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# The Effects of Transactional and Transformational Leadership on Organizational Commitment in Hotels: The Mediating Effect of Trust

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#### **Abstract**

This study examined the causal relationship among transactional leadership and transformational leadership as well as dimensions of trust and organizational commitment, and confirmed cognitive trust and affective trust play mediators between leadership and organizational commitment from Taiwan's hotel employees' perceptive. Results showed that transformational leadership had positive influences on cognitive and affective trust. Transactional leadership had negative effect on cognitive trust. Cognitive trust had positive influences on normative and affective commitment. Cognitive trust played a full mediator between transformational leadership and continuance commitment. Affective trust played a partial mediator between transformational leadership and normative commitment as well as between transformational leadership and affective commitment

**Keywords:** Transactional leadership; Transformational leadership; Cognitive trust; Affective trust; Organizational commitment

#### Introduction

Employee retention is an important issue in the hotel industry. It involves employee organizational commitment to a hotel and its goals. Leadership and trust are foundations for this kind of commitment. Leadership, trust, and commitment to hotels are interrelated and important elements of the hotel industry. However, research has not yet specifically clarified the relationships among these variables.

Burns [1] classifies leadership styles as transactional leadership and transformational leadership, indicating that both transactional leaders and transformational leaders attempt to understand employee needs and help employees fulfill work objectives. Tracey and Hinkin [2] recommended improving service quality through effective leadership, given the labor intensive nature of the tourism and hospitality industries and the rapidly changing industry environment, to achieve better performance in using human resources. Furthermore, transformational leadership can help create organizational success [2].

Pillai et al. [3] indicated that leadership behavior affects employee trust in the organization and its leaders. Thus, in the current state of economic globalization, trust has become an increasingly important key to industry core competitiveness.

In their studies on the nature of trust, Lewis and Weigert [4], McAllister [5], Dirks and Ferrin [6], and Yang et al. [7] categorized trust as cognitive trust and affective trust. Hon and Lu [8] indicated that cognitive trust and affective trust affect different types of hospitality work performance.

Meyer and Allen [9] found that leadership can be used as an antecedent variable for organizational commitment. Mowday et al. [10] indicated that organizational commitment can also become the connection between individuals and the organization, positively affecting individuals, the organization, and society as a whole.

Past empirical research has highlighted that leadership and trust [3,11,12], trust and organizational commitment [8,13-19], and leadership and organizational commitment [20,21] are positively correlated. However, current research does not explore the interactive effects of leadership (transactional and transformational),

trust (cognitive and affective), and organizational commitment (continuance, normative, and affective). Thus, the purpose of this study is to verify the cause and effect relationships among transformational leadership, transactional relationship, and the two dimensions of trust, and the three dimensions of organizational commitment in the hotel workplace setting.

According to Podsakoff et al. [22], transformational leadership helps employees trust their managers. In their study, trust proved to be a mediator between transformational leadership and organizational citizenship behavior. Chen et al. [23] indicated that employees show trust based on personal organizational support, which then positively affects organizational commitment. Past literature shows employee trust in an organization or management can enhance employee commitment to the organization. Yang et al. [7] and Hon and Lu [8] verified cognitive and affective trust as mediators, with procedural justice as the independent variable. This indicates that procedural justice will positively affect work performance, work satisfaction, and organizational commitment through cognitive trust, while affective trust will enhance positive behavior and altruism. Thus, this study begins with the idea that trust is a mediator in transactional leadership, transformational leadership, and organizational commitment.

The primary objectives of this study are (1) Explore the perception of transactional leadership, transformational leadership, trust (cognitive, affective), and organizational commitment (continuance, normative, and affective) of Taiwanese hotel employees; (2) Explore the impact of transactional leadership on cognitive trust, and the impact of transformational leadership on cognitive trust and affective trust; (3) Investigate the effects of employee cognitive trust in management on continuance commitment, as well as the effects of employee affective

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trust in management on normative and affective commitment; (4) Examine how hotel employee cognitive trust in management mediates transactional leadership and continuance commitment, how employee affective trust in management mediates transformational leadership and normative commitment, and how employee affective trust in management mediates transformational leadership and affective commitment.

# Literature Review and Hypotheses

# The relationships between leadership and trust

Bass and Avolio [24] defined transactional leadership as understanding employee needs, providing for those needs to reward employee contributions and hard work, and committing to giving those rewards after employees complete assigned work duties. Both employees and leaders recognize performance and effort, given an agreement with the leadership outlining obligations. This transaction requires trust. McAllister [5] categorized trust into cognitive trust and affective trust. Cognitive trust is the trust produced through an objective evaluation of losses and benefits based on personality traits, reliability, and the strength of the relevant abilities of other subjects.

Konovsky and Pugh [25] believed that subordinates under transactional leadership are more concerned about fairness in results, which is subtly affected by their level of trust in their leader because their relationship with their leader is based on the results of their own efforts. Shamir [26] believed that transactional leadership establishes trust through consistent behavior and fulfilling agreements. Podsakoff et al. [22], Jung and Avolio [27] indicated that the transactional leadership and trust of subordinates in their leader have a positive correlation, showing that a subordinate's trust in a leader is due to rewarded performance. Thus, transactional leadership has a positive impact on trust. Thus, this study proposes H1:

H1: Manager transactional leadership has a positive effect on hotel employee cognitive trust.

According to Podsakoff et al. [22], transformational leadership involves leadership that clearly presents common goals and values, and the encouraging cooperation through personal example. In addition, in transformational leadership, leaders expect high-level performance by employees, and respect employee feelings and needs, encouraging employees to deliberate optimal solutions and innovation in their work. McAllister [5] defined affective trust as the dependence and emotional attachment produced when managers and employees engage in close interpersonal interactions originating in personal emotional connections and feelings.

