their employees (Levene, 2015). One way to achieve this is by meeting employees' needs, understanding their motivations, aligning cultures, and investing in their leadership according to the author. Maslow's theory of needs proposes that individuals' needs are complex and consist of different elements that influence which needs they focus on fulfilling (Maslow, 1943).

According to Maslow, individuals' needs are complex and consist of different elements that influence which needs they focus on fulfilling. Meeting these needs is essential for promoting employee well-being and satisfaction in the workplace (Maslow, 1943). On the other hand, Psychological Capital (PsyCap) is an individual's positive psychological state characterized by self-efficacy, optimism, hope, and resilience (Luthans et al., 2007). Maslow's theory of needs and PsyCap are interconnected when it comes to promoting employee well-being and satisfaction in the workplace. Adopting different leadership styles within a workplace, such as transformational leadership and authentic leadership, can help build and maintain PsyCap in employees, which in turn can lead to increased employee well-being and satisfaction (Sanda et al., 2021; Luthans et al., 2007). Thus, by meeting employees' needs, organizations can enhance their employees' PsyCap, resulting in positive organizational outcomes.

Recent research suggests that employees' attitudes towards work are changing, with a greater focus on intrinsic needs such as recognition, appreciation, and personal growth (Zhang et al.,

2021). Employees today want to be appreciated and recognized for their contributions to the organization (Mojtahedi & Zarei, 2020). Studies have shown that recognition and appreciation are positively associated with employee job satisfaction and engagement (Ali & Haider, 2021; Gok et al., 2021). Additionally, employees value opportunities for personal growth and development (Mojtahedi & Zarei, 2020). Providing employees with opportunities for training, skill-building, and career advancement can lead to increased job satisfaction and organizational commitment (Ali & Haider, 2021).

PsyCap can help organizations address the challenges of managing and attracting employees, and unmotivated staff in the hospitality industry (Baig et al., 2021). By promoting self-efficacy, optimism, hope, and resilience, PsyCap can enhance employees' motivation and engagement in the workplace (Luthans et al., 2015). Adopting different leadership styles can help build and maintain PsyCap in employees, with two popular styles being transformational leadership and authentic leadership. To address these challenges, organizations can leverage PsyCap to enhance employee motivation and engagement (Baig et al., 2021).

To effectively build and maintain PsyCap in employees, it's important to adopt leadership styles that inspire and motivate them. Transformational and authentic leadership are two popular styles that have proven effective in the hospitality industry (Bak et al., 2022). Transformational leadership is focused on inspiring and motivating employees to achieve their potential, with leaders providing intellectual stimulation, individualized consideration, and idealized influence (Bass & Avolio, 1994). On the other hand, authentic leadership emphasizes self-awareness, transparency, ethical decision-making, and building trust with followers (Avolio & Gardner, 2005). In the hospitality industry, both transformational and authentic leadership styles have been found to have a positive impact on employee attitudes and performance. Transformational leadership has been found to positively impact employee job satisfaction and organizational commitment (Bak et al., 2022; Chen, 2015), while authentic leadership has been found to improve employee well-being and job performance (Sanda et al., 2021). By adopting these leadership styles, hospitality organizations can create a positive organizational culture that promotes employee well-being and satisfaction, leading to increased employee retention and productivity (Nesreen et al., 2020).

## **1.2 Problem formulation**

The hospitality industry, characterized by its diverse workforce and high turnover rates, faces significant challenges in employee management and retention (Deery & Jago, 2015). Despite the industry's unique challenges, the positive influence of transformational and authentic leadership styles on job satisfaction and organizational commitment has been recognized (Bak et al., 2022; Chen, 2015). However, there is a noticeable gap in understanding how these leadership styles can enhance the Psychological Capital (PsyCap) of employees within this particular industry and in the context of international business environments.

Research has indicated a positive relationship between transformational leadership and employee job satisfaction and organizational commitment within the hospitality industry (Bak et al., 2022; Chen, 2015). A similar positive impact of authentic leadership on employee well-

being and performance in this industry has also been found (Kvasic et al., 2021). Hospitality organizations that adopt these leadership styles can create a positive organizational culture that promotes employee well-being and satisfaction, leading to better organizational outcomes such as increased employee retention and productivity (Kvasic et al., 2020).

In addition to fostering a positive organizational culture, PsyCap has been found to significantly influence employee performance and satisfaction (Kvasi et al., 2021). Yet, the relationship between leadership styles and PsyCap in the hospitality industry, particularly in the international context, remains unexplored (Kim et al., 2017). This presents a significant research gap, especially considering the critical role of leadership in managing and motivating a culturally diverse workforce.

The importance of leadership styles in enhancing employee motivation and engagement cannot be overstated in an international business environment where employees from different cultures may have unique needs and expectations (Schneider & Barsoux, 2003). Moreover, leadership styles may vary across cultures, and what works in one context may not work in another (House et al., 2006). Thus, understanding the impact of different leadership styles on employee attitudes and performance is crucial.

The hospitality industry provides a suitable context for this study due to its diverse workforce and significant challenges in employee management and retention (Deery & Jago, 2015). Furthermore, the industry operates in a highly competitive environment where organizations must innovate and differentiate themselves to succeed (Levene, 2015). Studying leadership styles and PsyCap in the hospitality industry can have implications for other service-oriented industries (Baig et al., 2021), and offer insights into managing cross-cultural teams in other sectors (Kim et al., 2017).

By examining the role of authentic and transformational leadership styles in enhancing the PsyCap of employees in the international hospitality industry, this study aims to provide valuable insights into how organizations in this sector can better manage and motivate their diverse workforce.

While extensive research has addressed the relationship between leadership styles and employee PsyCap in domestic business environments and in sectors such as public and marketing, these studies often do not fully apply to the unique conditions of the hospitality industry (Chen 2015; Kim et al., 2017; Nesreen et al. 2019; Zhang et al., 2021; Sanda et al., 2021; Bak et al., 2022). Thus, this study seeks to fill the research gap in the international context of the hospitality industry, focusing specifically on the role of authentic and transformational leadership styles in enhancing employee PsyCap in this sector.

### **1.3 Research Purpose**

The purpose of this research is to investigate the role of authentic and transformational leadership styles in enhancing the psychological capital (PsyCap) of employees in the international hospitality industry. We aim to gain a deeper understanding of the relationship between these leadership styles and employee PsyCap, while also exploring how contextual

factors moderate this relationship within the international hospitality industry.

#### **1.4 Study delimitations**

The scope of this study has been limited to the international hospitality industry and will involve international hotel firms that operate in the USA, UAE, Qatar, and Jordan. The authors choice of industry relied on choosing a human capital-intensive industry that is international and its present challenges such as staff turnover, demand a high level of customer service and co-ordination could be overcome through leadership. The choice of international hospitality companies operating in various nations is linked to the study's emphasis on exploring cross-cultural teams and organizations. The scope has been made to address the gap regarding leadership in cross-cultural teams and international business environment such as the hospitality industry.

The choice of leadership styles is based on previous research that provide findings on how these authentic and transformational leadership styles are relevant in enhancing employees' PsyCap. Additionally, it is important to highlight that the focus of examining how these leadership styles' characteristics enhance employees' PsyCap may lead to not capturing other potential factors that could also have an impact.

Another delimitation is that it was not possible for the authors to collect data from the same team of employees' to provide more accurate findings due to relationships between leaders and employees' could be different. The interpretation and perception of the respondents work-environment would be more trustworthy if it was possible to collect data from employees' and leaders working in the same team. Thus, the scope of this study limited the authors ability to collect this type of data. It is also important to mention that even though the data collection could be done in a different way, by collecting data from various teams that operated in different contexts the authors were provided with a deeper understanding of contextual factors which was a key-factor in this study.

The delimitations of the study are based on the study's aim, scope, and resources. Thus, the finding in the findings may be limited but may provide valuable implications of the role of authentic and transformational leadership styles in enhancing the employees' PsyCap in the international hospitality industry considering the moderating effect of contextual factor.

#### **1.5 Study expected contributions**

This paper examines the role of authentic and transformational leadership styles in enhancing employees' PsyCap in the international hospitality industry, with a suggested finding that these leadership styles enhance the PsyCap among employees and thus contribute to the organization's growth and success. This study contributes to the broader field of leadership, psychology, and organizational studies by examining the role of authentic and transformational leadership styles in enhancing the PsyCap of employees in the international hospitality industry. This paper will add to the existing research on the importance of employees' PsyCap and the role of leadership in enhancing it.



## 2. Theoretical framework

In this chapter the authors will discuss relevant theories that will be the framework for understanding Psychological Capital, Authentic and Transformational Leadership.

### 2.1. Psychological capital

According to Luthans et al. (2007), psychological capital (PsyCap) is an individual's positive psychological state of development, that is characterized by four different *elements* (1) *Self-efficacy* (2) *Optimism* (3) *Hope*, and (4) *Resilience*. These four elements of PsyCap work together and interact to produce different outcomes over time and in different contexts (Luthans and Youssef-Morgan, 2017).

**(1) Self-efficacy** refers to an individual's belief in their ability to successfully accomplish tasks and achieve desired objectives (Levene, 2015). The author discusses that self-efficacy not only refers to individuals' confidence in their abilities, but also the ability to recognize a path forward for reaching desired outcomes and belief in their ability to handle necessary actions to achieve objectives. According to Bandura (2003), People tend to avoid doing things that they think require more knowledge than they have, but they are more likely to take action when they believe they will succeed. This means that it's important for organizations to invest in improving employees' confidence, especially during difficult times when they need to take action and when positive behavior needs to be encouraged to overcome negative behavior. (Levene, 2015).

**(2) Optimism** refers to individuals' way of evaluating and viewing events in their personal and professional life. Individuals who are optimistic tend to associate setbacks with external factors that are not in their control, such as uncommon causes or short-term circumstances (Luthans et al., 2007; Levene, 2015). Optimistic employees in organizations tend to commit to actions that are proactive, consequently fostering resilience, motivation, and well-being (Levene, 2015). In the international business environment of the hospitality industry, high optimism can be a vital asset to have in terms of managing cultural barriers, adopting to changing market conditions successfully with a positive attitude, and at the same time maintaining employees' well-being (Luthans et al., 2007; Levene, 2015; Luthans & Youssef-Morgan, 2017).

**(3) Hope** is an element linked to self-efficacy and optimism, referring to individuals' belief in their ability to achieve objectives and pursue pathways to reaching them (Liu et al., 2019). Luthans (2007) elaborates on the element of hope, describing it as a motivational state of mind that establishes clear goals, develops various strategies to reach objectives, and stays motivated. The author emphasizes that individuals that possess high levels of hope can visualize a bright future, establish a plan to reach that future, and act accordingly. Hope becomes a vital element for organizations to foster and can counteract challenges in the hospitality industry such as demotivated staff, staff turnover, and enhancing the overall well-being of employees; which has been illustrated by Zhang et al., (2021) that employees nowadays focus more on their intrinsic needs and personal growth. This would consequently lead to positive organizational outcomes.

**(4) Resilience** refers to the capability to manage hardships, challenges, and bouncing back from these obstacles through adapting to the change effectively (Luthans et al., 2017; Levene, 2015).

As hope is linked to the other elements of PsyCap, resilience is an essential asset of it that also includes elements of hope, self-efficacy, and optimism according to Levene (2015). In terms of the international business environment in the hospitality industry that faces several challenges such as, maintaining and attracting talent, addressing employees' intrinsic needs, and at the same time working towards organizational objectives (Levene, 2015; Liu et al., 2019; Nesreen et al., 2020). As a tool to managing these challenges and objectives, resilience becomes an important psychological asset in the human capital of organizations in the hospitality industry, as it empowers employees to overcome obstacles and visualize a pathway to overcome barriers in their paths towards their objectives and needs (Levene, 2015).

Luthans and Youssef-Morgan (2017) further discuss the importance of fostering PsyCap in the workplace, emphasizing that it enhances employee well-being and performance. The authors suggest that development of PsyCap can lead to successful accomplishments for organizations, enhance employee well-being, increase job-satisfaction, productivity, reduce cross-cultural barriers, and be equipped to handle diverse set of challenges facing organization operating in the international hospitality industry.

The four elements of PsyCap influence and interact with one another, leading to different outcomes depending on the situation faced. As described previously, the elements can be related to each other and can lead to positive effects for organizations in terms of well-being and personal/organizational performance (Luthans & Youssef-Morgan, 2017). According to Levene (2015), having high hope can increase optimism and improve an individual's self-efficacy and resilience, all of which are elements of PsyCap that are interconnected. Possessing the various elements of PsyCap facilitates navigation and empowers employees to effectively handle diverse and complex challenges the international hospitality industry is facing.

These four resources interact in complex ways, influencing each other and producing different outcomes over time and in different contexts. For example, high levels of self-efficacy can lead to greater optimism and hope, which can in return lead to increased resilience in the face of difficult challenges (Luthans & Youssef-Morgan, 2017). Furthermore, these resources can be developed and enhanced in many ways, such as training programs and coaching (Luthans et al., 2007).

### *2.1.1 Development of PsyCap*

Fostering and developing the PsyCap of employees within an organization can be done through different tools, whereas this study will focus on how authentic and transformational leadership styles enhance the psychological capital of employees in the international hospitality industry. Luthans et al. (2007) and Liu et al. (2019) suggest that leaders who possess a transformational leadership style have the ability to communicate organizations' visions in a clear way to their employees, while at the same time show empathy, and provide support to individuals as a way of enhancing their PsyCap.

The adoption of transformational leadership by organizations in the international hospitality industry would promote the development of a work environment that enhances the PsyCap of employees, consequently leading to better circumstances for the organization to manage the diverse set of challenges they are facing. Moreover, organizations that invest in developing

leadership characteristics that are related to authentic leadership can have a positive impact on their followers' PsyCap (Kvasic et al., 2021). Authentic leaders who are characterized by being transparent, genuine, positive, ethical, and prioritize their employees' personal and professional development, can enhance the psychological states of their followers (Avolio & Gardner, 2005; Luthans et al., 2007; Kvasic et al., 2021). Implying that leaders demonstrating a positive state of mind, being proactive, and showing confidence in their employees can enhance their employees' PsyCap.

Additionally, organizations can enhance the PsyCap of employees by investing into leadership development programs (Chen, 2015). This can improve the capabilities of leaders, leading to better outcomes for the organization, including increased employee well-being and performance. As Luthans (2007) notes, the benefits of PsyCap extend beyond individual well-being, and can positively impact organizational outcomes in different contexts.

## **2.2. The role of Authentic and Transformational leadership styles in enhancing PsyCap**

Transformational leadership is a leadership approach that focuses on inspiring and motivating employees to reach their maximum potential. It involves leaders providing intellectual stimulation, individualized consideration, and being positive role models to influence and guide their followers (Bass & Avolio, 1994). The theory of conservation of resources posits that human resources are limited and that individuals need to allocate these resources effectively to fulfill their needs (Witt & Carson, 2006). Resources in this context include time, energy, money, and resources offered by the organization to its employees. Not having enough resources to manage an individual's obligations can lead to stress and conflicts, which can ultimately affect organizational performance (Witt & Carson, 2006).

In light of this, it is important to consider the role of PsyCap in managing these limited resources. As discussed previously, PsyCap is a positive state of mind that affects an individual's motivation, goal setting, confidence, and ability to be hopeful in challenging situations (Luthans et al., 2007; Baig et al., 2021). PsyCap provides individuals with tools to manage resources more effectively and decreases the feeling of not being able to fulfill all obligations (Baig et al., 2021). In contrast, limited resources in combination with poor PsyCap can lead to negative outcomes such as low motivation and difficulty in fulfilling obligations without experiencing stress or conflict (Baig et al., 2021).

It is therefore crucial for organizations to support the adoption of leadership styles that can enhance employees' PsyCap. Transformational leadership is one such strategy that has been found to be effective in this regard (Luthans et al., 2007; Baig et al., 2021). Transformational leaders can influence the elements of PsyCap, namely self-efficacy, resilience, optimism, and hope, by exhibiting specific attributes such as being inspirational and motivating, providing intellectual stimulation, and offering individualized support for employee development (Luthans et al., 2007).

Previous research has shown that transformational leadership can have an impact on PsyCap elements. For instance, transformational leaders can enhance employees' self-efficacy by communicating their vision for organizational goals, displaying confidence, and acting as role

models (Liu et al., 2021; Bandura, 1997). By inspiring and motivating employees to set and pursue challenging goals, transformational leaders enable employees to envision pathways to success and maintain the motivation required for goal achievement, thus fostering hope (Luthans et al., 2007). Transformational leaders also create an encouraging work environment that fosters creativity and innovation, promoting an optimistic outlook among employees regarding their work and the organization (Bass & Avolio, 1994).

Additionally, by providing individualized support and stimulating their employees' intellect, transformational leaders enhance employees' ability to overcome setbacks and adapt to changing circumstances, thus enhancing resilience (Luthans et al., 2007). In conclusion, the limited resources available to individuals can impact their PsyCap and ultimately affect organizational performance. It is crucial for organizations to develop leadership strategies that enhance the employees' PsyCap, with transformational leadership being one effective approach. By exhibiting specific attributes, transformational leaders can enhance PsyCap elements as well as the employees' ability to manage limited resources effectively.

Transformational leadership is a key factor that enhances employees' PsyCap in organizations (Luthans et al., 2007; Baig et al., 2021). Although various leadership styles exist, Luthans et al. (2007) and Baig et al. (2021) emphasize the strong link between transformational leadership and PsyCap. Transformational leaders can influence the elements of PsyCap, namely self-efficacy, resilience, optimism, and hope (Bak et al., 2022). The leadership approach adopted by leaders not only directs employee behavior but also influences employee behavior (Cummings & Oldham, 1997).

Furthermore, authentic leadership, which is a leadership style that promotes genuineness, transparency, and positive ethical conduct in organizational settings; is characterized by a high degree of self-awareness, an internalized moral perspective, balanced processing of information, and relational transparency. Authentic leaders cultivate trust, promote openness and diversity, and encourage self-expression (Walumbwa et al., 2008). They are true to their values and beliefs, and they act in ways that are consistent with their true selves, thereby demonstrating an unwavering commitment to ethical behavior (Avolio & Gardner, 2005).

In the context of PsyCap, researchers have shown that the transparent and ethical nature of authentic leaders, their positive moral perspective, and their balanced decision-making approach can significantly contribute to enhancing employees' PsyCap (Hannah et al., 2011; Kvasic et al., 2021). And through their self-awareness and openness, they can stimulate an environment where employees feel valued and recognized. This, in turn, can boost employees' self-efficacy, one of the core components of PsyCap (Luthans et al., 2007). Employees who perceive their leaders as authentic are more likely to believe in their capabilities to complete tasks and achieve goals, thus enhancing their overall self-efficacy (Walumbwa et al., 2011).

Authentic leadership enhances the PsyCap of employees by its another attribute which is relational transparency; which is an attribute that fosters trust and honesty within the organization. By openly sharing information, demonstrating consistency in actions and words, and admitting mistakes, authentic leaders can instill optimism among employees. This sense of

optimism is integral to PsyCap and contributes to employees' positive expectations about future outcomes (Luthans & Avolio, 2003). Moreover, Balanced processing, which refers to the objective analysis of relevant data before making decisions, is another key attribute of authentic leadership. Demonstrating this quality by authentic leaders can enhance the resilience aspect of PsyCap among employees. Thus, employees will likely feel more secure and equipped to adapt to changes and bounce back from adversity when they perceive their leaders to be fair and unbiased in their decision-making processes (Gardner et al., 2011).

Moreover, authentic leaders' strong internalized moral perspective can contribute to instilling hope among employees. By consistently acting in alignment with their values and standing firm in ethical dilemmas, authentic leaders can inspire followers to pursue their goals, thus enhancing the hope component of PsyCap (Walumbwa et al., 2008).

Authentic leadership plays a significant role in enhancing employees' PsyCap by creating an environment that fosters self-efficacy, optimism, resilience, and hope. Future research can further explore this relationship and its implications for organizational performance and employee well-being.

Due to limited research on the role of different leadership styles in enhancing the PsyCap of employees, the following section focuses on transformational leadership attributes and their effect on the four elements of PsyCap.

### *2.2.1. The role of Transformational Leadership attributes in enhancing the elements of employees' PsyCap*

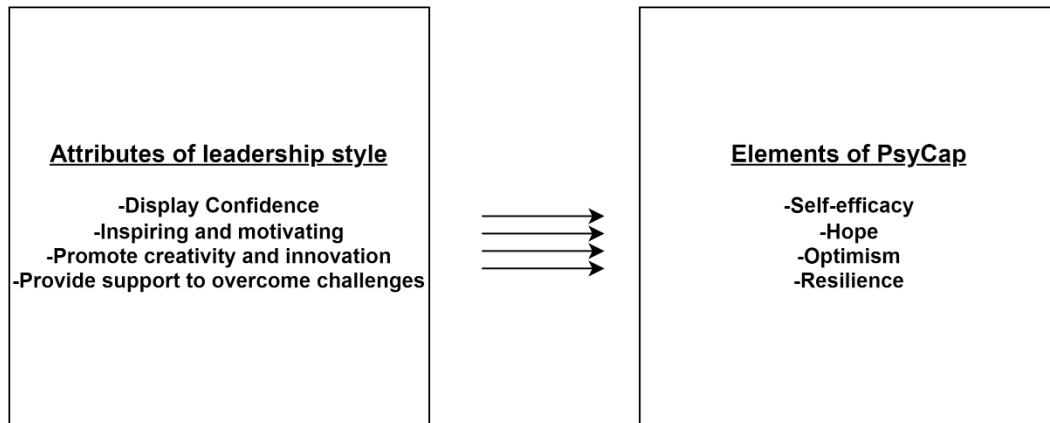
Transformational leaders exhibit specific attributes, such as being inspirational and motivating, providing intellectual stimulation, and offering individualized support for employee development (Luthans et al., 2007). These leadership attributes have an impact on each element of employees' PsyCap as follows:

- **Self-efficacy:** Transformational leaders positively influence employees' self-efficacy by communicating their vision for organizational goals, displaying confidence, and acting as role models (Liu et al., 2021; Bandura, 1997). For example, Danny Meyer, the CEO of Union Square Hospitality Group, is known for empowering his employees and creating a culture that emphasizes learning and development (Meyer, 2006). Hakimi et al. (2010) found that transformational leaders who delegate tasks to employees while still being accountable for the outcomes and provide opportunities for growth and development can increase employees' self-efficacy. Self-efficacy is important because it refers to an individual's belief in their ability to accomplish tasks and achieve desired objectives (Levene, 2015). By improving employees' confidence in themselves, especially during challenging times when they need to take actions, organizations can encourage positive behavior and overcome negative behavior.

- **Hope:** Transformational leaders can promote hope by inspiring and motivating employees to set and pursue challenging goals, envision pathways to success, and maintain the motivation required for goal achievement (Luthans et al., 2007). This is achieved by providing feedback and recognition for employees' accomplishments, which can boost their confidence and optimism (Parker & Collins, 2008). Horst Schulze, the co-founder of The Ritz-Carlton Hotel Company, is known for his ability to inspire employees and create a culture of excellence (Schulze & Woods, 2019). By providing feedback and recognition for employees' accomplishments, transformational leaders can boost their confidence and optimism, leading to positive organizational outcomes. The element of hope is linked to self-efficacy and optimism, which refers to an individual's belief in their ability to achieve objectives and pursue pathways to reach them (Liu et al., 2019). Luthans (2007) elaborates on the element of hope, describing it as a motivational state of mind that establishes clear goals, develops various strategies to reach objectives, and maintains motivation. High hope can lead to a positive organizational outcome, as it helps counteract challenges in the hospitality industry such as demotivated staff, staff turnover, and enhancing employee well-being (Zhang et al., 2021). Thus, by promoting hope, transformational leaders can enhance the overall well-being of employees and positively impact organizational outcomes.
- **Optimism:** Transformational leaders foster employees' optimism by creating an encouraging work environment that promotes creativity and innovation (Bass & Avolio, 1994). Huang et al. (2009) found that transformational leaders who emphasize teamwork, openness, and innovation can foster employees' optimism and creativity. For instance, J.W. Marriott Jr., the Executive Chairman of Marriott International, emphasizes teamwork, openness, and innovation within the company, fostering employees' optimism and creativity (Hartley, 2017). Optimism is a psychological state where individuals have a positive outlook towards their personal and professional lives and view setbacks as external factors that are not in their control (Luthans et al., 2007; Levene, 2015). Optimistic employees are proactive, resilient, motivated, and have better well-being (Levene, 2015). In the hospitality industry's international business environment, high optimism is crucial for managing cultural barriers, adapting to changing market conditions with a positive attitude, and maintaining employees' well-being (Luthans et al., 2007; Levene, 2015; Luthans & Youssef-Morgan, 2017).
- **Resilience:** Transformational leaders can enhance employees' resilience by providing individualized support and stimulating their intellect, which helps them overcome setbacks and adapt to changing circumstances (Luthans et al., 2007; Liu et al., 2021). Leaders who promote a learning-oriented culture and encourage employees to take risks can further develop their resilience and adaptability. Isadore Sharp, the founder of Four Seasons Hotels and Resorts, is known for promoting a learning-oriented culture and encouraging employees to take risks, which develops their resilience and adaptability (Sharp, 2009). Resilience is an essential element of PsyCap that includes hope, self-efficacy, and optimism (Levene, 2015). It is a vital psychological asset for organizations in the hospitality industry, as it enables

employees to overcome obstacles and visualize a pathway towards achieving their objectives and fulfilling their intrinsic needs (Levene, 2015; Liu et al., 2019; Nesreen et al., 2020).

The following figure illustrates the relationship between the attributes of Transformational leadership style and the four elements of PsyCap.



*Figure (1) Transformational leadership attributes and elements of PsyCap*

### **2.3 The role of Authentic Leadership attributes in enhancing the elements of employees' PsyCap**

Authentic leadership was developed in response to societal changes and ethical scandals, aiming to restore trust among employees and promote their well-being and personal growth (Avolio & Gardner, 2005). In contrast, PsyCap lies at the core of Positive Organizational Behavior and comprises four elements: self-efficacy, resilience, optimism, and hope (Luthans et al., 2007). Prior research has established a positive relationship between authentic leadership and its impact on employees' PsyCap (Kvasic et al., 2021; Hannah et al., 2011).

Despite the positive relationship between authentic leadership and PsyCap, it's essential to acknowledge some limitations and criticisms. For instance, some argue that authentic leadership may be less effective in cultures where authority and hierarchy are highly valued (Gardner et al., 2005). Additionally, authentic leadership can be challenging to measure due to its subjective nature, and the concept may overlap with other leadership styles (Cooper et al., 2005).

Authentic leadership is characterized by several key attributes that connect to the four elements of PsyCap: self-awareness, relational transparency, balanced processing, and an internalized moral perspective (Walumbwa et al., 2008). By understanding and practicing these attributes, authentic leaders can foster an environment that supports the development of employees' PsyCap. Self-awareness, relational transparency, balanced processing, and an internalized moral perspective contribute to building self-efficacy, resilience, optimism, and hope in followers. Consequently, authentic leadership plays a critical role in promoting positive psychological states among employees and improving overall organizational performance (Luthans, Youssef-Morgan, & Avolio, 2015).

- **Self-awareness:** It refers to a leader's ability to understand their strengths, weaknesses, emotions, values, and motives, as well as their impact on others (Gardner et al., 2011). Authentic leaders are highly self-aware, they constantly reflect on their actions and decisions, and acknowledge areas for improvement. This self-awareness enables leaders to adjust their behavior, make better decisions, and create an environment that supports the development of employees' self-efficacy (Gardner et al., 2011). Authentic leaders who have self-awareness can foster self-efficacy in their followers by modeling self-awareness. Leaders encourage employees to recognize their capabilities and potential, thus building self-confidence (Luthans & Avolio, 2003).
- **Relational transparency:** It refers to the open and honest communication of a leader's thoughts, feelings, intentions, and beliefs to their followers (Walumbwa et al., 2008). Authentic leaders practice relational transparency by being genuine, approachable, and willing to share their vulnerabilities. These foster trust and open communication among team members, leading to a more positive and hopeful work environment (Ilies et al., 2005). Open and honest communication is crucial in authentic leadership, and by sharing their thoughts, feelings, and intentions with followers; authentic leaders create a trusting environment that promotes hope and optimism in employees (Ilies et al., 2005; Rego et al., 2012).
- **Balanced processing:** It involves the objective analysis of information and consideration of multiple perspectives before making decisions (Walumbwa et al., 2008). Authentic leaders objectively analyze information and consider differing perspectives before making decisions. This approach not only demonstrates resilience in overcoming challenges but also inspires followers to adopt a similar mindset, fostering resilience in employees (Gardner et al., 2011). Authentic leaders also display balanced processing by being open to feedback, actively seeking input from others, and fairly evaluating different opinions. This promotes a culture of learning and adaptability, inspiring employees to be more resilient in the face of challenges (Gardner et al., 2011).
- **Internalized moral perspective:** It refers to a leader's commitment to strong ethical and moral values, which guide their actions and decisions (Walumbwa et al., 2008). Authentic leaders adhere to strong ethical and moral values and act accordingly by setting an example of integrity. They inspire optimism in their followers and create a positive work environment that encourages hope (Walumbwa et al., 2008). Authentic leaders also have a strong sense of what is right and wrong, act consistently with their values, and take responsibility for their actions. By setting an example of integrity and moral behavior, authentic leaders inspire optimism in their followers and create a positive work environment that encourages hope and ethical conduct (Avolio & Gardner, 2005).

A notable example of authentic leadership in the corporate world is Howard Schultz, the former CEO of Starbucks. Schultz displayed self-awareness, relational transparency, and an

internalized moral perspective by openly sharing his thoughts and beliefs and demonstrating a commitment to ethical values. As a result, Starbucks employees were more motivated, engaged, and committed to the company (Schulz, 2009).

By understanding and practicing these attributes, authentic leaders can foster an environment that supports the development of employees' PsyCap. Self-awareness, relational transparency, balanced processing, and an internalized moral perspective contribute to building self-efficacy, resilience, optimism, and hope in followers. Consequently, authentic leadership plays a critical role in promoting positive psychological states among employees and improving overall organizational performance (Luthans, Youssef-Morgan, & Avolio, 2015).

The effectiveness and impact of authentic leadership vary depending on contextual factors such as organizational structure, corporate culture, and the business environment (Kvasic et al., 2021). Organizations with a positive environment can strengthen the relationship between authentic leadership and its impact on employees' PsyCap (Kvasic et al., 2021). This suggests that hospitality organizations can enhance the impact of authentic leadership and foster positive PsyCap among employees by creating a supportive environment.

The following figure illustrates the relationship between the attributes of Authentic leadership style and the four elements of PsyCap.

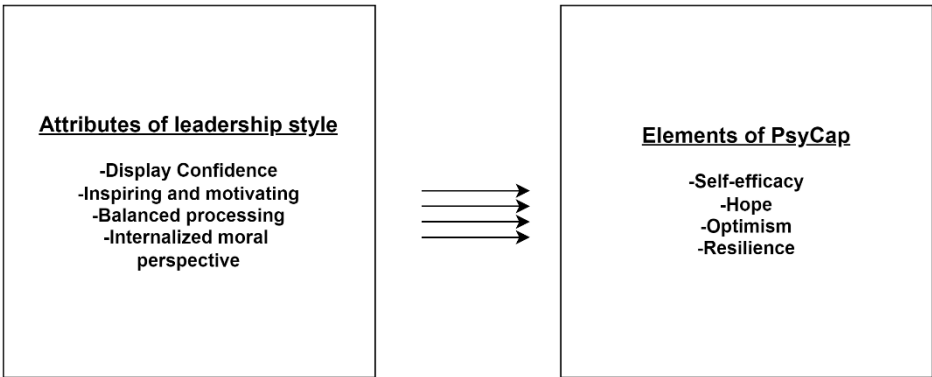


Figure (2) Authentic leadership attributes and elements of PsyCap

**2.4 Cross-cultural barriers impact on leadership style impact on followers PsyCap**

Even though the relationship between authentic-transformational leadership and employees PsyCap have been shown, it is important to not take the relationship for granted due to cross-cultural barriers influencing the relationship (Newman & Stanley, 1994; Javidan., 2006; Youssef & Luthans, 2012). Nowadays, diverse workforce is becoming more common in the hospitality industry leading to an increasing need for managers to understand employees' needs to maximize their employees' performance and organizational performance (Javidan., et al., 2006). Implementing or investing in authentic and transformational leadership cannot be considered as a magic recipe to handle the diverse set of challenges international hospitality

organizations are facing; the impact will depend on the cultural context.

The cultural context has been shown to influence what leadership style is demonstrated, a diverse workforce consisting of employees from different cultural backgrounds may differ in their expectations and preference regarding their leaders' behaviours (House et al., 2004). Besides differing expectations and preferences, the cultural background of employees is also influencing how they interpret their leaders' behaviours (Testa, 2006). The author highlights the connection between preference or expectation and understanding. Employee's interpretation is influenced by their leader prototype, which is shaped by their background. Implying that the relationship between authentic/transformational leadership and employees PsyCap can differ depending on the cultural context and cultural background of leader's followers.

Findings have shown that cultural fit, defined as the employees' ability to adapt to the values and collective norms of an organization, impacts the perception of their work environment and response to job tasks (Testa, 2006). The author here discusses that cultural fit is a factor that leaders need to consider when delegating because the level of alignment between cultural preference and work environment has an impact on employees' perceptions. There is also a relationship between cultural background and the role of authentic and transformational leadership styles in enhancing individuals' PsyCap (self-efficacy, hope, resilience, optimism) (Luthans et al., 2007). Implying that the relationship between leadership and employees' PsyCap can be moderated by culture too.