Bennis and Nanus [28] indicated that transformational leadership and trust are directly related; effective transformational leaders will gain the trust of their subordinates. Podsakoff et al. [22] and Arnold et al. [11] verified that transformational leadership positively affects trust. Thus, certain scholars recommend transformational leadership in organizations and teams, with leaders encouraging and training team members to become future effective transformational leaders; transformational leadership more effectively generates organizational trust than traditional methods [11]. Thus, transformational leadership should positively affect trust.

Whitmore [29] explored the effects of transformational leadership, leader integrity, and organizational justice on trust. Here, trust included cognitive trust and global trust. The research results indicated that transformational leadership has a positive effect on cognitive trust.

In summary, transformational leadership will positively affect trust. Thus, this study proposes H2:

H2a: Manager transformational leadership has a positive effect on hotel employee cognitive trust.

H2b: Manager transformational leadership has a positive effect on hotel employee affective trust.

# The relationships between trust and organizational commitment

According to McCauley and Kuhner [17], McShane and Glinow [30], trust has a positive impact on organizational commitment. Hon and Lu [8] confirmed this, noting that cognitive trust positively affects organizational commitment. Moreover, according to Allen and Meyer [31], employees develop continuance commitment based on the relative costs of staying or quitting, the desire to continue working for an organization, and the perception that leaving will incur substantial costs. Accordingly, employees decide to continue working at an organization based upon their perceptions of the abilities of, the degree of trust in, and the reliability of management. Thus, this study proposes H3.

H3: Hotel employee cognitive trust in managers has a positive effect on employee continuance commitment.

Trust positively affects organizational commitment [15,16]. Perry [19] confirmed that employee trust in managers correlates positively to affective organizational commitment. Yang and Mossholder [32] agreed that affective trust in supervisors and their management was important to such commitment, and Ladebo [33] further verified this conclusion.

According to McAllister [5], affective trust is develops interactively between management and employees over time. In particular, interpersonal relationships create mutual dependence and emotional attachment. Allen and Meyer [31] referred to normative commitment as the feeling of responsibility that employees have towards their organization, the fear of the reactions of others if they leave, and their unwillingness to disappoint leaders. Moreover, affective commitment refers to employee agreement with organizational goals and values and the willingness to help fulfill those goals. Thus, this study infers that the dependence and emotional attachment between managers and employees may cause employees to feel responsibility toward an organization, agreeing with organizational goals and values, assisting in fulfilling organizational goals, and continuing to work at the organization. Thus, this study proposes H4 and H5:

H4: Hotel employee affective trust in managers has a positive effect on employee normative commitment.

H5: Hotel employee affective trust in managers has a positive effect on employee affective commitment.

#### The mediating effects of trust

Jung and Avolio [27], Podsakoff et al. [22], and Shamir [26] all have indicated that transactional leadership increases trust, partly by using rewards for employee efforts [34]. Both management and employees execute their contracts based on their commitments. However, subordinate willingness to fulfill commitments and achieve organizational vision relies on trust in the leader. Establishing this trust originates in the abilities of leaders (Yukl, 1998).

Shamir et al. [35] believed that transformational leaders are role models for subordinates, with subordinates emulating the successes, values, and confidence of the leader. If employees are successful in this, they will trust their leader more. Thus, transformational leadership increases the trust subordinates have in their leader.

Trust does positively affect organizational commitment [8,13-18]. Yang and Mossholder [32] also indicated that employee affective trust in supervisors and management increases affective organizational commitment. Ladebo [33] indicated that cognitive trust among coworkers has no significant impact on group cohesion and affective organizational commitment, but the affective trust employees have in management and coworkers does improve affective organizational commitment.

Koh et al. [36] discovered that transactional leadership positively affects organizational commitment by emphasizing short-term, basic needs of subordinates, and moreover further affects subordinate approval of the organization itself. In addition, many studies of different organizational environments and cultures have indicated that transformational leadership and organizational commitment are directly related [36-39]. Barling et al. [40] proposed that the power of leadership improves personal, team, and organizational work performance, as well as satisfaction; they also discovered that transformational leadership also increases organizational commitment.

In summary, transactional leadership increases trust, and transformational leadership improves organizational commitment. With trust affecting organizational commitment, both transactional leadership and transformational leadership are independent variables, and work satisfaction, work performance, organizational citizenship behavior, or organizational commitment are dependent variables; thus we can infer that trust is a mediator [6,22]. Based on the studies of Yang et al. [7] and Hon and Lu [8], with cognitive trust and affective trust verified as mediator variables and procedural justice as an independent variable, procedural justice positively affects work performance, work satisfaction, and organizational commitment through cognitive trust, while affective trust positively affects helping behavior and altruism.

Bycio et al. [20] found that leaders needed to cultivate strong emotional attachments with members of their organizations, and that transformational leadership positively correlates with affective commitment. Lee [21] and Akroyd et al. [41] both found that transformational leadership increases normative and affective commitment. However, transformational leadership had no significant effect on continuance commitment.

Thus, many studies have explored transactional leadership, transformational leadership, and organizational commitment from a three-dimensional perspective, illustrating that transformational leadership has a positive impact on affective and normative commitment to an organization. Though transformational leadership has no significant effects on continuance commitment, past research has indicated that transformational leadership increases trust, and trust has increases organizational commitment. Thus, cognitive trust may be a mediator between transformational leadership and continuance commitment.

Therefore, this study hypothesizes that cognitive and affective trust are mediators, as proposed in H6, H7, H8, and H9:

H6: Employee cognitive trust mediates between manager transactional leadership and employee continuance commitment.

H7: Employee cognitive trust mediates between manager transformation leadership and employee continuance commitment.

H8: Employee affective trust mediates between manager transformational leadership and employee normative commitment.

H9: Employee affective trust mediates between manager transformational leadership and employee affective commitment.