Youssef and Luthans (2012) study of positive global leadership discusses cultural challenges that organizations face when demonstrating authentic and transformational leadership in different cultures. The study's findings have shown that the impact of leadership style is influenced by cultural context organizations operate in. The study elaborates on three barriers that affects the effectiveness of authentic/transformational leadership: (1) language, (2) corruption, and (3) norms, values, and beliefs. This study highlights two of these barriers, which are Language and Norms, values, and beliefs. Youssef and Luthans (2012) emphasize that leaders that insist on using one language can lead to exclusion of workers that come from different countries, consequently leading to lower trust to the leader – increasing possibility of not getting the best out of their employees. Furthermore, some countries face corruption which impacts the trust and confidence employees have in their leaders. Thus, authentic, and transformational leadership may still be effective if the leader possesses characteristics such as courage, leading to expressing an ethical and authentic behaviour (Youssef & Luthans, 2012). In terms of (3) countries may be collectivist and emphasize adaption and compliance that may clash with the characteristics of authentic leadership of being self-aware, confident, and transparent.

The effectiveness of leadership style is influenced by cultural congruence (Newman & Stanley, 1994). According to the authors, positive outcomes of leadership practices is highly impacted by how well managers are aligned with the national country. Findings have shown that adaptation to the national culture led to better performance compared to organization that do not adapt to the national culture (Newman & Stanley, 1994).

In summary, culture has an impact on leadership styles and their role in enhancing the PsyCap

of employees. Implying that there is a need for organizations and leaders to consider cultural factors when implementing an authentic/transformational leadership approach. Especially in international organizations consisting of cross-cultural teams, due to the moderating role contextual factors have on the relationship between leadership styles and employees' PsyCap.

#### *2.4.1 The influence of Hofstede Cultural Dimensions on Leadership Style*

This section aims to explain how the cultural dimensions of Hofstede act as a contextual factor that moderates the relationship between authentic/transformational leadership styles and its role in enhancing employee's PsyCap in the international hospitality industry (Hofstede, 1980). The five Hofstede elements explored in this study – Power Distance (PD), Uncertainty Avoidance (UA), Individualism, Masculinity, and long-term orientation rank nations score from low, moderate to high. Culture plays a vital role in shaping the demonstrated leadership style depending on its cultural context and moderating the effectiveness of the demonstrated leadership style (House et al., 1999). To understand the relationship between a certain leadership style and its role in enhancing employees' PsyCap, it is important to be nuanced and emphasize the impact culture has on moderating the relationship (House et al., 1999). Considering culture as a factor influencing the relationship implies that the implementation of authentic or transformational leadership style may have a different role depending on what cultural context it is demonstrated in.

Hofstede's cultural dimensions consist of 5 dimensions, which help to explain the ways in which societies differ and can provide valuable insights into how people from different cultures may interact and communicate; each one of them having a moderating role in the relationship between leadership style and employees' PsyCap.

**1. Power Distance (PD)**, as defined by Hofstede (1980), refers to the extent to which less powerful members of a society accept and expect unequal distribution of power. This cultural dimension can significantly influence leadership styles within an organization (Hofstede, 2001). In cultures that score high in PD, such as Qatar, Mexico, India, Turkey, France, Jordan, and the UAE, hierarchical structures are more common, and leaders tend to adopt a more authoritarian leadership style (Hofstede, N.D). On the other hand, in cultures that score low in PD, such as Denmark, Sweden, Canada and the USA, leaders are more likely to adopt democratic and participative styles (Hofstede et al., 2010; Hofstede, N.D). Transformational leadership, characterized by inspiring employees to exceed their potential and promoting innovation and change (Bass, 1985), can be affected by the cultural context in which it is practiced. In low power distance cultures, transformational leaders find it easier to build relationships with their employees based on trust, empowerment, and a shared vision. However, in high power distance cultures, transformational leaders may face challenges in fostering a collaborative environment, as employees might tend to expect clear instructions and a directive leadership style (Bass & Bass, 2008).

On the other hand, Authentic leadership focuses on building honest relationships with employees, emphasizing self-awareness, balanced processing of information, and ethical behavior (Walumbwa et al., 2008). In low power distance cultures, authentic leaders find it natural to demonstrate openness and engage in an inclusive and participating decision-

making processes. Whereas in high power distance cultures, authentic leaders need to balance their openness and transparency with cultural expectations of authority and clear decision-making (Gardner et al., 2011). Hofstede's concept of power distance can significantly influence the effectiveness of transformational and authentic leadership styles and the way they are applied. Leaders should consider the cultural context when adopting these leadership styles to maximize their impact and ensure that their approach aligns with their followers' cultural expectations. Integrating Hofstede's concept of power distance into the relationship between transformational and authentic leadership styles and employees' PsyCap offers a more comprehensive understanding of the moderating role cultural factors have in the relationship between leadership style and employees' PsyCap.

- 2. Uncertainty avoidance (UA)**, defined by Hofstede's (1980) as the degree to how members of a society feel when facing challenging situations and how they act in these situations - in terms of avoidance or adapting to it. A culture score on UA can be used as an indicator to understand how much a culture favour predictability, structure, punctuality, or the opposite such as uncertainty, risk, and change (Bass, 1985; Hofstede, 2001). The dimension of UA has an influence on the relationship between authentic/transformational leadership style and employee's PsyCap. Cultures such as Qatar, Jordan, Mexico, Turkey, France and the UAE who has UA scores from moderate to high, prefer leaders that focus on clarity, known working methods and strategies, and setting a clear set of rules (Hofstede, 2001; Hofstede, N.D). Implying that leaders demonstrating transformational leadership in high UA context might face challenges due to the transformational leadership characteristics such as, sharing vision, flexibility, innovativeness, and an ability to think outside the box, can be perceived as unnecessary risk-taking, unorthodox and lead to employees feeling discomfort and being resistant to the leader. The same goes with demonstrating authentic leadership in high UA cultures, where encouraging open communication throughout all levels and expressing feelings/thoughts. Leaders demonstrating these characteristics may face challenges as their employees may feel fear to raise their voices and opinions. The reason behind this could be linked to a lack of trust, previous poor communication of individual feelings and opinions, or cultural norms viewing self-expression as disrespectful towards authority (Hofstede, 2001; Walumbwa et al., 2008, Gardner et al., 2011).

On the other hand, authentic leaders being more efficient in low UA cultures such as United States, Canada, India and Denmark, as there is a higher acceptance and adaptability to change or uncertainty, facilitating a coherent understanding between the leader and employee where there is room for open communication, including employees in their decisions, as well as encouragement of self-expressions and innovative initiatives (Hofstede, 2001; Walumbwa et al., 2008; Hofstede, N.D). Transformational leaderships effectiveness does also differ in low UA cultures where employees have higher trust in their leaders as well as being comfortable sharing their feelings and thought. Consequently, leading to leaders demonstrating transformational leadership characteristics being able to inspire followers, consequently enhancing employees' potential, innovation, and creates a work-environment where collaboration, knowledge-sharing, and being supportive is dominant (Hofstede, 2001; Luthans et al., 2007; Huang et al., 2009, Liu et al., 2021).

Implications on how the dimension of UA moderates the relationship between leadership style – employee PsyCap, is that UA can impact the effectiveness of the two leadership styles discussed. Implying that leaders need to take the cultural dimension into consideration when leading in various cultural contexts to increase the probability of having maximum impact and ensuring alignment between their objectives and employees' interpretation of their actions/communication. By integrating an understanding between the concept of Hofstede's dimension, leaders can increase their impact by adapting their approach accordingly.

- 3. Individualism-Collectivism** is a cultural dimension introduced by Geert Hofstede (1980) that plays an essential role in shaping societal values, beliefs, and behaviors. This dimension emphasizes the degree to which a society focuses on personal interests and goals, as opposed to prioritizing group interests and collective goals. It reflects the extent to which people in a society are integrated into groups; in individualistic societies, such as United States, France, Canada, and Sweden, people tend to prioritize their personal goals and achievements, while in collectivist societies, such as Jordan, UAE, Mexico, Turkey, India and Qatar who value group harmony (Hofstede, N.D; Hofstede, 1980). Understanding the nuances of individualism-collectivism can provide valuable insights into organizational behavior, leadership styles, and interpersonal dynamics.

This dimension significantly impacts various aspects of organizational behavior and leadership (Erez & Earley, 1993). In individualistic societies, employees tend to prefer a more participative and empowering leadership style, valuing opportunities for personal growth (Bass, 1997). These employees would appreciate transformational leadership that emphasizes individual development, innovation, and personal accomplishment. In contrast, employees in collectivist societies may rather to a more paternalistic and directive leadership style, emphasizing group goals, shared values, and a sense of belonging (House et al., 2004). They are more likely to value authentic leadership that fosters trust, loyalty, and cohesion within the group.

Moreover, individualism-collectivism can influence how employees perceive feedback and recognition from their leaders. In individualistic societies, employees may prefer personalized feedback and individual recognition for their achievements (Sweeney & McFarlin, 2015). In collectivist societies, employees might appreciate group-based feedback and recognition that highlights the contributions of the entire team (Sweeney & McFarlin, 2015).

According to Javidan et al., (2006), it is essential for leaders to recognize and adapt their leadership styles to suit the individualism-collectivism preferences of their followers to foster positive organizational outcomes and employee well-being. Leaders who can navigate the cultural nuances of individualism-collectivism successfully and adopt their leadership approach accordingly are more likely to be effective in positively enhancing the PsyCap among their employees. By doing so, they can better foster the psychological resources of self-efficacy, hope, optimism, and resilience in their employees, ultimately enhancing their overall performance and satisfaction (Sweeney & McFarlin, 2015).

- 4. Masculinity-Femininity** is another important cultural dimension proposed by Geert Hofstede (1980), which distinguishes societies based on the degree to which traditional masculine and feminine values are embraced. Societies such as, the United States, the UAE, Mexico, India, Canada and Qatar score moderate-high in masculinity, implying a society that prioritizes assertiveness, material success, and competitiveness (Hofstede, N.D). On the other hand, societies such as Jordan, Turkey, and France are described as Feminine societies, emphasize care, modesty, and cooperation (Hofstede, N.D; Hofstede, 1980). Understanding the implications of Masculinity-Femininity can provide valuable insights into organizational behavior, leadership styles, and employee expectations.

This dimension can have significant effects on organizational behavior, leadership preferences, and workplace dynamics (Hofstede, 2001). In masculine societies, employees may tend to prefer leaders who exhibit assertiveness, decisiveness, and task-oriented behavior, as these characteristics are perceived as signs of strength and competence (Hofstede et al., 2010). Transformational leadership styles that emphasize vision, inspiration, and the pursuit of ambitious goals may be particularly effective in masculine cultures, as they well-align with the values of competitiveness and achievement (Bass & Riggio, 2006). On the other hand, in feminine societies, employees may prefer leaders who display empathy, collaboration, and interpersonal sensitivity (Hofstede et al., 2010).

Feminine cultures may be more receptive to authentic leadership styles that prioritize open communication, genuine care for employees, and a focus on group harmony and well-being (Avolio et al., 2004). Feminine societies may also place a higher value on work-life balance, employee welfare, and equitable treatment, which aims to create an inclusive environment where people are not discriminated against based on factors such as gender, race, ethnicity, age, religion, sexual orientation, or any other personal attributes (Hofstede, 2001; Avolio et al, 2004). Equitable treatment is essential for promoting diversity, inclusivity, and fairness within organizations, fostering a positive work culture, and enhancing employee satisfaction, morale, and overall performance. These characteristics can influence leadership behavior and organizational practices (Hofstede, 2001).

In the context of PsyCap, understanding the influence of Masculinity-Femininity on leadership can help leaders better enhance the elements of PsyCap (self-efficacy, hope, optimism, and resilience) in their employees. For example, leaders in masculine cultures might emphasize individual achievements, goal setting, and skill development to promote self-efficacy and hope (Luthans et al., 2007). In contrast, leaders in feminine cultures may focus on creating a supportive work environment, encouraging collaboration, and addressing employees' emotional needs to cultivate optimism and resilience (Sweeney & McFarlin, 2015).

By understanding the cultural context and adapting their leadership approach accordingly, leaders can effectively enhance the PsyCap of employees that contribute to employee well-being and performance. The Masculinity-Femininity dimension is a crucial factor to consider when examining leadership styles and their role in enhancing employee PsyCap.

**5. Long-term Orientation versus Short-term Orientation** is another dimension of Hofstede's 5 cultural dimensions that focuses on the extent to which a society prioritizes long-term planning, perseverance, and the pursuit of future rewards over short-term gains, immediate gratification, and maintaining social traditions. This dimension can help provide insights into the differences in organizational behavior, leadership styles, and decision-making processes across cultures. Long-term oriented societies tend to value thrift, perseverance, and the pursuit of future rewards. Societies scoring high in long-term orientation are more likely to invest in long-term planning, education, and innovation, while demonstrating a greater willingness to adapt to change and adopt new practices (Hofstede, 2001). Leaders in long-term oriented cultures may focus on fostering continuous improvement, strategic planning, and the development of their employees, emphasizing the importance of future-oriented thinking and adaptability in achieving success (Hofstede et al., 2010).

On the other hand, short-term oriented societies, prioritize immediate gratification; which refers to the preference for receiving rewards, pleasure, or satisfaction as soon as possible rather than waiting for them in the future, maintaining social traditions, and emphasizing personal stability and security (Hofstede et al., 2010). These societies, such as Jordan, Qatar, UAE, and the United States may exhibit a stronger preference for established practices and routines, resisting change and innovation (Hofstede, 2001). Leaders in short-term oriented cultures may place more importance on maintaining harmonious relationships, preserving traditions, and adhering to established norms, valuing loyalty, and personal connections over the pursuit of long-term goals and innovation (Hofstede et al., 2010).

The impact of Long-term Orientation versus Short-term Orientation on organizational behavior and leadership can be substantial. In organizations with a long-term orientation, leaders may focus on strategic planning, talent development, and fostering a culture of continuous learning and improvement (Hofstede et al., 2010). While decision-making in these organizations may be more data-driven and oriented towards long-term goals.

In contrast, organizations with a short-term orientation tend to prioritize immediate results, rapid decision-making, and a focus on short-term goals. Leaders in these organizations may be more likely to adopt a transactional leadership style and emphasize on task completion, immediate rewards, and maintaining the status quo, which implies that leaders and employees may focus on continuing established practices, traditional methods, and avoiding innovations that might alter the way things are done. (Bass & Avolio, 1993). This may result in a more reactive approach to decision-making that involves addressing issues as they arise, rather than proactively planning and implementing strategies to prevent potential problems, with less emphasis on long-term planning and strategic thinking. Implying leaders demonstrating authentic or transformational leadership style characteristics may face challenges in short term-orientation societies and in contrast increasing probability of the leadership styles effectiveness in long-term orientation societies.

Understanding the influence of long-term orientation versus short-term orientation on leadership and organizational behavior can help leaders tailor their strategies and approaches to better align with the cultural preferences of their employees, ultimately fostering a more effective and harmonious work environment (Hofstede, 2001).

## **2.5 Conceptual Framework**

Previous literature has shown that there is a positive relationship between authentic and transformational leadership and employees' PsyCap (Newman & Stanley, 1994; Testa, 2006; Youssef & Luthans, 2012). However, the relationship can be moderated by contextual factors whereas culture is one dimension. The authors have developed a conceptual framework to illustrate the theoretical implications considering the role of leadership styles and their impact on employees' PsyCap with contextual factors as moderating elements (Figure 3). By integrating Hofstede's 5 cultural dimensions – PD, UA, Individualism-Collectivism, Masculinity-Femininity, and Long-Term Orientation vs Short-Term orientation into consideration the authors are provided with a extensive understanding of how contextual factors may moderate the relationship between authentic/transformational leadership and employee's PsyCap. As shown in Figure (3), the conceptual framework illustrates the relationship between the three different elements which are used as the framework for the authors to better understand the phenomena. Contextual factors play a significant role in influencing the effectiveness of authentic and transformational leadership styles and its impact on employees' PsyCap. This section will discuss the authors' conceptual framework and illustrate the relationship between leadership styles and employees' PsyCap and how the leadership style varies in efficiency depending on the context.

Contextual factors consist of different elements such as, culture, cultural background of leaders/employees, leadership stereotypes and organizational culture (Newman & Stanley, 1994; Testa, 2006; Youssef & Luthans, 2012). According to Kvasic et al. (2021) the impact of authentic and transformational leadership styles has on employees' PsyCap is influenced by organizational culture. When adopting the leadership style, leaders need to understand the organizational culture to align its style with a work environment that foster development of employees' (Kvasic et al., 2021). According to the authors, a positive organizational culture enhances the impact the leadership style has on PsyCap elements of self-efficacy, hope, resilience, and optimism. As described in Figure (3), contextual factors act as a moderating element affecting the leadership style role in enhancing the employees' PsyCap.

Furthermore, cultural barriers are another dimension of contextual factors that moderate the relationship between leadership style and employees' PsyCap as perception, interpretation, expectation, and leadership stereotype can vary depending on employees' cultural background (House et al., 2004; Testa, 2006). Organizations who expect positive outcomes when implementing or demonstrating authentic/transformational leadership could be proven wrong, due to that the effectiveness of these leadership styles can vary depending on which context they are applied in (Testa, 2006). As well as cultural fit, being a factor moderating the relationship between leadership and employee PsyCap, it is described as “the extent to which employees can adapt to the values and collective norms of an organization” and impacts the perception of their environment as well as how employees' respond to delegation of job tasks

(Testa, 2006). Therefore, leaders need to consider employees' cultural fit when delegating due to there needs to be an alignment between employees' cultural fit and the work environment because of the influence it has on employees' perception and effectiveness of demonstrated leadership style (Testa, 2006; Luthans et al., 2007). This relationship is visualized in Figure (3), showcasing how contextual factors have a moderating role in impacting leadership styles' role in enhancing employees' PsyCap.

Building on the discussing on the role contextual factors have in influencing the relationship between leadership styles and employees' PsyCap, the authors include Hofstede's five dimensions as a factor to provide insights on how the concept of Hofstede moderates this relationship. Cultural dimensions, in terms of those proposed by Hofstede may impact the effectiveness of the two leadership styles examined by their influence on how employees perceive, interpret, and react to leaders' approaches. For example, in high PD cultures, employees may prefer leaders who demonstrate authority, while cultures scoring low in PD prefer leaders demonstrating an egalitarian style (Hofstede, 2001). Additionally, individualistic culture may value work-environment and leaders that promote personal objectives and self-expression, while collectivist cultures prefer the promoting of group coherence and cooperation between employees.

Implying the importance for leaders to consider the dimensions of Hofstede as a contextual factor due to its ability to provide leaders with a better understanding of employees needs and preferences. Consequently, leading to an ability to adapt their actions to align with the cultural preferences and backgrounds of employees which have been found to impact employees' interpretation of the demonstrated leadership style. Leaders that are conscious of how cultural differences influences individuals' perceptions, interpretations, as well as their expectations increases their capability to adapt their leadership to enhance the relationship between the two leadership style's role in enhancing employees' PsyCap.

Ultimately, the conceptual framework presented in figure 3, highlights the importance of considering contextual factors, including barriers and challenges displayed in various forms, when examining the relationship between leadership style and employees' PsyCap. By providing an extensive understanding of contextual factors, leader can develop their leadership and become more effective in enhancing employees' PsyCap – leading to increasing employee well-being and improved organizational performance.

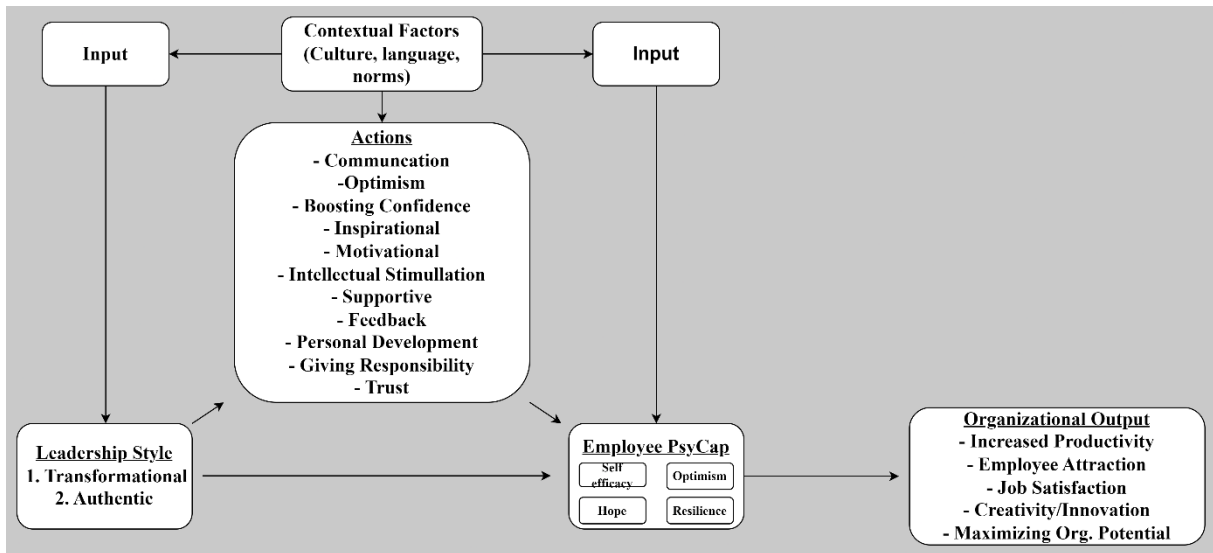


Figure (3) Conceptual Framework

## 3. Method

This chapter will describe the research method we employed and the steps we took to conduct this study.

### 3.1. Justification of the research design

This research paper aims to provide insights into how authentic and transformational leadership styles can enhance the psychological capital (PsyCap) of employees in the international hospitality industry. Given the complexity of international business contexts and the human dynamics involved in leadership and employee interactions, a qualitative research approach is deemed favorable for this study.

The authors believed that a qualitative research approach was favorable for conducting this study due to its ability to provide valuable information about this complex phenomenon. This was particularly relevant considering the study's specific focus on understanding the subjective experiences, feelings, and perspectives of the participants (Bell, 2019). The exploration of the role of authentic and transformational leadership styles in enhancing employees' PsyCap involved a complex interplay of human emotions and perceptions, which were best captured through qualitative research methods.

A significant aspect of this study is its focus on cross-cultural teams, which are common in the hospitality industry (Kunze et al., 2011). Cross-cultural teams are groups composed of individuals from different cultural backgrounds, often working together in international or multicultural environments (Earley & Gibson, 2002). They present unique challenges and opportunities in terms of leadership and employee management, further justifying the use of qualitative methods for this research.

The field of international business is complex, and organizations are facing challenges in managing and attracting employees. Leaders who encourage, motivate, embrace teamwork, and value the overall well-being of employees are seen as key to overcoming these challenges (Gaully et al., 2023). Understanding the relationship between authentic and transformational leadership styles and their role in enhancing employees' PsyCap was vital, thus, the authors chose a qualitative approach to gain valuable insights regarding their respondents' feelings and experiences (Bell, 2019).

The study used qualitative semi-structured in-depth interviews to gather data from participants, as this method was suitable for understanding complex phenomena involving human interaction, which was not easily quantifiable through quantitative methods (Bell, 2019). The flexibility of semi-structured in-depth interviews provided deeper insights into the subjective experiences of the participants, thus providing a nuanced understanding of the topic (Bell, 2019). However, qualitative research also has limitations. It may not be a favorable method to generalize results and the method requires interpretation from the researcher, which can lead to subjectivity when interpreting the data. Despite these limitations, the depth and richness of data generated through qualitative research methods were deemed to be most suitable for addressing the research questions of this study.

### **3.2. Respondents**

There will be six participating respondents participating in this study. To include an international perspective, authors have chosen participants working for three different international hotel organizations. Four of the respondents will be employees working directly under a leader, while two participants will currently work as managers/leaders. The respondents participating works in four different countries, Jordan, Qatar, USA and UAE. The selection of participants will be done through convenience sampling. Inclusion criteria for participants will include: (1) Being currently employed in an international hotel chain, and (2) Having good command of the English language. Exclusion criteria will exclude participants who have been in their current position for less than 6 months; as their lack of experience in the organization could affect their perception of the demonstrated leadership and influence on employees PsyCap. However, the small sample size and specific sample may limit the generalizability of the findings and the use of convenience sampling may introduce bias. Thus, the authors have acknowledged limitations and have conducted a thorough analysis to identify bias, while comparing the findings with findings from previous literature as a tool to identify deviating data. The demonstration of transparency and encouraging readers to interpret the findings cautiously allows for a nuanced interpretation of the findings – as well as encouraging future research to address the limitations of the study.

### **3.3. Data Collection**

This chapter will describe what methods are chosen for data collection, which is an important process in research to ensure reliable results. In this study, the authors focused on collecting primary data. The primary data were collected through in-depth semi-structured interviews with employees working in international hotel chains. Thorough preparation was vital in this paper to ensure that the authors were able to gain deep insights regarding the phenomena examined. Interviews were conducted through online ZOOM video calls with the participants due to the geographic distance. Conducting non-physical interviews could decrease the interviewer's interpretation of the gathered data due to missing out on body language (Jacobsen, 2002). Thus, this risk was taken into consideration by the authors through focusing on their facial expression and maintaining eye contact.

Before each interview, a questionnaire was designed, based on relevant literature as a framework to answer the authors' research questions. During the interviews, notes were taken by one of the authors, while the other author led the interview by asking the questions. After each interview was finished, transcription of the data was completed to increase the probability of interpreting the data correctly and to have documents of the data that could be used later.

### **3.4. Ethical considerations**

When conducting research, it was important to protect and minimize the risk of participants taking harm from their participation in the study. Therefore, the authors of this paper took certain measures to minimize these risks and to ensure reliable data. This study received ethical approval from the individuals participating in the study. Before each interview, the authors informed the aim of the interview, what terms they agreed upon when participating, and that the interview would be recorded for the purpose of collecting data. This was done by providing the respondents with an information form. Besides informing the participants, the authors

received signed approval from the respondents in a consent form, ensuring their anonymity and confidentiality. Anonymity was maintained by giving each participant an alias, and keeping the organization's anonymity was vital to decrease the risk of harming them or getting biased data due to interest. The consent form included the terms of their participation – highlighting the interview's purpose, that it was going to be recorded and that they could cancel their participation without giving any reason. When conducting qualitative research, interpretation of data is a key part. Thus, interpretation of data can be a factor for bias and subjectivity. To decrease this risk, the authors interpreted the data individually first and then concluded to minimize the risk of involving their personal subjectivity.

### **3.5. Data Analysis**

This study analyzed the data using pattern matching logic, proposed by Yin (2014). This method is used in studies where the authors compare empirical patterns extracted from the data collected with predicted patterns from existing knowledge. When there is alignment between the patterns the study strengthens the internal validity. In this case we collected data from employees' working in the international hospitality industry. The data was collected through semi-structured interviews with a focus on authentic and transformational leadership styles role in enhancing employees' PsyCap, considering the moderating role of contextual factors.

In our study, we identified patterns which could be linked to the developed conceptual framework (figure 3). The patterns identified were extracted from previous literature on authentic and transformational leadership with a focus on the styles characteristics and role in enhancing employee PsyCap. Additionally, we included literature discussing the role of contextual factors in moderating leadership style and its role in enhancing employee PsyCap as a way of understanding discrepancies in the patterns from the data.

To clarify, we predicted that authentic and transformational leadership had a role in enhancing employee PsyCap elements of self-efficacy, resilience, hope, and optimism. Additionally, we predicted that contextual factors would moderate this relationship. Contextual factors was identified as national cultural (Hofstede dimensions), organizational culture, language, and norms/values formed by individuals cultural background. For example, leaders demonstrating transformational leadership with an emphasis on inclusiveness in decision-making in a culture scoring high in power distance, in this case the cultural aspects would moderate the relationship between transformational leadership and employee PsyCap.

After identifying patterns from the empirical evidence, we categorized the data into themes such as leadership characteristics, its role in enhancing employee PsyCap, and the moderating role of contextual factors. After categorizing the empirical findings, we compared it with the predicted patterns from the literature which is illustrated in *table 1 and 2*. This method of analyzing the data, allows us to examine the relationship between the two leadership styles and employee PsyCap, while at the same time understanding to which extent contextual factors moderated this relationship.

By analyzing the data using pattern matching logic (Yin, 2014), we could understand the role of authentic and transformational leadership styles in enhancing employee PsyCap.

Additionally, by embedding contextual factors moderating role in the analysis we could understand or find explanations from discrepancies or alignment from the empirical findings and the predicted patterns. Furthermore, this data analysis method provided us with a deeper understanding of the data, and enabled an nuanced analysis as well as increasing our probability to suggest relevant recommendations due to the nature of the international hospitality industry.

### **3.6. Discussion of quality issues**

This research has some limitations regarding the generalizability of its findings. The study will sample international organizations within the hospitality industry in Jordan, Qatar, USA, and UAE. Leadership styles have a greater influence on organizations depending on the culture in place (Sweeney & Mcfarlin, 2018). Therefore, the findings may not be generalized to cultures that have different characteristics than the countries examined in this study. Additionally, the use of convenience sampling in the selection of participants may introduce bias (Bell, 2019). The study also has a small sample size which may limit the generalizability of our findings to other organizations and industries. The data analysis process is subjective, and the authors will take care to transcribe and code the data to minimize potential bias. However, the study is expected to provide valuable insights into how authentic/transformational leadership influence PsyCap of employees in the hospitality industry (Sweeney & Mcfarlin, 2018). Additionally, provide insights on what contextual factors influence the demonstrated leadership style of leaders and authentic/transformational leadership styles effectiveness on enhancing employees' PsyCap based on the context. Future research could use a larger sample size and random sampling to minimize the risk of bias in the sampling and data analysis processes (Bell, 2019).

## 4. Results

This chapter presents the findings of the study based on the findings from interviews with employees and leaders in the international hospitality industry operating in Jordan, Qatar, USA, and UAE. The chapter will follow a structure where the authors will present their findings discussing each interview at a time. The chapter aims to present the findings under different themes to facilitate the readers' navigation and understanding of the phenomena that involves several elements to be taken into consideration.

### 4.1 Respondent 1 – Employee, US (Alias: Alex, American)

The interview was conducted with a front desk employee in an international hotel organization in Chicago. The findings are presented in line with the conceptual framework developed, focused on the relationship between authentic and transformational leadership style and its role in enhancing employees' PsyCap – with the moderating role of contextual factors.

#### 4.1.1 The role of Authentic and Transformational Leadership characteristics in enhancing Employees' PsyCap

The interviewee, working as an employee at an international hotel organization in Chicago, shed light on his experiences with the demonstrated leadership in his organization. Starting with his leader's approach on delegation. Emphasizing that task delegation is done with an approach that gives him autonomy, stating that:

*“When being delegated tasks, I am pretty free to pursue and reach my managers' objectives in the way I wish, as long as I finish according to the deadline, we have decided on”.*

Alex emphasized that the autonomy to complete his tasks does not make him feel alone in the face of challenges; he described that he still receives support, guidance, and encouragement at the right time. When asked to elaborate on how his leader shows support and guidance in the face of challenges, Alex described that his leader provides him with clear directions and advice on how to proceed.

Furthermore, when being asked to describe his leaders' characteristics, Alex describes his leader as someone who is consistently positive and optimistic. He describes how his leaders work to reach various objectives and what impact it has on him, touching upon setting challenging goals, promoting teamwork, encouraging openness, and fostering innovation. Alex emphasizes that his leader displays his high belief in the teams' capabilities when setting for challenging goals. To display his leader's approach, he described the following example.

*“My team's leader, for example, once consulted us and gave us the responsibility to develop a setup for special guests. It led to my team feeling trust in our capabilities to innovate a good approach for dealing with special guests. We managed to do it perfectly according to the managers, and we felt good having room to be creative and it made us optimistic for future opportunities because we got recognition for our work.”*

Regarding his leaders' approach on providing feedback and recognition, Alex stated:

*“Yes, consistently I am provided with feedback and recognition for my work from my leader, it could be on meetings or when we randomly jump on each other. Thinking about it, I realize that receiving feedback and recognition has a positive impact on my optimism and confidence”.*

When asked to elaborate what impact the feedback and recognition had on him, he elaborated that receiving feedback and recognition from his leader could serve as a reminder of his abilities and capabilities, especially when facing challenges.

Discussing leaders' way of delegating tasks, Alex mentions that his leader puts trust in his abilities and allows him to complete tasks with freedom. The Interviewee emphasizes that the feeling of trust from his leader on his ability to complete tasks enhances his confidence in his abilities.

*“When being delegated tasks, I am pretty free to pursue and reach my managers objectives in the way I wish, as long as I finish according to the deadline, we have decided on”.*

Alex is nuanced in his answer and explains that even though he is given responsibility and that the leader puts trust that he can manage tasks, he is still being provided with support, guidance, and encouragement in the face of challenges further boosting his confidence.