# Methodology

# Proposed research model

Integrating the literature review and hypotheses of the studies described in the previous chapter, this study proposes a research model (Figure 1). This framework hypothesizes that transactional leadership directly affects employee cognitive trust in managers; transformational leadership directly affects cognitive and affective trust; cognitive trust directly affects continuance commitment; affective trust directly affects normative and affective commitment; and cognitive and affective trust mediate for transactional leadership, transformational leadership, and continuance, normative, and affective commitment.

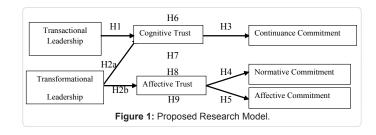
#### Research subjects and instrument design

Survey instrument was developed based on literature reviews. The scale of Transactional leadership adopted the study of Mackenzie et al. [42] with a total of 7 questions. Transformational leadership referenced Podsakoff et al. [22] with a total of 21 questions. Questionnaire items of Trust were adopted from McAllister's [5] interpersonal trust (both cognitive and affective) with a total of 11 questions. Organizational commitment referenced Allen and Meyer's [31] organizational commitment (continuance, normative, and affective) measurement, with a total of 24 questions. A 7-point Likert scale, ranging from "Strongly Disagree" to "Strongly Agree", was adopted for scale measurement. This study used data analysis including descriptive analysis, reliability testing, confirmatory factor analysis and structural equation modeling. Surveys with cover letters were delivered to hotel Human Resources managers or General Managers for research participation. The managers distributed the surveys to their full-time employees by a convenience sampling method.

#### **Analysis of Results**

#### Respondent analysis

The questionnaire for this study was distributed from February 23, 2011, to April 30, 2011. In all, 584 questionnaires were sent to 41 hotels, and 421 questionnaires were returned. Of the returned questionnaires, 395 were valid, achieving an effective response rate of 68%. As can be seen in Table 1, more female employees (72.2%) than male responded. Of the largest age group was 21 to 30 years old, accounting for 49.4% of the total. Most respondents were unmarried (67.1%) and had college educations (50.1%). A plurality of respondents had worked at their current hotel for 1 to 3 years (25.6%). Most respondents were full-



time employees (93.2%). A plurality worked in the food and beverage department (22.8%) and had worked in the hotel industry for 1 to 3 years (24.3%). Most direct supervisors were at the (deputy) manager level or above (61.5%). A plurality of employees had worked with their direct supervisors for 1 to 3 years (28.9%). Finally, most direct supervisors had prior management experience in the tourism and restaurant industries (73.4%).

| Item                                 | Sample (N = 395) | Percentage (%) |
|--------------------------------------|------------------|----------------|
| Gender                               |                  |                |
| Male                                 | 110              | 27.8 %         |
| Female                               | 285              | 72.2 %         |
| Age                                  |                  |                |
| 20 years old and below               | 10               | 2.5 %          |
| 21-30years old                       | 195              | 49.4 %         |
| 31-40years old                       | 123              | 31.1 %         |
| 41-50years old                       | 45               | 11.4 %         |
| 51-60years old                       | 21               | 5.3 %          |
| 61 years old and above               | 1                | 0.3 %          |
| Marital Status                       |                  |                |
| Unmarried                            | 265              | 67.1 %         |
| Married                              | 127              | 32.2 %         |
| Others                               | 3                | 0.8 %          |
| Education                            |                  |                |
| Secondary but no degree              | 17               | 4.3 %          |
| High school degree                   | 75               | 19 %           |
| College degree                       | 83               | 21 %           |
| University degree                    | 198              | 50.1 %         |
| Graduate degree                      | 22               | 5.6 %          |
| Working Years (in the current hotel) |                  |                |
| 0.5 years and below                  | 29               | 7.3 %          |
| 0.5-1 years                          | 70               | 17.7 %         |
| 1-3 years                            | 101              | 25.6 %         |
| 3-5 years                            | 70               | 17.7 %         |
| 5-7 years                            | 42               | 10.6 %         |
| 7-9 years                            | 26               | 6.6 %          |
| 9 years and above                    | 57               | 14.4 %         |
| Work Status                          |                  |                |
| Full time                            | 368              | 93.2 %         |
| Part time                            | 27               | 6.8 %          |
| Department                           |                  |                |
| Front office                         | 69               | 17.5 %         |
| Housekeeping                         | 49               | 12.4 %         |
| Food and beverage                    | 90               | 22.8 %         |
| Administration                       | 20               | 5.1 %          |

| Human Resources   | 44               |                     | 11.1 %   |  |       |
|---|------------------|---------------------|----------|--|-------|
| Item  | Sample (N = 395) | Sample (N = 395) Pe |          |  |       |
| Department  |                  |                     |          |  |       |
| Marketing   | 17               |                     | 4.3 %    |  |       |
| Procurement   | 17               |                     | 4.3 %    |  |       |
| Engineering   | 5                |                     | 1.3 %    |  |       |
| others  | 31               |                     | 7.8 %    |  |       |
| Working Years in the Hotel Industry   |                  |                     |          |  |       |
| 0.5 years and below   | 20               |                     | 5.1 %    |  |       |
| 0.5-1 years   | 58               |                     | 14.7 %   |  |       |
| 1-3 years   | 96               |                     | 24.3 %   |  |       |
| 3-5 years   | 78               |                     | 19.7 %   |  |       |
| 5-7 years   | 35               |                     | 8.9 %    |  |       |
| 7-9 years   | 21               |                     | 5.3 %    |  |       |
| 9 years and above   | 87               |                     | 22 %     |  |       |
| Direct supervisor:  |                  |                     |          |  |       |
| Entry-level management (including foreman and section head)                                       | 152              |                     | 38.5 %   |  |       |
| (Deputy) Manager level or above   | 243              |                     | 61.5 %   |  |       |
| Number of years working with direct supervisor:   |                  |                     |          |  |       |
| 0.5 years and below   | 40               |                     | 10.1 %   |  |       |
| 0.5-1 years   | 86               |                     | 21.8 %   |  |       |
| 1-3 years   | 114              |                     | 28.9 %   |  |       |
| 3-5 years   | 70               |                     | 17.7 %   |  |       |
| 5-7 years   | 30               |                     | 7.6 %    |  |       |
| 7-9 years   | 17               |                     | 17 4.3 % |  | 4.3 % |
| 9 years and above   | 38               |                     | 9.6 %    |  |       |
| Does the direct supervisor have a background related to the tourism, food, and travel industries? |                  |                     |          |  |       |
| Yes   | 290              |                     | 73.4 %   |  |       |
| No  | 105              |                     | 26.6 %   |  |       |