The interviewee describes his leader's attitude as positive and optimistic. Alex explains, having a leader that is positive and optimistic about his work/future is influential and has a positive impact on his motivation, optimism, and confidence. He elaborates on his leader's way of structuring and setting challenges goals. Alex explains that having challenging goals, and feeling that there is support, together with a positive and optimistic feeling being transferred from the leader to the employees - have a role in enhancing his motivation and drive. Furthermore, he describes that his leader puts emphasis on teamwork, openness, and innovation. After providing the quote below, he elaborated saying that his leaders respect for his knowledge and showing recognition is enhancing his confidence:

*“My team's leader for ex, once consulted us and gave us the responsibility to develop a setup for special guests. It led to my team feeling trust in our capabilities to innovate a good approach for dealing with special guests. We managed to do it perfectly according to the managers, and we felt good having room to be creative and it made us optimistic for future opportunities because we got recognition for our work.”*

About the interviewee's experience on receiving feedback and recognition from his leader, Alex explains that he is provided with feedback and recognition for his work from his leader which could be received in occasions that are casual or on meeting. Alex elaborates explaining that the feedback and recognition he receives is something his leader naturally does because he is someone who is honest and appreciate open communication with his employees'. Additionally, emphasizing that the recognition his co-workers receive is motivating and inspirational.

*“Yes, consistently I am provided with feedback and recognition for my work from my leader, it could be on meetings or when we randomly jump on each other. Thinking about it, receiving feedback and recognition has a positive impact on my optimism and confidence”.*

Alex further elaborates that receiving feedback and recognition can sometimes work as a reminder of their capabilities in the face of challenges which can sometimes have a negative impact on his confidence. Alex explains that the recognition makes him feel valued and hopeful about the future.

#### *4.1.2 Contextual Factors Moderating the Relationship Between Leadership Style and Employees' PsyCap*

The interview discussion path led the interview to contextual factors such as, culture and organizational culture and what it implied for leadership approaches and employees'. Based on his experience, he highlighted the influence of cultural background on impacting leadership approaches. Describing his experience with leaders from two different cultural background he provided an example that illustrates how individuals cultural background can shape the demonstrated leadership style, with an emphasis on the importance of recognizing the differences when seeking an understanding of the role cultural background have on shaping leadership styles and the effect it has on employees'.

*“Hispanic leaders, for instance, are more family-oriented, compassionate, and understanding, as opposed to Americans who are more task-focused and authoritative.”*

Alex explains that his experience with Hispanic leaders can be summarized as being more adaptive due to the respect and understanding. Illustrating that the American leaders' approach do not take into consideration the uniqueness of the employees' background.

Besides cultural background of leaders and its role, Alex describes how the organizational culture in place shaped his work environment. The interviewee described the organizational culture and workplace as a place that was positive and provided an enjoyable work environment. Elaborating on what makes it enjoyable, Alex describes that the open communication, inclusivity, respect for cross-cultural diversity in the workforce, and his leader overall positive approach is something he appreciates. The findings extracted from his description suggests that his positive organizational culture is a contributor to a productive and enjoyable work environment.

*“The workflow is good and the work environment too. We have fun at work and there are many joyful moments.”*

Furthermore, Alex elaborated upon the challenges of handling potential cultural barriers that can arise because of the nature of the industry with a diverse workforce consisting of employees' with various cultural backgrounds. Alex brought up an example to illustrate how cultural barriers could arise and what it implies to his leader in terms of managing them. The insights gained from Alex emphasizes the importance of being culturally sensitive and being

adaptable as a leader.

*“For instance, coming from a culture where alcohol isn't common or religiously accepted, handling alcohol can be challenging, requiring leaders to be aware and understanding of these limitations.”*

Alex suggests that his leaders' approach of wanting to understand, respecting his background, and adapt the delegation of tasks based on the employees' need make him feel confident and foster his ability to manage obstacles that occur.

#### **4.2 Respondent 2, Employee – United Arab Emirates (Alias: Maria, Jordanian)**

This chapter will present the authors findings from their interview with an employee at an international hospitality industry which have been given the alias Maria. The authors have gained insights on the role authentic and transformational leadership have on enhancing employees' PsyCap, as well as a deeper understanding of the moderating role of contextual factors influencing the relationship between the two leadership styles and their role in enhancing employees' PsyCap.

##### *4.2.1 The role of Authentic and Transformational Leadership in enhancing Employees' PsyCap*

During the interview, Maria reflects on the demonstrated leadership style by her leader and its impact on her PsyCap. In the interview, Maria described different characteristics of her leader, starting with how she is being delegated. She explains that her leader shows trust in her ability by providing her autonomy to complete tasks in the way she wishes.

*“My head chef assigns me tasks and allows me to complete them in the way I see fit, which give me confidence in my abilities”.*

Maria explained how her leader's autonomy and the way she delegates the tasks to her has an impact on her confidence when performing these tasks.

Even though the interviewee explains that she is given responsibility, autonomy, and trust in her ability to complete assigned tasks, she explains that it is a good balance between responsibility, trust, and necessary support to overcome challenges when needed. Maria emphasizes that her leader is positive and provides her support, guidance, and encouragement in the face of challenges. Elaborating on the actions she describes as supportive and guiding, she describes that her leader demonstrates an understanding of the challenges, provides tools to overcome them, and encourage her to speak up when feeling stuck.

Furthermore, Maria touched upon opportunities for professional growth, such as cross-training programs. Where employees at the organization are provided with the opportunity to work in a different location with the aim of learning through exposure to new environments and people.

*“They implement cross-training programs where employees are sent to another hotel (of the same chain) so they could train in a different place with new people, and so they could develop new skills.”*

Maria explained that this program enables them to develop their skills in the kitchen, but most importantly gain the exposure of various environments that enhances the development of soft skills in terms of working with people from different backgrounds with an increasing understanding of their background. She explains that she appreciates interacting with individuals from different backgrounds because it enhances her teamwork capabilities by developing her cross-cultural competences.

*“My leader has the power to change the whole atmosphere around the team. When she is optimistic, she makes sure to transfer her energy to everyone in the team, which creates a positive and comfortable work environment which motivates me to simply keep going.”*

Maria further describes her leaders as someone who enjoys setting challenging goals and objectives as a way of fostering growth.

*“My leaders constantly track my progress at work and sets new goals for me to perform at a higher level. She asks me to perform new, rather challenging tasks that would help me develop a wider set of skills.”*

The interviewee emphasizes that her leader puts a lot of effort into providing her with the support needed when “failing” or not reaching the challenging goals until she reaches the desired outcomes. For example, she explains that the leader is willing to train her over and over when she is facing difficulties performing certain tasks until she can do it on her own and feel confident in her ability. Maria emphasizes that this way of encounter challenges by her leader, makes her feel more confident as well as having clear objectives facilitates achieving them.

In our discussion regarding feedback and recognition from her leader, the interviewee mentions that her leader always provides positive, constructive feedback on her performances, especially positive results.

*“Seeing the way, she manages the challenges I face taught me how to manage them on my own and made me feel confident in doing so. And eventually she trusted me to manage obstacles on my own.”*

In addition to receiving tangible support such as training and physical assistance, Maria believes that observing her leader's acts during challenging times has been beneficial in teaching her how to overcome her own obstacles. This observation has led her to take the initiative independently by an increase in self-confidence, which is a direct result of her leader's trust in her.

Besides describing delegation, handling challenges, personal growth, the discussion further moved on regarding communication and interaction with her leaders. Discussing a situation

where interaction with her leader impacted her confidence, she dove into an example showcasing a situation where her executive chef showed self-awareness, humility, and respect for her abilities.

*“My executive chef sometimes asks me technical questions about certain areas in culinary that he thinks I might know better than him. He asks such questions in the context of wanting to learn from the people around him, regardless of his high position. I gain self-confidence through the fact that he genuinely wants to exchange ideas and learn from me.”*

#### *4.2.2 Contextual Factors Moderating the Relationship Between Leadership Style and Employees' PsyCap*

Contextual factors play a role in shaping leadership style approaches and how they are perceived and interpreted from an employee's perspective. Contextual factors such as cultural background of individuals, org. culture and language barriers have found to be vital factors to consider in diverse work-environment to enhance employees' PsyCap by demonstration of authentic and transformational leadership characteristics.

Maria shared her experience with leaders coming from diverse background. She describes her experiences as:

*“My head pastry chef is Latin American, and I am Middle Eastern. She implements a rather softer leadership approach, than what I was used to from Middle Eastern leaders who are more authoritative and task oriented. She is calm, encourages professional growth of her team members, and values good relationship with her employees”*

We took the discussion further and asked Maria to explain her definition of an ideal leader, she answered:

*“Someone who is encouraging, understanding, and helps me develop in my profession...creates an environment where I can learn and develop”.*

Maria elaborates more on her perspective of expectations of leadership approaches:

*“If I am coming to work in Sweden with Europeans, I am coming with expectations that align with my understanding of their culture...if I am going to work in a Middle Eastern culture then I would expect an approach that is more authoritative”.*

Maria explains that language differences is a factor affecting leaders' effectiveness in their communication with employees.

*“Everyone speaks a different mother tongue, so we all must communicate in English, which not everyone speaks well. Sometimes explanations or task delegations can be misunderstood due to language barriers”.*

Maria further elaborated on the language factor by explaining that misunderstanding can sometimes decrease employees' confidence in their ability to complete their assigned job-tasks due to the feeling of not being sure of what is required from them.

#### **4.3 Respondent 3, Employee – Qatar (Alias: Lejla, Jordanian)**

This interview was carried out with an employee working in an international hotel chain in Qatar. The findings from the interview are presented in two themes as being done previously, covering the role of authentic and transformational leadership styles in enhancing employees' PsyCap.

##### *4.3.1 The role of Authentic and Transformational Leadership in enhancing employees' PsyCap*

Lejla's description of her experience with her leader in the international hotel chain cover characteristics of authentic and transformational leadership and its impact on her PsyCap. Beginning with a discussion about the existing opportunities in her workplace of professional growth she states:

*“They provide a suitable environment for good communication and room for teamwork which allows for growth and development in your profession”*

Lejla further emphasized that her leader prioritizes and values the creation of a work environment that is stimulating and engaging. She explained that this leads to an atmosphere where collaboration and self-expression is enhanced.

Describing the attitude of Lejla's leader and its impact on her, she emphasized that her leaders' are “humane” in their interactions by expressing their unique personalities and current psychological mood when they meet.

*“They always tend to show a specific side of their personality or current psychological mood whenever we meet, which often tends to be positive and optimistic. Reflecting on it, interacting with leaders who are mostly positive and optimistic, enhances my psychological state of optimism and positivity at that current moment and thus my future outlook”*

Lejla was explaining how a leader who is positive in their approach and can transfer their positivity to their employees', can lead to enhancing the team's optimism and motivation to work. She then moved on to describe that it is not always positive and optimistic which is something normal, but the way her manager handles setbacks or challenges feels inspiring for the team which encourages their own ability to overcome challenges.

*“They handle challenges very professionally, depending on open communication with us, providing constants feedback, and creating an environment where we feel that we are being heard”*

She elaborated on how this impacts her way handling challenges, she described that her leader's approach fosters her own ability to overcome challenges because he does not see challenges as something negative, instead, he maintains a positive attitude, by being transparent, and having open communication with the team. She mentioned that this characteristic helps to enhance her management skills in terms of handling challenges.

When we asked about the delegation of tasks, Lejla described her leaders' approach of delegation as showing trust which boosts her confidence.

*"The tasks I usually practice on a daily basis depend on critical planning and being accountable for each decision I make, which surely enhances my confidence in my abilities"*

Lejla has further emphasized that her leaders can sometimes micromanage and intrude in the way she performs her tasks, and when that happens, it could have a negative impact on her confidence.

The discussion with the interviewee also touched upon how her leaders' approach in giving feedback and recognizing their employees' performance, stating the following:

*"I do receive positive feedback and appreciation for my achievements within my work environment that absolutely affects my energy, motivation, and confidence"*

#### *4.3.2 Contextual Factors Moderating the Relationship Between Leadership Style and Employees' PsyCap*

The findings from the interview highlights the importance of contextual factors moderating role in the relationship between leadership style's role in enhancing employees' PsyCap. The interviewee describes the differences she has experienced with leaders from diverse cultural backgrounds and the impact it has had on the employees.

*"We had one leader from Turkey, and he had an evident bias against Arabs, which clearly affected our feeling in the workplace and our job performance negatively. It was mainly due to the feeling of not being heard, understood, and valued".*

She emphasized that this Turkish leader's bias against Arabs would sometimes lead him to give more positive feedback to employees coming from other countries, but rather avoid providing employees coming from the Middle East with feedback especially when it is a positive one, which affects our motivation to deliver and maintain good work quality.

Lejla further elaborated that she worked with multiple leaders from different cultures and shed light on one of her experiences with an Indian leader, saying:

*"I previously had a leader from India who in contrast was more direct, understood cultural differences, and focused more on the work and job performance of employees"*

The interviewee further explained how her leader is aware of the cultural differences of his team, as the kitchen team consists of chefs coming from different countries with different cultures, languages, and backgrounds. Lejla appreciates it when her leader has that in mind when communicating and understanding those differences.

#### **4.4 Respondent 4, Employee – Jordan (Alias: Helen, Jordanian)**

The interview was conducted with a kitchen employee in an international hotel chain in Jordan. The findings are presented in line with the conceptual framework developed, focused on the relationship between authentic and transformational leadership style and its role in enhancing employees' PsyCap – with the moderating role of contextual factors.

##### *4.4.1 The role of Authentic and Transformational Leadership in enhancing Employees' PsyCap*

Helen's responses included mentioning an event that particularly stands out, which involves a time when the hotel experienced an unexpectedly large number of guests during dinner service, and the team was short-staffed. Despite the high-pressure situation, she explained how her leader remained calm and strategized effectively, dividing the tasks evenly among the team.

*"Despite of the intense pressure, my leader maintained a calm behaviour and demonstrated effective strategizing by distributing the tasks across the team."*

Helen described her ideal leader as someone who remains calm during challenges and who can recognize the work-force strengths/weaknesses and divide tasks among the team accordingly, while inspiring and motivating them. Helen elaborates that her leader's approach in handling challenges enhance her confidence and ability to overcome challenges.

*"This experience taught me the power of managing hard times and has positively impacted my approach towards challenging situations."*

When the respondent was asked about how task delegation is done by her leader, she explained that she has the freedom to do the work the way she wishes as long as it is done correctly, because her leader trusts her abilities to perform her daily tasks and he only intrudes when it is necessary.

*"My head chef lets me do the work the way I wish, which makes me feel confident in my abilities".*

##### *4.4.2 Contextual Factors Moderating the Relationship Between Leadership Style and Employees' PsyCap*

The interview with Helen revealed that various contextual factors, such as organizational culture, personal culture, and language, can significantly moderate the relationship between the leadership style and its impact on employees' PsyCap.

Helen repeatedly emphasized the positive and supportive environment within the hotel, which has created an organizational culture strongly influenced by her leader's approach. She mentioned how her leader ensures an atmosphere of trust and respect, which results in enhancing her confidence and optimism.

*"Our hotel has a very friendly and professional environment. Our leader creates an environment where we feel comfortable and respectful towards each other."*

Helen's experiences also pointed out the significant influence of personal culture on leadership effectiveness. For instance, she appreciated her leader's understanding and respect for individual team members' backgrounds and beliefs. She describes that her leader's characteristics foster a sense of inclusivity and strengthens the work-force resilience.

The role of language in moderating the leadership style's impact on employees' PsyCap was also mentioned at in Helen's interview. The leader's ability to effectively communicate tasks, expectations, and feedback in a manner that was easily understood by all team members, regardless of their mother language, is something she emphasizes as a factor enhancing her and the teams' confidence due to the clarity of roles.

*"When we once had an Italian chef join our team, our leader made an effort to understand his approach to work, influenced by his cultural background. This consideration for cultural nuances made us feel respected and appreciated."*

This example reflects the leader's understanding and adaptability in response to diverse cultural contexts. Helen describes her leader communication as, adapting the communication based on awareness and respect for the employee cultural background.

#### **4.5 Respondent 5, Leader - Jordan (Alias: Fiona, Canadian)**

The interview was conducted with an HR Manager in an international hotel Chain in Jordan. The findings are presented in line with the conceptual framework developed, focused on the relationship between authentic and transformational leadership style and its role in enhancing employees' PsyCap – with the moderating role of contextual factors.

##### *4.5.1 The role of Authentic and Transformational Leadership in enhancing Employees' PsyCap*

In the interview with Fiona, she highlighted the importance of being emotionally intelligent, organized, logical, approachable, and supportive in her leadership style. By understanding the talents of her team and working collaboratively, she fosters a positive work environment where employees feel safe and supported.

*"There is no ideal manager, but there is a distinguished performing leader who can be emotionally intelligent, organized and logical, a great coach and supportive in times of challenges, approachable, engaging, knows the talents of his team and works collaboratively with them."*

Fiona explained that her leadership style has high commitment to personal and professional growth. She attends courses and acquires certifications to continually develop her abilities. She mentioned that her strongest trait is transferring knowledge to different levels of audiences, which she believes to be crucial in fostering the growth of her employees. She also mentioned that she demonstrates a high level of confidence in handling challenges, despite the occasional doubts and fears she might feel.