Table 1: Respondents' Profile.

# Variables descriptions, reliability analysis, and correlation

The Cronbach's  $\alpha$  values were as follows: transactional leadership was 0.895, and transformational leadership was 0.976, cognitive trust was 0.953, and affective trust was 0.940, continuance commitment was 0.904, while normative commitment was 0.757, and affective commitment was 0.944. The Cronbach's  $\alpha$  value of the variables used in this study are all more than 0.7, illustrating the reliability of this questionnaire and a high degree of internal consistency.

For the perceptions of transactional leadership, the mean was 5.14, showing that employee acknowledgement of transactional leadership ranged from "slightly agree" to "agree". Employees believed that their direct supervisors showed leadership styles that rewarded and punished expediently. Employees commonly felt that their managers primarily punished expediently, without rewarding expediently when exercising transactional leadership.

For the perceptions of transformational leadership, the mean was 4.92, showing that employee acknowledgement of transformational leadership ranged from "neutral" to "slightly agree". The results indicated that, though the score was lower than transactional leadership, the mean still approached 5. Thus, we can infer that the

direct supervisors of Taiwanese hotel employees also exercised transformational leadership. Employees commonly believed that managers emphasized high quality performance more and cultivated team attitude and spirit when exercising transformational leadership. However, looking for new opportunities for the hotel, clearly understanding shared objectives with the hotel, and future employee development showed less emphasis.

In terms of cognitive trust, the mean was 4.93, showing that employee acknowledgement of cognitive trust in their direct supervisors ranged from "neutral" to "slightly agree". Employee trust in direct supervisors originates from the belief that the supervisors themselves have sufficient professional knowledge and abilities to provide leadership.

For the perceptions of affective trust, the mean was 4.90, demonstrating that employee acknowledgement of affective trust in their direct supervisors ranged from "neutral" to "slightly agree". Employee trust in their direct supervisors originates in interpersonal interactions working with their managers, and working toward shared objectives. Furthermore, emotional attachment and trust in the managers also builds if managers are willing to provide constructive ideas for employees to help solve difficulties and uncertainties in work.

For continuance commitment, the mean was 4.34, indicating that employee acknowledgement of continuance commitment to the hotel ranged from "neutral" to "slightly agree". Employees have partial continuance commitment to the hotel and first evaluate the potential losses and benefits from leaving their position or continuing to work at the hotel.

For perceptions of normative commitment, the mean was 4.37, showing that employees normative commitment to the hotel ranged from "neutral" to "slightly agree". Thus, employees feel a partial normative commitment and consider managerial viewpoints, creating a sense of responsibility and influencing their decision to continue working at the hotel.

For perceptions of affective commitment, the mean was 4.80, demonstrating that employees feel an affective commitment to the hotel, ranging from "neutral" to "slightly agree". Thus, employees feel a partial affective commitment to the hotel, acknowledge the goals and values of the hotel, and are therefore willing to continue working for the hotel. Results of the descriptive and reliability analyses are shown in Table 2. Correlation analysis for each variable is given in Table 3. The degree of correlation between variables is significant and positive.

#### Confirmatory factor analysis

This study used AMOS 17.0 to perform confirmatory factor analysis and structural equation modeling. The result of the fit criteria of the original,  $\chi 2 = 5904.66$  (df = 1689),  $\chi 2/\text{df} = 3.50$ , RMSEA = 0.08, NFI = 0.78, NNFI = 0.82, CFI = 0.83, show the model standard was not reached. Thus, this study invoked model corrections. Bagozzi and Yi [43] recommended a factor loading between 0.50 and 0.95 for substantial explanatory power. Thus, this study deleted two questions and performed scale reliability and correlation tests again. In terms of scale reliability, the Cronbach's  $\alpha$  valuesfor transactional leadership was 0.913, transformational leadership was 0.976, cognitive trust 0.953, affective trust 0.940, continuance commitment 0.904, normative commitment 0.874, and affective commitment 0.944, illustrating good reliability. The composite reliability was between 0.86 and 0.98, conforming to the recommendations of Hair et al. [44] that composite

reliability be more than 0.7 for superior reliability. In terms of convergent validity, the average variance extracted for each factor was between 0.51 and 0.76; all exceeded 0.5, thus showing the presence of convergent validity. In Table 3, the square of the correlation coefficients of any two variables was lower than the average variance extracted and thus showed discriminant validity [45]. Thus, this scale establishes good construct validity. Table 4 shows the measurement model goodness-of-fit results before and after correction. The fit indicators for the corrected model are  $\chi 2 = 3282.184$ ,  $\chi 2/df = 2.151$ , CFI = 0.93, NNFI = 0.93, RMSEA = 0.05; illustrating that the corrected model could reach acceptable standards.