The interview included a discussion on her focus on employee well-being and how she works to provide a safe work environment that encourages employees to grow professionally and become more responsive to learning and work demands. She does that by building trust and establishing a strong team culture, while helping her employees feel motivated and optimistic. She further mentioned that recognition and rewards are essential components of her leadership style, as she believes that praise and appreciation significantly impact employees' confidence and optimism.

*"Minding the well-being of the person and providing a safe work environment are both essential to make the staff grow professionally, because they are more responsive to learning, work demands, and become happier with the team."*

In promoting work-life balance, Fiona emphasizes the importance of job satisfaction and happiness in achieving balance. She incorporates "edutainment" into her approach and listens to the team's needs to ensure that employees feel valued and supported. She also empowers her employees by providing clear instructions and expectations to avoid misunderstanding, allowing them the freedom to accomplish tasks without micromanagement.

*"Work-life balance comes when you love your job, and you are happy about its results. When it is not a psychological burden on your soul."*

Fiona explained how her focus on teamwork, openness, and innovation in daily work positively impacts her employees' creativity and optimism. She observed that when the employees see actions that match the words, they feel motivated to demonstrate their skills and creativity without fear.

She mentioned how she rewards her employees with different incentives when they succeed at a challenging task or when they exceed her expectations, by saying:

*"Recognition letters/certificates, financial rewards for achieving certain targets, of course, affects my employees' confidence and optimism. I believe that people need praise to feel happy and feel that they are "seen.""*

Lastly when we asked Fiona about her overall well-being as a leader, she described it as above average; which she recognizes as an essential factor in her leadership style. She mentioned that when she feels well, she can lead effectively, which impacts her employees positively.

#### *4.5.2 Contextual Factors Moderating the Relationship Between Leadership Style and Employees' PsyCap*

When discussing challenges in managing employees, Fiona highlighted the diverse social and cultural backgrounds of her employees and the need to align their performance with the job and brand level.

Fiona pointed out the diverse social and cultural backgrounds of her team, and the need to bring everyone to a certain level of performance. She also mentioned that her leadership approach considers the cultural diversity of her team.

*“One of the main challenges is the social and cultural background of employees and the need to elevate their performance to meet the standards of the job and the brand”*

When we discussed the organizational culture, Fiona explained how she prioritizes fostering a work-life balance, offers career growth opportunities, and creates an inclusive and safe work environment for her employees. She notes that these factors contribute to job satisfaction and enhance the well-being of employees in the workplace.

*“Providing an inclusive and safe work environment is essential to make the staff grow professionally, because it makes them more responsive to learning, work demands, and become happier with the team.”*

Fiona emphasized her understanding of the cultural and social differences in the workplace. She mentioned that she is aware of the different cultural backgrounds of her employees, the organizational culture, and the language barriers; and adopts her approach and way of communication accordingly. She pointed out:

*“Working with a diverse team has taught me to adapt. I have acquired the skill of being able to transfer the same message to different people depending on their language level, cultural interpretation, and social level.”*

She further elaborated that it is crucial as a manager to always have that level of awareness and consideration in mind when managing a diverse team. She believes that it is important to adopt the language, communication, and leadership style depending on the context and culture of employees.

*“I mostly use English, but sometimes it can cause confusion and misunderstanding when used with employees who only speak Arabic.”*

Fiona mentioned examples of how she switches from speaking Arabic to speaking English and vice versa depending on the employee she is communicating with, and how she avoids using certain words or expressions that could be misunderstood or misinterpreted due to the differences in culture, social level, and background.

#### **4.6 Respondent 6, Leader USA (Alias: Gabriel, American)**

The interview was conducted with a housekeeping manager in an international hotel chain in Chicago. The findings have been analyzed in line with the conceptual framework developed (figure 1), focused on the relationship between authentic and transformational leadership style and its role in enhancing employees' PsyCap – with the moderating role of contextual factors.

##### *4.6.1 The role of Authentic and Transformational Leadership in enhancing Employees' PsyCap*

Discussing his approach to delegating tasks, Carlos mentions that he provides supportive guidance but ultimately leaves the execution to his team. Gabriel emphasizes that he has trust in his employees' abilities and allows them to carry out tasks in their own way. He elaborates on how we perceive that this approach impacts his employees, describing that by showing trust in his employees' abilities makes them trust their abilities to complete their assigned tasks.

*"When delegating tasks, I provide supportive guidance but believe in the capabilities of my team to execute their responsibilities with little micromanagement."*

Thus, Gabriel describes that he is a leader that is open to questions from employees and is willing to aid when needed which enhances their capability to overcome challenges in the future when similar obstacles occur. When elaborating on how he thinks his employees perceive his support, he explains:

*"I believe that they know that I am always here if they need support or if they need help to complete their delegated tasks. My belief is employees' that have some sort of parachute, in this case their me, to rely on when obstacles occur makes them equipped to overcome setbacks".*

Gabriel's elaborates that he has a focus on empowering his team and providing clear expectations as a tool to visualize a positive outlook of them accomplishing their tasks and reaching the organizational goals. He reflects on how employees' perceive and interpret his approach, saying that from his perspective the employees become more hopeful and optimistic when they have a clear vision of what's expected of them and feel empowered to make decisions on how to achieve these expectations.

*"I do my best to maintain communication and integrity to resolve issues and avoid miscommunication."*

Gabriel describes his approach to employee recognition and feedback, stating that he involves employees in decision-making and acknowledges their effort through a scoring system as a tool to keep them motivated, confident, and optimistic about their work. He describes that recognizing and inspiring employees is a crucial element to enhance employees' well-being. Gabriel highlights that he has a long experience in this organization and that when he was promoted to a manager, he had a focus on recognizing and acknowledge the employees' effort. When asked to explain how his thought process was, he stated:

*“When I got this job, I noticed that the employees’ effort was not highlighted as much as they expected or in the way they expected, by focusing on understanding their needs we have developed a more engaged and motivated workforce.”*

In addition, he states that he tries to foster a work environment where the employees are included in the decision-making process to make them feel valued and respected which consequently cultivates their ability to cope with challenges and increase their hopefulness about the future. He elaborates on the matter:

*“Having employees’ that feel that their opinions matter and that they have capacity to influence the outcomes of their work is crucial”*

Gabriel states that having a work environment like this leads to a work-force that is engaged, develops their capabilities, and as a consequence making them more confident to overcome whatever challenges that may occur.

#### *4.6.2 Contextual Factors Moderating the Relationship Between Leadership Style and Employees' PsyCap*

The insights gained from Gabriel’s discussion on how culture and language barriers need to be taken into consideration to reach his desired outcomes from his leadership approach demonstrates the importance of adaption. He suggests that leaders should understand and adapt to these factors to effectively influence their teams. While discussing cultural and language barriers, Gabriel explains:

*“Language and culture are the main challenges when managing teams.”*

He states that working in a cross-cultural team within his organization requires him to develop understanding of the influence from the employees’ various cultural background in order to effectively communicate with his employees’. Stating that cultural understanding and effective communication play a crucial role in practicing effective leadership in a diverse environment like his organization.

*“I try to be as understanding as possible and adapt accordingly, by understanding I can influence my employees’ and reach our desired outcomes. Having the same approach to everyone regardless of their background do not work in this type of environment”.*

Regarding the organizational culture, Gabriel indicates that the hospitality industry is demanding, requiring a balance between work demands and employee well-being. Elaborating on how to maintain a balance:

*“In situations where our workforce feel pressure, we try to be as supportive as possible. The nature of industry with challenges as high low-load and shortage of staff requires managers to foster a supportive work-environment to enhance work-life balance to avoid employees’ working overtime which could impact our overall performance in the long run.”*

Gabriel emphasizes that his leadership approach is adaptable and requires him to take the cross-cultural variety in the workforce into consideration when leading his employees', by considering various factors influencing the effect his leadership has he is able to reach his desired outcomes.

## 5. Analysis

This chapter aims to analyze the data collected from the six interviews conducted with leaders and employees in different international hotel chains located in the USA, UAE, Qatar, and Jordan. These interviews revolved around the role of authentic and transformational leadership styles in enhancing employees' PsyCap, while also discussing the contextual factors that moderate this relationship. Contextual factors are variables or conditions that exist in the environment and can influence or affect the relationship between leaders and employees. These could be the type of culture the company has, the diversity of the employees, the social norms, values, and beliefs, as well as the language barrier.

We aim to discuss how these factors work in the international hospitality industry, which is complex and diverse. In doing so, we aim to give a more complete understanding of the role authentic and transformational leadership styles have in enhancing the PsyCap of employees, considering the moderating role of contextual factors. Our goal in this chapter is to tie together the practical findings and the existing theories to deepen our understanding of how to develop employees' PsyCap in the international hospitality industry.

### **5.1 Employees' perspectives on the role of Authentic and Transformational Leadership in Enhancing Employees' PsyCap**

The focus of this part of the analysis is within the interviews conducted with four international hotel employees based in the United States, United Arab Emirates, Qatar, and Jordan. The interviews will be analyzed to understand the relationship between leadership characteristics, with reference to the theoretical framework, and their role in enhancing the PsyCap of employees, considering the moderating role of contextual factors.

Beginning with the experience of Alex, who is a front desk employee in an international hotel chain in Chicago with an American background, the authors of this paper recognized the significant role of authentic and transformational leadership styles' characteristics in enhancing PsyCap. According to literature, delegating tasks with autonomy plays a role in enhancing employees' self-efficacy (Bandura, 2003; Luthans et al; 2007; Levene 2015; Luthans et al., 2017). Alex confirms the implications, describing that his leader grants him autonomy when performing his duties, which is a characteristic aligned with transformational leadership (Levene 2015).

Furthermore, Hofstede cultural dimension of power distance (Hofstede, 1980; Bass, 1985; Hofstede, 2001; Bass & Bass, 2008; Walumbwa et al., 2008; Hofstede et al., 2010; Gardner et al., 2011) proposed that transformational leadership demonstrated in a culture scoring low in PD is more effective, where employees value feeling trust and empowerment from their leaders. Interestingly, despite his leader being from a high power distance (PD) culture (Mexico), he has adapted his leadership style to suit the context of the United States, which has lower PD score (Hofstede, N.D). This paper suggests that the cultural background of his leader is not a moderating role in this case, but rather the organizational context is. This highlights the importance of cultural fit; which is the ability to adapt to the organization's values and

collective norms of the organization (Testa, 2006). This implies that leaders managing cross-cultural teams need to tailor their leadership styles according to the context of the organization.

Moving on to the task delegation, the data collected from employees Maria, Lejla, and Helen was similar to Alex's responses, explaining how the autonomy they are given when assigned tasks enhances their self-efficacy. Their experiences align with the characteristics of transformational leadership (Levene 2015).

Previous literature suggests that such leadership practices, involving autonomy, are effective in low PD cultures (Hofstede, 2001; Walumbwa et al., 2008; Gardner et al., 2012). Taking the cultural context Maria, Lejla, and Helen operate in, scoring high in PD, the authors of this paper suggest that their leaders' delegation practices and their expectations/interpretations are arguing against the literature. Implying that the cultural background does not have a moderating role in the relationship between transformational leadership role in enhancing the employees' PsyCap. This could be explained by the nature of the international hospitality industry consisting of cross-cultural teams which could weaken the moderating role contextual factors have on the relationship between authentic and transformational leadership styles role in enhancing employees' PsyCap.

However, both Lejla and Helen described that micromanagement could sometimes occur, having a negative impact on their confidence in their abilities. Demonstrating characteristics linked to micromanagement could be explained by the national culture where the organizations operate in, which in this case is Jordan and Qatar. The two countries score high in uncertainty avoidance (UA), which means that they prefer a leadership style that delegates tasks with clarity, established methods, and rules (Hofstede, 2001; Walumbwa et al., 2008; Gardner et al., 2012). This is a factor that could have a moderating role of their leader's transformational leadership style, consequently moderating the role it has on enhancing their PsyCap. Implying that, the action of showing trust by providing employees autonomy could be done in various ways depending on the context.

A key characteristic of transformational leadership includes providing individual support, helping to overcome obstacles, and fostering a culture oriented towards learning (Luthans et al., 2007; Levene, 2015; Liu et al., 2021). The findings extracted from the employees indicate that their leaders show support in the face of challenges even though they are provided with autonomy. Thus, support is described in various ways. Alex, Maria, and Lejla described that their leaders were supportive, encouraging, and offered guidance which played a role in enhancing their confidence. Which is a finding that aligns well with Luthans et al. (2007).

This analysis thus emphasizes the role of authentic and transformational leadership styles in enhancing employees' PsyCap. However, the perspectives of Maria, Lejla, and Helen indicate that the role of leadership styles cannot be viewed in isolation; they must be viewed in conjunction with various moderating factors. One of these factors, as suggested by Hofstede's cultural dimensions, is the cultural background of both the leader and the employee (Hofstede, N.D; Hofstede, 2001).

Helen also described her leader as supportive in the face of challenges, thus, support being demonstrated differently. Considering Hofstede's element of PD could explain this phenomenon, both Helen and her leader have cultural backgrounds scoring high in PD (Hofstede, N.D). High PD implies that his transformational attributes would be challenging to demonstrate to Helen, who has a cultural background that is not expecting that (Hofstede, 1980; Bass, 1985; Hofstede, 2001; Bass & Bass, 2008; Walumbwa et al., 2008; Hofstede et al., 2010; Gardner et al., 2011).

The fact that Helen's leader demonstrated adaptability and provided support during challenges, which goes against the high PD cultural background of both the leader and employee, highlights the flexibility of leadership and its ability to accommodate cultural norms to benefit the enhancement of PsyCap. This contradicts previous literature, which assumes transformational leadership to be limited by high PD cultures (Hofstede, 1980; Bass, 1985; Hofstede, 2001; Bass & Bass, 2008; Walumbwa et al., 2008; Hofstede et al., 2010; Gardner et al., 2011). This hints at a more complex relationship between cultural aspects, leadership styles, and their impact on employees' PsyCap than previously thought.

Considering Helen's French leader, his self-awareness and sensitivity towards Helen's collectivist background enabled him to effectively display transformational leadership attributes. This suggests that adaptability is essential for leaders who wish to enhance the PsyCap of their employees in cross-cultural settings.

On the other hand, micromanagement described by Lejla and Helen seems to contradict the characteristics of transformational leadership which key components is delegating with freedom and autonomy (Levene, 2015). Given the high power distance scores of Jordan and Qatar, the micromanagement experienced might reflect their leaders adapting to the cultural context of the organization and its employees. Thus, micromanagement becomes an effective leadership tool to practice in a context requiring structure and clarity (Hofstede, 1980; Bass, 1985; Hofstede, 2001; Bass & Bass, 2008; Walumbwa et al., 2008; Hofstede et al., 2010; Gardner et al., 2011). This suggests that cultural factors play a moderating role in the relationship between transformational leadership and employees' PsyCap, indicating a dynamic relationship between transformational leadership and the enhancement of employee PsyCap.

The different interpretations of support observed by the authors of this paper in Alex, Maria, Lejla, and Helen's responses align with the transformational leadership characteristic of providing support in the face of challenges (Luthans et al., 2007; Levene, 2015; Liu et al., 2021). While support is defined as encouragement and guidance from Alex, Maria, and Lejla's perspectives, Helen values assistance from her leader when facing challenges. This indicates that perceptions of support can vary based on the cultural context and individual's needs, suggesting that leaders in cross-cultural teams should consider the context to ensure that their supportive actions are appropriately interpreted.

Furthermore, Alex described his leader as consistently positive and optimistic, which are typical traits of transformational leadership (Bass & Riggio, 2006). This positive attitude, in line with setting challenging objectives, promoting teamwork, and fostering innovation, appears to

enhance Alex's motivation, optimism, and confidence which are core components of PsyCap. The study's findings align with previous literature, suggesting that the attributes of transformational leadership such as positivity and optimism play a role in enhancing employees' optimism and self-efficacy (Luthans et al., 2007; Parker & Collins, 2008). Whereas organizational culture moderating the relationship between the actions and employee PsyCap, as described by the employees' the existing enjoyable work-environment fosters their self-efficacy and optimism.

Interestingly, Alex noted that his leader's practice of providing feedback and recognition, which indicated traits of transformational leadership (Parker & Collins, 2010), enhances his PsyCap significantly. It does not only reassure him of his abilities and capacities but also makes him feel valued, which results in enhancing his optimism and confidence.

In a broader context, Maria's interview shed light on the role of authentic and transformational leadership styles in enhancing the PsyCap of employees, particularly within the international hospitality industry (Luthans, Youssef, & Avolio, 2007; Zhang et al., 2021). Maria's leader demonstrated key traits of these leadership styles such as trust, autonomy, support, and providing opportunities for professional growth (Levene, 2015). These elements contribute significantly to enhancing her self-efficacy, resilience, hope, and optimism (Bandura, 2003). The practice of granting autonomy and stimulating intellectual curiosity, as experienced by Maria from her leader, aligns with the key characteristics of transformational leadership (Levene, 2015; Liu et al., 2019). This trust placed in her abilities fosters her self-efficacy (Bandura, 2003) and creates an environment that encourages intellectual engagement, thereby developing Maria's empowerment and enhancing her PsyCap (Luthans, Youssef, & Avolio, 2007).

Maria's experiences provide additional insights into how transformational leadership can adapt to different cultural contexts (Walumbwa et al., 2008; Gardner et al., 2011). Although Maria is based in the UAE, with scores high in PD and has a collectivist culture (Hofstede, N.D), her leader's practices contradict the cultural norm (Bass, 1985). This suggests a high level of adaptation to the unique requirements of the workplace and organizational culture (Nesreen et al., 2020).

Maria highlighted the trust and the autonomy granted by her leader, both of which play a significant role in fostering her self-efficacy (Bandura, 1997). Furthermore, opportunities for professional growth, such as participation in cross-training programs, help develop her skills and widen her exposure to various environments (Levene, 2015). This boosts her self-efficacy and resilience (Luthans, Youssef, & Avolio, 2007). Moreover, her leaders display positivity and support in challenging times and during goal-setting sessions (Avolio & Gardner, 2005). These actions are in line with transformational leadership characteristics, and they enhance a sense of hope and optimism in Maria (Liu et al., 2019).

The interaction and communication between Maria and her leader, particularly their openness to learn from her, have resulted in an intellectually stimulating environment that boosts her PsyCap (Bass & Riggio, 2006). As confirmed by research, leaders who encourage intellectual

stimulation can significantly enhance their employees' PsyCap (Luthans, Youssef, & Avolio, 2007). When employees feel their ideas and contributions are valued, they are likely to feel empowered and self-efficacious (Bandura, 1997). This can lead to increased resilience, as employees gain more confidence in managing challenges and setbacks (Luthans, Youssef, & Avolio, 2007). Moreover, Maria notes that seeing her leaders manage challenges effectively further strengthens her confidence and resilience, thereby better equipping her to handle setbacks (Levene, 2015).

Helen's responses suggest that her leader's authentic and transformational leadership style has a significant positive impact on her PsyCap (Luthans, 2007). One notable incident involved a time when the hotel unexpectedly had many guests for dinner, and the team was understaffed. Despite the stressful situation, her leader stayed calm and created an effective plan, dividing tasks evenly among the team.

Leaders who maintain self-control and come up with effective strategies in challenging situations demonstrate characteristics of authentic leadership (Walumbwa et al., 2008). The actions of Helen's leader in this situation reinforced her belief in her abilities, boosting her self-efficacy. This example illustrates the role of this relationship between authentic leadership and employees' PsyCap, especially regarding self-efficacy (Avolio & Gardner, 2005; Gardner et al., 2011).

By staying calm and effectively distributing tasks among the team, Helen's leader motivated and inspired the entire team, which represents traits of both authentic and transformational leadership. This leadership approach enhanced Helen's self-efficacy, indicating the role transformational leadership has on enhancing the employees' PsyCap (Liu et al., 2021; Bandura, 1997).

In another context, Lejla shared her experiences with her leader at an international hotel chain, reflecting the role of both authentic and transformational leadership in enhancing her PsyCap. The collected data indicated that her leader prioritizes and values a stimulating and engaging work environment. Working in such an environment as Lejla described, created an atmosphere where collaboration and self-expression are normal, leading to an increase in her confidence (self-efficacy) through this atmosphere of self-expression and open communication. Authentic leadership characteristics is linked to the attributes Lejla expressed such as, self-expression and transparency (Walumbwa et al., 2008) which plays a role in enhancing employees' self-efficacy and hope (Bandura 2003; Levene 2015; Luthans et al., 2017; Luthans & Youssef-Morgan, 2018). This case illustrates the moderating role that contextual factors have, such as the organizational culture. Implying that, authentic leadership's role in enhancing self-efficacy and hope is tightly dependant on the work-environment's atmosphere.

Lejla emphasized that her leaders are "real" and "humane" in their interactions by revealing their unique personalities and current psychological mood. She also explained that her leader's method of handling setbacks or challenges helped enhance her own abilities to overcome challenges, which results in an enhanced resilience. The attributes of fostering a learning-oriented culture are key component of transformational leadership (Luthans et al., 2007;

Levene, 2015, Liu et al., 2021). Leading to enhancing employee's self-efficacy and resilience (Luthans et al., 2007; Levene, 2015; Nesreen et al., 2020; Liu et al., 2021). Again, implying that the contextual factors have a moderating role in the relationship between transformational leadership and employees' PsyCap.

Leaders who value transparency and open communication with their employees are seen as genuine, supportive, understanding, and ethical (Walumbwa et al., 2008). Lejla described how her leader's approach enhanced her resilience enabling her to view challenges as opportunities rather than obstacles. This mindset, combined with maintaining positivity, transparency, and open communication, enhances her ability to handle challenges and overcome setbacks which enhances her resilience. Implying that fostering a growth mindset by handling challenges as opportunities enhances employee resilience (Bass & Riggio, 2006; Luthans et al., 2007).

The employees' experiences highlight the importance of receiving consistent feedback and recognition for their performance as a tool to motivate and enhance their self-efficacy, resilience and confidence. Providing feedback and recognition are attributes that align with both authentic and transformational leadership styles (Luthans et al., 2007; Walumbwa et al., 2008; Liu et al., 2021; Zhang et al., 2021).

Lastly, the analysis of the data collected from the four employees conclude that both Helen and Lejla's experiences underline the significant impact of authentic and transformational leadership styles on enhancing Psychological Capital (PsyCap), with shared themes of resilience, self-efficacy, and hope (Luthans, 2007; Liu et al., 2021; Bandura, 1997). With a clear similarity across both cases is the ability of their leaders to maintain calmness and create effective strategies during challenging situations. These behaviors, traits of authentic leadership, reinforce the employees' self-efficacy and resilience, regardless of the situation (Walumbwa et al., 2008; Avolio & Gardner, 2005; Gardner et al., 2011).

However, a key difference lies in the specific attributes emphasized by each leader. While Helen's leader showcased transformational leadership through motivation and inspiration during crisis management (Liu et al., 2021), Lejla's leader highlighted aspects of authentic leadership by fostering an environment that encouraged self-expression, collaboration, and transparency (Bandura 2003; Levene 2015; Luthans et al., 2017; Luthans & Youssef-Morgan, 2018).

Another common theme across both cases is the leaders' attitudes towards feedback and recognition. Their approach of regularly acknowledging employee performance aligns with both leadership styles and is instrumental in enhancing self-efficacy, resilience, and confidence (Luthans et al., 2007; Walumbwa et al., 2008; Liu et al., 2021; Zhang et al., 2021).

A noteworthy contradiction emerges from Lejla's experience, where her leader's authentic and transformational leadership traits contradict the typical top-down management style often seen in collectivist cultures, indicating a level of adaptability to the unique requirements of the workplace and organizational culture.

## **5.2. Leaders' perspectives on the role of Authentic and Transformational Leadership in Enhancing Employees' PsyCap**

The two leaders that have been interviewed emphasized the importance of demonstrating characteristics such as, being supportive, approachable, and trustworthy. Fiona, the Canadian HR manager in Jordan, highlighted the importance of being emotionally intelligent, organized, logical, and supportive in her leadership style. Similarly, Gabriel, the American housekeeping manager in the USA, underscored the importance of trust, empowering his team, and providing clear expectations.

Fiona's focus on teamwork, openness, and innovation in daily work positively impacts her employees' creativity and optimism. When employees see actions that match the words, they feel motivated to demonstrate their skills and creativity without fear. This approach aligns with the principles of authentic and transformational leadership, which have been shown to enhance employees' PsyCap (Bass & Avolio, 1994; Walumbwa et al., 2008; Huang et al., 2009).

The authors' understanding of the data assumes that Fiona demonstrates characteristics of an authentic leader with her emphasis on emotional intelligence, self-improvement, and employee wellbeing (Walumbwa et al., 2008). She works to create a safe, supportive environment for her team, continually develop her own skills, and leverage her strength in knowledge transfer to foster her employees' growth (Avolio & Gardner, 2005; Gardner et al., 2011). Her commitment to personal growth and professional development serves as a model for her employees, which enhances their PsyCap by boosting their self-efficacy and resilience (Luthans et al., 2007). Simultaneously, Fiona demonstrates characteristics of transformational leadership, such as creating a team culture, motivating and inspiring her employees, and using rewards and recognition to enhance their confidence and optimism (Liu et al., 2021; Bandura, 1997). Fiona's use of "edutainment" to promote work-life balance and job satisfaction illustrates how she inspires her employees to be creative and innovative, which aligns with the defining feature of transformational leadership. This implies that leadership can be both authentic and transformational, blending elements of self-awareness and transparency with inspiration and motivation. Additionally, implying that effective leadership can play a significant role in enhancing employee's PsyCap, consequently increasing job satisfaction. It also implies that by balancing authentic and transformational leadership characteristics, leaders like Fiona can create a positive and engaging work environment, promoting not only professional development but also personal growth among their employees.

Contextual factors play a significant role in Fiona's leadership style. Considering that Jordan scores high on the power distance index in Hofstede's model, Fiona's approach of empowering employees and avoiding micromanagement was notable (Hofstede, 1980). It suggests that she successfully navigates this cultural attribute by offering clear instructions and setting expectations, fostering an environment that nurtures self-efficacy and resilience. Moreover, her awareness and sensitivity towards the cultural diversity of her team clearly indicates the moderating role of contextual factors such as organizational culture in the relationship between leadership styles and employee PsyCap. Fiona demonstrates adaptability in her communication style to cater to different language levels and cultural interpretations, underlining the significant role of cultural understanding in leadership (Luthans et al., 2007)

Moving on to analysing Gabriel's responses, the data collected indicate that characteristics linked to authentic and transformational leadership styles play a significant role in enhancing his team's PsyCap. Discussing his approach to delegating tasks, Gabriel mentioned that he provides supportive guidance but ultimately leaves the execution to his team. This approach aligns with authentic leadership, which can positively influence employees' self-efficacy. He believes that by providing supportive guidance and empowering his team, he can cultivate an environment where his employees are capable, hopeful, and resilient. It was clear that Gabriel also exhibits an authentic and transformational leadership approach by expressing a strong emphasis on trust and empowerment of his employees to accomplish their assigned tasks. (Luthans et al., 2007; Walumbwa et al., 2008).

His leadership style emphasizes clear communication, integrity, and a focus on employee recognition. He involves employees in decision-making and acknowledges their effort, which he believes enhances their well-being, motivation, confidence, and optimism. This approach reflects the theory proposed by Avolio & Gardner (2005), where effective leaders are those who motivate their followers by raising their awareness of outcomes, enhancing their self-efficacy, and encouraging them to transcend their own self-interest for the sake of the collective.

Trust is shown in his employees' abilities and judgment by allowing them to carry out tasks in their own way. This approach can significantly enhance self-efficacy, which allows employees to build confidence in their capabilities through direct experience. Moreover, Gabriel's openness to questions and his willingness to help when needed could also contribute to boosting employees' resilience. Employees would feel more equipped to overcome setbacks, knowing that their manager is supportive and available to help (Luthans et al., 2007; Parker & Collins, 2008). Gabriel's practice of trusting his employees' abilities and allowing them autonomy in task execution aligns with the concept of relational transparency, which is an essential attribute of authentic leadership according to Walumbwa et al. (2008).

By providing supportive guidance and being open to questions, Gabriel is demonstrating balanced processing, another attribute of authentic leadership (Avolio & Gardner, 2005). This is likely to help employees feel more valued and contribute to their resilience. When employees are given the autonomy to perform tasks in their own way, they are likely to feel more confident about their abilities and gain self-assurance in their skills, leading to an increase in their self-efficacy (Bandura, 1997; Luthans et al., 2007).

Gabriel's approach of empowering his team and providing clear expectations can foster a positive outlook towards future tasks and goals (Bandura, 1997). Employees are likely to be more hopeful and optimistic when they have a clear vision of what's expected of them and feel empowered to make decisions on how to achieve these expectations (Luthans et al., 2007). Gabriel's approach aligns directly with the elements of optimism and hope.

He further described his approach to employee recognition and feedback, stating that he involves employees in decision-making and acknowledges their effort through a scoring system. This practice reflects both authentic leadership through open communication and

transformational leadership by recognizing and inspiring employees, which therefore leads to enhancing their optimism and confidence (Walumbwa et al., 2008; Liu et al., 2021). He perceives the feedback and recognition system as a crucial component in enhancing employees' PsyCap and understands that by recognizing and appreciating the efforts of his team, which do not only boost their confidence, but also foster a sense of optimism towards their work. This, in turn, leads to a more engaged and motivated workforce.

Fiona and Gabriel both demonstrate authentic and transformational leadership in their roles. As suggested by Avolio & Gardner (2005), both leaders engage in behaviors that enhance employees' self-efficacy, raise their consciousness about the importance of outcomes, and motivate them to compromise their personal interests for the benefit of their teams. Fiona accomplishes this through her focus on emotional intelligence, collaboration, and personal growth, while Gabriel focuses on empowering his team and maintaining clear communication. This alignment of practice with theory reinforces the role of transformational and authentic leadership styles in enhancing employees' PsyCap in the hospitality industry.

The interviews with both leaders highlighted the importance of recognition and feedback in leadership. It was clear that Fiona and Gabriel understood the impact of recognition on their employees' confidence, motivation, and optimism. This finding reflects on the PsyCap theory by Luthans et al. (2007), which suggests that positive feedback from leaders increases employees' self-efficacy, resilience, hope, and optimism. Gabriel's scoring system and Fiona's use of recognition letters and financial rewards demonstrate practical implementations of this theory. The similarity in their approach underlines the universal importance of recognition, regardless of the cultural context. Moreover, both leaders also reflected transformational leadership qualities such as intellectual stimulation, inspirational motivation, individualized consideration, and idealized influence (Bass & Riggio, 2006). Fiona's commitment to personal and professional growth, along with Gabriel's focus on recognizing employees' efforts, demonstrates transformational leadership as they seek to inspire and motivate their teams to exceed expectations (Liu et al., 2021).

However, a point of contradiction appeared in the leaders' approach to work-life balance. Fiona links the achievement of work-life balance to job satisfaction and happiness, implying that if an individual loves their job, it won't feel like a burden. On the other hand, Gabriel stresses the industry's demanding nature and the importance of a supportive work environment to ensure work-life balance and avoid overtime. This difference might be explained by the cultural differences between Jordan and the USA, reinforcing the role of cultural context in shaping leadership practices as posited by Hofstede's cultural dimensions theory (2001).

To further dive into the cultural context, the authors observed that both leaders illustrate a deep understanding of the importance of cultural understanding in leadership. Fiona adapts her communication according to her team's cultural backgrounds, while Gabriel highlights the necessity of understanding and adapting to language and culture differences within his team. Their actions demonstrate the crucial role of understanding and awareness of the cultural differences in navigating the challenges of leading diverse teams (Bass & Avolio, 1994; Luthans et al., 2007; Huang et al., 2009).

For Fiona, being Canadian and working in Jordan, she operates in a cultural context that has a low PD and low UA, which is individualistic and masculine (Hofstede, 1980). Canada's low PD is reflected in Fiona's approachable and supportive leadership style. She establishes a positive work environment where employees feel safe and are encouraged to voice their ideas and concerns, indicating a flatter hierarchy. Similarly, her ability to handle uncertainty, despite occasional doubts and fears, aligns with Canada's low uncertainty avoidance score. Her commitment to personal and professional growth and continuous learning could be seen as a strategy to adapt to uncertain situations (Luthans et al., 2007). Fiona's emphasis on collaboration, recognizing talents within her team and her approach to 'edutainment' are aligned with Canada's individualistic and masculine culture. She is focused on fostering individual talent while maintaining a productive and competitive environment (Walumbwa et al., 2008).

On the other hand, Gabriel, as an American leader, still operates in a culture characterized by low power distance, low uncertainty avoidance, individualism, and masculinity (Hofstede, 1980). His approach of trust in his employees' capabilities and providing supportive guidance without micromanagement is reflective of the low power distance in the American culture. His comfort with uncertainty and ambiguity, allowing his employees to carry out tasks in their own way, aligns with the low uncertainty avoidance of the US culture. Gabriel's practice of involving employees in decision-making, recognizing their efforts, and fostering individual decision-making resonate with the individualistic and masculine dimensions of American culture. Moreover, his demonstrated competitive and achievement-oriented leadership style, as demonstrated by his use of a scoring system to motivate employees, is indicative of the masculine culture, where competition, achievement and success are valued. (Bass & Riggio, 2006).