# Hypothesis testing by structural equation modeling

This study used structural equation modeling to verify the hypotheses and the cause and effect relationships among the variables proposed in this study. The mediating effects of cognitive and affective trust were verified using Baron and Kenny's [46] method. The goodness-of-fit indicators of the structural model were  $\chi 2/df = 2.214$ , GFI = 0.767, CFI = 0.925, NNFI = 0.919, and RMSEA = 0.056. The model is acceptable and fits the theoretical framework previously derived in this study. The estimated standardized coefficients of each path are shown in Table 5.

As can be seen from the third step in Table 6, transactional leadership had a significant negative effect on cognitive trust ( $\beta$  = -0.12, p < 0.01). Thus, H1: Manager transactional leadership has a positive effect on hotel employee cognitive trust was not supported. Transformational leadership did have a significant positive effect on cognitive trust and affective trust ( $\beta$  = 0.96, p < 0.001;  $\beta$  = 0.87, p < 0.001), lending support to hypotheses H2a and H2b: Manager transformational leadership has a positive effect on hotel employee cognitive trust and Manager transformational leadership has a positive effect on hotel employee affective trust.

Cognitive trust had a significant and positive effect on continuance commitment ( $\beta=0.37,\,p<0.001$ ). Thus, H3, Hotel employee cognitive trust in managers has a positive effect on employee continuance commitment, was supported. Affective trust had a significantly positive impact on normative commitment ( $\beta=0.23,\,p<0.05$ ), supporting H4, Hotel employee affective trust in managers has a positive effect on employee normative commitment. Affective trust had a significant and positive effect on affective commitment ( $\beta=0.41,\,p<0.001$ ). Thus, H5, Hotel employee affective trust in managers has a positive effect on employee affective trust in managers has a positive effect on employee affective commitment, is supported.

Baron and Kenny's [46] three steps were used to verify the mediator effects of the various path coefficients in the structural model in Table 5. H6: Employee cognitive trust mediates between manager transactional leadership and employee continuance commitment. From Step 1: The effects of transactional leadership on continuance commitment are not significant ( $\beta$  = -0.10, p > 0.05) and therefore do not meet Baron and Kenny's first step. Therefore, cognitive trust is not a mediator between transactional leadership and continuance commitment, and Hypothesis 6 does not stand. Then, verification was performed on H7: Employee cognitive trust mediates between manager transformation leadership and employee continuance commitment. Step 1: Transformational leadership significantly affected continuance commitment ( $\beta = 0.54$ , p < 0.001). Step 2: Transformational leadership significantly affected cognitive trust ( $\beta$  = 0.96, p < 0.001), and cognitive trust significantly affected continuance commitment ( $\beta$  = 0.50, p < 0.001). Step 3: When the independent variable and the mediator were added to the structural

|     |   |      | Mean : | = 5.14       |
|-----|---|------|--------|--------------|
|     | Transactional Leadership  | Mean | SD     | Cronbach's α |
| 1.  | Always gives me positive feedback when I perform well.                                  | 4.98 | 1.308  |              |
| 2.  | Gives me special recognition when I produce at a high level.                            | 5.04 | 1.298  |              |
| 3.  | Commends me when I exceed my productivity goals.  | 5.03 | 1.305  |              |
| 4.  | Frequently does acknowledge my good performance   | 5.02 | 1.289  | 0.895        |
| 5.  | Lets me know about it when I perform poorly.  | 5.51 | 1.208  |              |
| 6.  | Points it out to me when my productivity is not up to par.                              | 5.24 | 1.182  |              |
|     |   |      | Mean : | = 4.92       |
|     | Transformational Leadership   | Mean | SD     | Cronbach's α |
| 1.  | Has a clear understanding of where we are going.  | 4.67 | 1.381  |              |
| 2.  | Paints an interesting picture of the future for our group.                              | 4.77 | 1.436  |              |
| 3.  | Is always seeking new opportunities for the organization.                               | 4.75 | 1.400  |              |
| 4.  | Inspires others with his/her plans for the future.                                      | 4.69 | 1.413  |              |
| 5.  | Is able to get others committed to his/her dream.                                       | 4.82 | 1.368  |              |
| 6.  | Leads by "doing," rather than simply by "telling."                                      | 4.84 | 1.476  |              |
| 7.  | Provides a good model for me to follow.   |      | 1.387  | 0.976        |
| 8.  | 8. Leads by example.  |      | 1.454  |              |
| 9.  | Fosters collaboration among work groups.  | 4.98 | 1.325  |              |
| 10. | Encourages employees to be "team player."   | 4.95 | 1.368  |              |
| 11. | Gets the group to work together for the same goal.                                      | 4.98 | 1.330  |              |
| 12. | Develops a team attitude and spirit among employees.                                    | 5.02 | 1.311  |              |
| 13. | Shows us that he/she expects a lot from us.   | 5.08 | 1.250  |              |
|     | Transformational Loadership   |      | Mean : | = 4.92       |
|     | Transformational Leadership   | Mean | SD     | Cronbach's α |
| 14. | Insists on only the best performance.   | 5.32 | 1.255  |              |
| 15. | Will not settle for second best.  | 5.27 | 1.217  |              |
| 16. | Shows respect for my personal feelings.   | 4.86 | 1.433  |              |
| 17. | Behaves in a manner thoughtful of my personal needs.                                    | 4.82 | 1.417  |              |
| 18. | Challenges me to think about old problems in new ways.                                  | 4.85 | 1.345  | 0.976        |
| 19. | Ask questions that prompt me to think.  | 4.88 | 1.319  |              |
| 20. | Has stimulated me to rethink the way I do things.                                       | 4.93 | 1.269  |              |
| 21. | Has ideas that have challenged me to reexamine some of basic assumptions about my work. | 4.88 | 1.277  |              |

|    | Cognitive Trust  |             | Mean = 4.93 |              |  |  |
|----|--|-------------|-------------|--------------|--|--|
|    |  |             | SD          | Cronbach's α |  |  |
| 1. | This person approaches his/her job with professionalism and dedication.  | 5.08        | 1.292       |              |  |  |
| 2. | Given this person's track record, I see no reason to doubt his/her competence and preparation for the job.   | 5.02        | 1.269       |              |  |  |
| 3. | I can rely on this person not to make my job more difficult by careless work.  | 4.73        | 1.427       |              |  |  |
| 4. | Most people, even those who aren't close friends of this individual, trust and respect him/her as a coworker.  | 4.96        | 1.324       | 0.953        |  |  |
| 5. | Other work associates of mine who must interact with this individual consider him/ her to be trustworthy.  | 4.87        | 1.376       |              |  |  |
| 6. | If people knew more about this individual and his/her background, they would be more concerned and monitor his/her performance more closely.   | 4.90        | 1.324       |              |  |  |
|    | Affective Trust  |             | Mean :      | = 4.90       |  |  |
|    | Allective Hust   | Mean        | SD          | Cronbach's α |  |  |
| 1. | We have a sharing relationship. We can both freely share our ideas, feelings, and hopes.   | 4.77        | 1.420       |              |  |  |
| 2. | I can talk freely to this individual about difficulties I am having at work and know that (s)he will want to listen.   | 4.74        | 1.375       |              |  |  |
| 3. | We would both feel a sense of loss if one of us was transferred and we could no longer work together.  | 4.92        | 1.356       | 0.940        |  |  |
| 4. | If I shared my problems with this person, I know (s)he would respond constructively and caringly.  |             | 1.311       |              |  |  |
| 5. | I would have to say that we have both made considerable emotional investments in our working relationship.   | 5.06        | 1.259       |              |  |  |
|    | Continuoneo Commitment   | Mean = 4.34 |             |              |  |  |
|    | Continuance Commitment   | Mean        | SD          | Cronbach's α |  |  |
| 1. | It would be very hard for me to leave my hotel right now, even if I wanted to.   | 4.84        | 1.345       |              |  |  |
| 2. | Too much in my life would be disrupted if I decided I wanted to leave my hotel now.  | 4.58        | 1.530       |              |  |  |
| 3. | It would be too costly for me to leave my hotel now.   | 4.41        | 1.526       |              |  |  |
| 4. | Right now, staying with my hotel is a matter of necessity as much as desire.   | 4.52        | 1.513       |              |  |  |
| 5. | I feel that I have too few options to consider leaving this hotel.   | 4.17        | 1.415       | 0.904        |  |  |
| 6. | One of the few serious consequences of leaving this hotel would be the scarcity of available alternatives.   | 3.77        | 1.634       |              |  |  |
| 7. | One of the major reasons I continue to work for this hotel is that leaving would require considerable personal sacrifice-another hotel may not match the overall benefits I have here. | 4.09        | 1.500       |              |  |  |

|    | No well a Conseller of   |      | Mean  | = 4.37       |
|----|--|------|-------|--------------|
|    | Normative Commitment   | Mean | SD    | Cronbach's α |
| 1. | I believe that a person must always be loyal to his or her hotel.  | 4.92 | 1.312 |              |
| 2. | Jumping from hotel to hotel does not seem at all unethical to me.(R)   | 4.60 | 1.500 |              |
| 3. | One of the major reasons I continue to work for this hotel is that I believe that loyalty is important and therefore feel a sense of moral obligation to remain. | 4.68 | 1.367 |              |
| 4. | If I got another offer for a better job elsewhere I would not feel it was right to leave my hotel.   | 4.13 | 1.583 | 0.757        |
| 5. | I was taught to believe in the value of remaining loyal to one organization.   | 4.59 | 1.370 |              |
| 6. | Things were better in the days when people stayed with one organization for most of their careers.   | 4.17 | 1.547 |              |
| 7. | I think that wanting to be a "company man" or "company woman" is sensible anymore.   | 4.73 | 1.269 |              |
|    | Affective Commitment   |      | Mean  | = 4.80       |
|    | Anecuve Communent  | Mean | SD    | Cronbach's α |
| 1. | I would be very happy to spend the rest of my career with this hotel.  | 4.85 | 1.284 |              |
| 2. | I enjoy discussing my hotel with people outside it.  | 4.83 | 1.266 |              |
| 3. | I really feel as if this hotel's problems are my own.  | 4.62 | 1.397 |              |
| 4. | I think that I couldn't easily become as attached to another hotel as I am to this one.  |      | 1.322 | 0.944        |
| 5. | I feel like "part of the family" at my hotel.  | 5.13 | 1.206 |              |
| 6. | I feel "emotionally attached" to this hotel.   | 4.90 | 1.314 |              |
| 7. | This hotel has a great deal of personal meaning for me.  | 4.86 | 1.293 |              |
| 8. | I feel a strong sense of belonging to my hotel.  | 4.70 | 1.424 |              |

Table 2: Descriptive Analysis and Reliability Test.

equation model, transformational leadership did not significantly affect continuance commitment ( $\beta=0.16,~p>0.05$ ). Baron and Kenny's [46] first and second steps were met. Therefore, cognitive trust is a full mediator between transformational leadership and continuance commitment, and Hypothesis 7 was supported.

Verification was next performed on H8: Employee affective trust

mediates between manager transformational leadership and employee normative commitment. Step 1: Transformational leadership significantly affected normative commitment ( $\beta=0.61,p<0.001$ ). Step 2: The effects of transformational leadership on affective trust were also significant ( $\beta=0.87,\,p<0.001$ ), and the effects of affective trust on normative commitment were as well ( $\beta=0.60,\,p<0.001$ ). Step 3: When the independent variable and the mediator were added to the structural equation model, transformational leadership significantly affected normative commitment ( $\beta=0.40,\,p<0.001$ ). Furthermore, the  $\beta$  coefficient of the independent variable to the dependent variables and the  $\beta$  coefficient of the first step are reduced. Baron and Kenny's [46] three steps are met; therefore, affective trust is a partial mediator between transformational leadership and normative commitment, meaning that Hypothesis 8 is partly supported.