When analyzing Fiona's and Gabriel's leadership styles in the context of their experiences in other countries, we see potential influences from these cultural contexts. Fiona's time in high power distance, high uncertainty avoidance, and collectivist cultures such as Jordan may have impacted her leadership style and practices, perhaps leading to an added emphasis on structure, planning, and team cohesion in her current role (Hofstede, 1980; Avolio & Gardner, 2005).

The authors understood that both Fiona's and Gabriel's leadership styles reflect their home country's cultural dimensions, but their international experiences might have added further complexity to their leadership approaches. By understanding the cultural dimensions, we gain a nuanced perspective on how culture impacts leadership styles in a global hospitality context. The interviews have revealed several common themes such as: the effectiveness of transformational and authentic leadership in enhancing employees' PsyCap, the critical role of recognition in fostering employee motivation and confidence, and the significance of promoting employee well-being. At the same time, the interviews highlighted the influence of cultural context on leadership practices and the need for leaders to adapt their approach accordingly. These findings offer valuable insights for leaders in the international hospitality industry and provide practical examples of how leadership theories can be applied in real-world contexts.

The following tables: Table (1) and Table (2) will illustrate predicted patterns derived from previous and existing knowledge about the role authentic and transformational leadership have on enhancing employee PsyCap. The predicted pattern also includes previous literature on contextual factors role in moderating the relationship. This table was used to conduct our analysis using a pattern matching logic method, proposed by Yin (2014).

| <u>PsyCap Element</u>  | <u>Keywords</u>   | <u>Consequence</u>   | <u>References</u>   |
|--|---|--|---|
| Self-Efficacy  | Belief, confidence in ability to successfully accomplish objectives   | Overcoming challenges, foster positive behaviour, high performance, recognizing pathway to overcome barriers | Bandura et al, 2003<br>Luthans et al., 2007<br>Levene, 2015<br>Luthans et al., 2017 |
| Optimism   | Setbacks = Opportunity<br>Adaptiveness to change/complex challenges, barriers equals factors out of control | Resilient, motivated, high well-being, and successful management of cultural barriers                        | Luthans et al., 2007<br>Levene. 2015  |
| Hope   | Hopeful in reaching desired objectives, visioning pathways to reach those objectives                        | Strategic goals, motivation, positive staff, and organizational performance                                  | Luthans et al., 2007<br>Levene, 2015<br>Zhang et al., 2021                          |
| Resilience   | Managing challenges/setbacks, Adaptive to changes, obstacles not affecting performance                      | Adaptiveness, visualizing pathway to reach objectives, empowerment, ability to overcome challenges           | Levene, 2015<br>Luthans et al., 2017<br>Liu et al., 2019<br>Nesreen et al., 2020    |
| <u>Authentic leadership (keywords)</u>   | <u>Breakdown of characteristic</u>  | <u>Relationship employee PsyCap</u>  | <u>References</u>   |
| Genuine, Transparent, Self-awareness, Moral compass, Trust, Openness, Diversity, Encouragement, Self-expression, consistency | Putting trust in employees, recognition   | Employees feeling valued, recognized, trusted, respected, heard.<br><b>Self-efficacy, hope</b>               | Luthans et al., 2007<br>Walumbwa et al., 2008                                       |
|  | Foster trust by open communication, sharing information/knowledge, and being consistent                     | <b>Optimism</b>  | Luthans and Avolio, 2003<br>Luthans et al., 2007                                    |
|  | Objective assessment, fair assessment, unbiased   | <b>Self-efficacy, resilience, and optimism</b>   | Luthans et al., 2007  |

|   |  |   |   |
|---|--|---|---|
|   | interpretation of employee performance   |   | Gardner et al., 2011  |
|   | Consistency of demonstrating values/ethical behaviour, setting example, inspirational                | <b>Hope, optimism</b>   | Avolio and Gardner, 2005<br>Luthans et al., 2007<br>Walumbwa et al., 2008                               |
|   | Self-awareness, humility   | <b>Self-efficacy</b>  | Luthans et al., 2007<br>Gardner et al., 2005  |
| <b><u>Transformational leadership (keywords)</u></b>  | <b><u>Breakdown of characteristic</u></b>  | <b><u>Relationship employee PsyCap</u></b>  | <b><u>References</u></b>  |
| Clear communication, communicating goals and visions, displaying confidence, role model, inspirational, motivating, supportive, stimulation | Clear communication of vision and goals<br>Confident, acting as role model                           | <b>Self-efficacy</b>  | Bandura 1997<br>Luthans et al., 2007<br>Liu et al., 2021  |
|   | Delegation + accountability + autonomy<br>Provide opportunities for growth                           | <b>Self-efficacy, optimism</b>  | Bandura 1997<br>Luthans et al., 2007<br>Levene, 2015<br>Liu et al., 2021                                |
|   | Inspiring and motivating staff<br>Visualizing pathway to success<br>Provide feedback and recognition | <b>Self-efficacy, optimism, resilience, and hope</b>  | Luthans et al., 2007<br>Parker & Collins, 2010  |
|   | Foster creativity, innovation, emphasize teamwork, openness  | Foster creativity, <b>optimism, resilience</b><br>Crucial to manage cross-cultural barriers and foster adaptiveness to change | Bass & Avolio, 1994<br>Huang et al., 2009<br>Luthans et al., 2007<br>Levene, 2015<br>Luthans & Youssef- |

|  |  |                                  |  |
|--|--|----------------------------------|--|
|  |  |                                  | Morgan, 2015   |
|  | Individualized support, intellectual stimulation, helping employees overcoming setbacks, foster learning-oriented culture, risk taking | <b>Self-efficacy, resilience</b> | Luthans et al., 2007<br>Levene, 2015<br>Liu et al., 2021 |

Table (1) Visualizing PsyCap element, linkage to transformational leadership

| <u>Hofstede dimensions</u>   | <u>Relationship leadership style</u>   | <u>References</u>   |
|------------------------------|--|---|
| Power distance               | <p>Low PD = prefer transformational, <u>Why</u> – based on trust, shared vision, inclusivity, empowerment<br/>High PD = Transformational leadership can be challenging, <u>Why</u> – employee expecting direct, clear directions</p> <p>Low PD = prefer authentic, <u>Why</u> – openness, participative, inclusiveness decision making<br/>High PD = challenging, need to balance openness due to cultural expectations</p>    | Hofstede, 1980<br>Hofstede et al., 2010<br>Hofstede, 2001<br>Bass, 1985<br>Hofstede, N.D<br>Walumbwa et al., 2008<br>Gardner et al., 2011 |
| Uncertainty avoidance        | <p>High = Transformational + authentic challenging<br/><u>Why</u> – Transformational seen as disruptive, risky. Authentic seen similarly</p> <p>Low = Transformational and authentic effective<br/><u>Why</u>= Inspiration and innovativeness attribute align with openness and tolerance to change/experiences.<br/>Authentic attributes as transparency, integrity, open communication align with openness individualism</p> | Hofstede, 2001,<br>Walumbwa et al., 2008<br>Gardner et al., 2011  |
| Individualism – collectivism | <p>Individualistic = Favor transformational due to valuing individual development, innovation, personal accomplishment</p> <p>Collectivist = Favor authentic due to foster trust, loyalty, group cohesion</p>  | Hofstede, 2001<br>Hofstede et al., 2010<br>Bass and Riggio, 2005<br>Avolio et al., 2003<br>Sweeney and Mcfarlin, 2015                     |

|                                     |  |  |
|-------------------------------------|--|--|
| <p>Masculinity -<br/>Femininity</p> | <p>Masculine = Favor transformational due to inspirational and ambitious traits</p> <p>Feminine = Favor Authentic due to clear communication, expectations, genuine care and work-life balance</p> | <p>Hofstede, 2001<br/>Hofstede et al., 2010<br/>Bass and Riggio, 2005<br/>Avolio et al., 2003<br/>Sweeney and Mcfarlin, 2015</p> |
|-------------------------------------|--|--|

*Table (2) The moderating role of contextual factors - Hofstede's Cultural Dimensions*

## **6. Conclusion**

### **6.1 Answering the Research Question and Fulfilling the Purpose**

The study's purpose was to investigate the role of authentic and transformational leadership styles in enhancing the psychological capital (PsyCap) of employees in the international hospitality industry, and to explore how contextual factors moderate this relationship within the international hospitality industry.

We put emphasis into understanding the moderating role contextual factors such as language, national culture, Hofstede dimensions, and organizational culture has on the relationship between authentic leadership style role in enhancing employee PsyCap.

Previous literature of Luthans et al., (2007), Levene (2015), Bandura (2003), Liu et al. (2019), Zhang et al. (2021), Nesreen et al. (2020), Walumbwa et al. (2008), Gardner et al. (2011), Avolio & Gardner (2005), Bandura 1997, Bass (1985), and Bass & Riggio (2006) have found that authentic and transformational leadership styles play a role in enhance employees' PsyCap. Our findings provide valuable insights into what the literature has found, and this research findings imply some existing contradictions from the empirical findings and previous/existing knowledge. The findings indicate that authentic and transformational leadership play a role in enhancing employees' PsyCap in the international hospitality industry. Additionally, the authors of this study found that contextual factors play a pivotal role in moderating this relationship.

Leaders demonstrating authentic and transformational characteristics enhance their employees' PsyCap. Thus, the study found that contextual factors such as national culture and organizational culture moderate this relationship. The main implication is that characteristics of authentic and transformational leadership play a role in enhancing employee PsyCap, thus, the characteristics could be demonstrated in various ways depending on the context and its effectiveness varies depending on the context. Leaders who can adapt and demonstrate the characteristics in a way that is suitable for the context and background of employee play a bigger role in enhancing their PsyCap. This research found that the role of leadership styles in enhancing employees' confidence and resilience can be influenced by the organizational culture that supports these leadership qualities, the cultural expectations of leadership behavior, and the language barriers.

### **6.2 Main Contribution of the Study**

The main contribution of this study is in its exploration of an under-explored industry and contributes to the existing knowledge of the unique nature of the international hospitality industry. Previous literature has shown that the international hospitality industry faces unique challenges in terms of cross-cultural management, staff turnover, demotivated staff, long working hours, and a highly competitive market. By increasing our understanding of vital elements that could contribute to international hospitality organizations overcoming these challenges, this study provides substantial arguments that support the positive impact investing into developing cross-cultural capabilities, adaptive leaders, and fostering authentic-transformational leadership characteristics, which can enhance organizations performance and employee well-being. Additionally, examining the moderating role of contextual factors such

as cultural dimensions with a focus on Hofstede which provides valuable insights for HR managers when hiring leaders, which we have found that it demands cross-cultural competencies. The study contributes to a topic that is highly relevant today due to globalization leading to an increase of multi-cultural interactions.

### **6.3 Theoretical Contribution**

Previous literature has examined the role authentic and transformational leadership has on enhancing employees' PsyCap, this research contributes to the existing literature by focusing on the international hospitality industry which is an under-explored area. Additionally, examining the moderating role of contextual factors is also a field where this research contributes to filling the research gaps in. By aligning leadership theories and Psychology, the study proves the pivotal role leadership practices has in shaping employees' PsyCap, consequently influencing organizational outcomes. Thus, little emphasis has been put on understanding the organizational outcomes which could be explored further on. Furthermore, the thesis expands upon the theories of cultural dimensions and their potential influences on leadership behaviors, adding a nuanced understanding of how leadership is being applied in different cultural contexts within the international hospitality sector.

### **6.4 Managerial Implication**

The findings have several critical managerial implications. The findings implications encourage leaders in the international hospitality industry to invest in training and development of attributes of authentic and transformational leadership to enhance the employees PsyCap which leads to successful outcomes. Thus, most importantly, these attributes can be demonstrated in various ways, which is a factor this thesis highlights. Demonstration of attributes and actions has been found to be important to adapt to the specific context in which it is being demonstrated in. Therefore, implying that there is no right or wrong way in how to demonstrate "good" leadership, it depends on the context. Further managerial implications, investing in adopting authentic and transformational leadership have been shown to be moderated by organizational culture, highlighting the importance of top-level managements investment into encouraging a supportive work-environment and inclusivity, thus enhancing the overall PsyCap of their workforce as a result. The study also stresses the importance of cultural sensitivity, suggesting that leaders who adapt their strategies to align with cultural contexts can better manage and motivate their diverse workforce.

### **6.5 Future Studies**

This study opens several opportunities for future research.

1. Future studies could include a larger and more diverse set of participants in, by gathering a broader range of data – the field could be developed in a time where cross-cultural management is becoming crucial for international hospitality industries to invest in. Including a larger range of data would explore more perspectives and could validate the findings.
2. While this study primarily explored transformational and authentic leadership styles, future research could examine the impact of other leadership styles on the PsyCap of employees in the hospitality industry.
3. Given the importance of context in this industry, future research might consider additional contextual variables, such as specific industry dynamics, economic

conditions, organizational culture, or exploring the impact the relationship have on organizational outcomes.

4. Finally, considering the dynamic nature of leadership and the need of contextual adaption, future studies could explore how the relationship is moderated by social status and how the relationship might be impacted or differ depending on variations of investment in employee well-being between different countries.

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# Appendix 1 - Employee Questionnaire

1. Can you describe your experience working in an international hotel chain?

## **Job satisfaction and professional growth:**

2. Do your leaders provide opportunities for professional growth?
3. Do you feel satisfied with your job? What makes you feel satisfied or dis-satisfied?

## **Self-efficacy and confidence:**

4. Tell me about a situation where your leader influenced your confidence positively..
5. How does your leader handle challenges and what effect does it have on your confidence?
6. When delegating or being delegated – are you accountable for HOW you do the job? If so, do you think it has an impact on your confidence?
7. Are there any specific events or situations within the context of interacting with your leader, that have had a significant impact on your confidence?

## **Hope, Motivation and goal-setting:**

8. Do you think you feel motivated when your leader is inspiring?
9. Do you think you feel motivated when your leader is positive/optimistic?
10. Do you feel that your leader help you set a challenging goal and support you in working towards them?
11. Does your leader help you overcome difficult times at work/ find pathways to overcome challenges?

## **Optimism, creativity, and teamwork:**

12. Are you being provided with positive feedback and recognition from your leaders? Do you think it impacts your optimism and confidence – how?
13. Does your leader emphasize teamwork, openness, and innovation? Do you think it affects your optimism and creativity? Provide examples if possible.
14. Are there any specific events or situations within the context of interacting with your leader that have had a significant impact on your positive/negative on the future?
15. Do you experience being impacted by your leader's positive/negative outlook on the future? How does that affect your confidence?

## **Resilience and adaptation:**

16. Do you think the possibility of growth or lack of growth impacts your ability to adapt changes or challenges?
17. Are there any specific events or situations within the context of interacting with your leader that have had a significant impact on ability to achieve objectives?
18. Are there any specific events or situations within the context of interacting with your leader that have had a significant impact on your capability to manage obstacles/challenges?

## **Cultural aspects:**

19. Have you noticed any differences when you have leaders from different cultural backgrounds? If so, can you provide examples?

20. From your experience, have you faced any challenges/ misunderstandings due to cultural differences with your leader or other team members? If so, what were these challenges?

## Appendix 2 – Leader Questionnaire

1. How would you describe an ideal leader and why are those characteristics important for you?
2. How does that align with how you manage your employees?
3. Do you work proactively with developing your leadership style? What would you say is your strongest trait?
4. What would you say about challenges when managing employees? Could you mention a few?
5. How would you describe your confidence in handling/overcoming challenges? Provide an example where you faced a challenge.
6. In the face of challenges, do you feel optimistic or hopeful about the future? Provide an example where there was doubt of a bright future and how your thought process was.
7. Do you feel satisfied with your job? What makes you feel satisfied or dissatisfied?
8. When communicating, do you think that you have the ability to transfer your message efficiently? And do you think your employees have a clear understanding of performance expectations?
9. Have you experienced a situation where miscommunication caused challenges/barriers between you and your employees? How did you handle that situation?
10. How do you emphasize stimulating your employees' professional/personal growth? Can you provide examples? Do you think it has an effect on their ability to overcome setbacks?
11. What's your thoughts on work-life balance? How is it being valued in your organization?
12. Can you provide examples of actions taken under your leadership to enhance work-life balance for your employees?
13. When delegating tasks, do you provide employees with freedom to do it how they want, or do you micromanage?
14. When setting goals, how do you visualize the pathway to your employees? How do you motivate your employees in pursuing these goals?
15. How do you provide feedback & recognition to your employees? Do you think it impacts their confidence and optimism?
16. In employees' daily work, do you emphasize teamwork, openness, and innovation? If so, how do you think it impacts their creativity and optimism? Provide an example.
17. Lastly, how would you describe your overall well-being as a leader? Do you think that it impacts your leadership style and thus affects your employees? How?