Lastly, verification was performed on Hypothesis 9: Employee affective trust mediates between manager transformational leadership and employee affective commitment. Step 1: Transformational leadership significantly affected affective commitment ( $\beta$  = 0.66, p < 0.001). Step 2: Transformational leadership significantly affected affective trust ( $\beta$  = 0.87, p < 0.001), and affective trust significantly affected affective commitment ( $\beta$  = 0.68, p < 0.001). Step 3: When the independent variable and mediator were added to the structural equation model, transformational leadership significantly affected affective commitment ( $\beta = 0.29$ , p < 0.01). Furthermore, the  $\beta$  coefficient of the independent variable to the dependent variables and the  $\beta$ coefficient of the first step is reduced. Baron and Kenny's [46] three steps are met; therefore, affective trust is a partial mediator between transformational leadership and affective commitment, meaning that Hypothesis 9 is partly supported. The research results are shown in Figure 2.

#### Discussion

# The effects of transactional and transformational leadership on cognitive trust and affective trust

Hypothesis 1 proposed by the study, transactional leadership of Taiwanese hotel managers positively affects cognitive trust, was not supported. Others had hypothesized that employees would develop cognitive trust in their direct supervisors when their supervisors practiced transactional leadership [22,25-27]. However, our results showed that transactional leadership actually has a negative impact on cognitive trust ( $\beta$  = -0.12, p < 0.01). This may be due to the influence of a suppressor variable [47], which Darlington [48] defines as a variable added when regression analysis is performed and the independent and dependent variables correlate positively. This suppressor variable

|                             | CR   | AVE  | Correlation (n=395) |         |         |         |         |         |   |
|-----------------------------|------|------|---------------------|---------|---------|---------|---------|---------|---|
|                             | CK   | AVE  | 1                   | 2       | 3       | 4       | 5       | 6       | 7 |
| Transactional<br>Leadership | 0.92 | 0.70 | 1                   |         |         |         |         |         |   |
| Transformational Leadership | 0.98 | 0.65 | 0.776**             | 1       |         |         |         |         |   |
| Cognitive Trust             | 0.95 | 0.76 | 0.604**             | 0.825** | 1       |         |         |         |   |
| Affective Trust             | 0.94 | 0.75 | 0.622**             | 0.818** | 0.862** | 1       |         |         |   |
| Continuance Commitment      | 0.90 | 0.57 | 0.315**             | 0.409** | 0.447** | 0.473** | 1       |         |   |
| Normative<br>Commitment     | 0.86 | 0.51 | 0.376**             | 0.494** | 0.491** | 0.483** | 0.622** | 1       |   |
| Affective<br>Commitment     | 0.94 | 0.66 | 0.454**             | 0.599** | 0.592** | 0.610** | 0.599** | 0.798** | 1 |

Note. CR = Composite Reliability; AVE = Average Variance Extracted

 Table 3: Correlation, Composite Reliability, Validity, and Correlation Table.

| Criteria       | $\chi^2(df)$                        | χ²/df<br>(<3) | RMSEA<br>(<0.08) | NNFI<br>(>0.9) | CFI<br>(>0.9) |
|----------------|-------------------------------------|---------------|------------------|----------------|---------------|
| Original Model | 5904.66<br>(1689)<br>p-value=0.000  | 3.50          | 0.08             | 0.82           | 0.83          |
| Revised Model  | 3282.184<br>(1526)<br>p-value=0.000 | 2.151         | 0.05             | 0.92           | 0.93          |

Table 4: Criteria of Confirmatory Factor Analysis.

|         |                    | Path (t value)     |                    |
|---------|--------------------|--------------------|--------------------|
|         | First Step         | Second Step        | Third Step         |
| TSC→CC  | -0.10<br>(-1.30)   |                    | -0.03<br>(-0.36)   |
| TSF→CC  | 0.54<br>(5.83***)  |                    | 0.16<br>(1.14)     |
| TSF→NC  | 0.61<br>(9.42***)  |                    | 0.40<br>(3.59***)  |
| TSF→AC  | 0.66<br>(11.90***) |                    | 0.29<br>(3.06**)   |
| TSC→COG |                    | -0.12<br>(-2.76**) | -0.12<br>(-2.74**) |
| TSF→COG |                    | 0.96<br>(13.82***) | 0.96<br>(13.79***) |
| TSF→AFF |                    | 0.87<br>(16.28***) | 0.87<br>(16.21***) |
| COG→CC  |                    | 0.50<br>(8.00***)  | 0.37<br>(3.36***)  |
| AFF→NC  |                    | 0.60<br>(9.73***)  | 0.23<br>(2.08*)    |
| AFF→AC  |                    | 0.68 (13.42***)    | 0.41<br>(4.28***)  |

Note. 1. TSC = Transactional leadership; TSF = transformational leadership; COG = cognitive trust; AFF = affective trust; CC = continuance Commitment; NC = normative commitment; AC = affective commitment. 2. \* p-value < 0.05; \*\* p-value < 0.01; \*\*\* p-value < 0.001.

Table 5: Results of Structural Equation Modeling.

|   |       | Regressions (N=395) |                  |                |  |
|---|-------|---------------------|------------------|----------------|--|
| IV<br>DV  | R²    | Standardized B      | t Value          | p Value        |  |
| Regression 1:<br>Transactional<br>Leadership<br>Cognitive Trust                                   | 0.364 | 0.604               | 15.035           | 0.000          |  |
| Regression 2:<br>Transformational<br>Leadership<br>Cognitive Trust                                | 0.679 | 0.825               | 28.910           | 0.000          |  |
| Regression 3:<br>Transactional<br>Leadership<br>Transformational<br>Leadership<br>Cognitive Trust | 0.682 | -0.090<br>0.895     | -2.002<br>19.850 | 0.046<br>0.000 |  |

Table 6: Regressions of Suppressing Effect Testing.

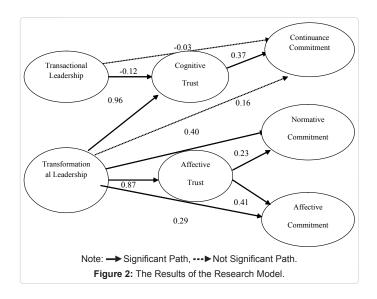
may influence the positive relationship between the independent variable and the dependent variable, causing the positive standardized coefficient to become negative. As can be seen in Table 3, transactional leadership and cognitive trust were originally significantly positively correlated (r = 0.604, p < 0.01). The negative standardized path coefficient may be due to the effects of transformational leadership (the

suppressor variable). However, though the standardized path coefficient may be negative because of the suppressor variable, the relationship between the two should not be ignored [49]. Thus, we used regression analysis to verify whether transformational leadership is a suppressor variable. The results are shown in Table 6. When transformational leadership is added to the regression equation, transformational leadership has more influence on cognitive trust than transactional leadership. This causes the standardized coefficient for the influence of transactional leadership on cognitive trust to become negative. Thus, transformational leadership is indeed a suppressor variable. When suppressed by transformational leadership, transactional leadership has a negative impact on cognitive trust.

Regarding the effects of transformational leadership on cognitive and affective trust, this study shows that transformational leadership of Taiwanese hotel managers positively affects both cognitive and affective trust, which supports previous research [50]. Transformational leaders serve as role models to subordinates, and if subordinates learn successfully by emulating transformational leaders, subordinates will have more trust in their leaders [24,28,35,50], which indicate that transformational leadership positively affects trust. Much like what our results showed, Whitmore [29] noted that when employees see transformational leadership in their direct supervisors, they feel their supervisors have good professional abilities and will learn from them. Furthermore, employees tend to increase their affective trust and emotional attachment to their supervisors when their direct supervisors exhibit transformational leadership.

# The effects of cognitive and affective trust on continuance, normative, and affective commitment

This study shows that the cognitive trust that hotel employees have in management positively affects employees' commitment to continue to work for the organization. Furthermore, affective trust in management positively affects employee normative and affective commitment. These results are consistent with previous studies [8,32,33]. Hon and Lu [8] believed that the relationship between management and employees will change employee work performance because of cognitive and affective trust; moreover, each type of trust may have different effects on work [7]. According to Lewis and Weigert [4], cognitive trust is the basis for affective trust. Cognitive trust develops first, followed by affective trust, so our study proposed cognitive and affective trust as



antecedent variables for organizational commitment. In addition to testing the respective effects of the different types of trust (cognitive and affective trust) on organizational commitment (from shallow to deep: continuance commitment, normative commitment, and affective commitment), our study again verifies that trust can be categorized into both cognitive and affective trust, which again is consistent with previous research [4-8,32,51,52]. This further means that hotel leaders must clearly understand the differences in cognitive and affective trust and their effects on organizational commitment to the hotel. In other words, when employees have more cognitive trust in their manager, they will also have more continuance commitment towards the hotel. When employees more affective trust in their manager, they will also have corresponding increases in their normative and affective commitment towards the hotel.

### The mediating effects of cognitive trust and affective trust

This study verified the relationship between transactional leadership and continuance commitment, and the relationships between transformational leadership and continuance, normative, and affective commitment. Meyer and Allen [9] indicated that leadership can be used as an antecedent variable for organizational commitment. This study discovered, however, that transactional leadership does not have a significant influence on continuance commitment in Taiwanese hotels. Furthermore, transformational leadership does not significantly affect continuance commitment. However, transformational leadership does directly affect normative and affective commitment. Akroyd et al. [41] indicated that transformational leadership positively influences affective and normative commitment, which is consistent with the results of this study.

In verifying cognitive and affective trust as mediators, this study discovered that cognitive trust is not the mediator between transactional leadership and continuance commitment. However, as can be seen in Table 3, transactional leadership correlates significantly with continuance commitment (r = 0.315, p < 0.01), although transactional leadership has a negative and insignificant effect on the standardized coefficient of continuance commitment. This may be due to the overly strong effect of transformational leadership on continuance commitment and the subsequent suppression of the effects of transactional leadership on continuance commitment. Cognitive trust is a full mediator between transformational leadership and continuance commitment, while affective trust is a partial mediator between transformational leadership and normative commitment. Affective trust is also a partial mediator between transformational leadership and affective commitment. Thus, a transformational leader wishing to produce continuance commitment among employees must create employee cognitive trust in the leader. Normative and affective commitment not only indirectly influence this through affective trust, but transformational leadership can directly influence the normative and affective commitment of employees towards the hotel, stimulating stronger employee devotion to work and inducing stronger employee organizational commitment [53]. This result verifies that transformational leadership is suitable in the current hotel industry. Employees in the hotel industry widely believe that management committed to exercising transformational leadership can induce employees to trust their direct supervisors more and thus produce greater organizational commitment to their hotels. The results of hypothesis verification are as shown in Table 7.

| Hypothesis | Hypothesized Paths   | Result                 |
|------------|--|------------------------|
| H1         | Manager transactional leadership has a positive effect on hotel employee cognitive trust.                        | Not Supported          |
| H2a        | Manager transformational leadership has a positive effect on hotel employee cognitive trust.                     | Supported              |
| H2b        | Manager transformational leadership has a positive effect on hotel employee affective trust.                     | Supported              |
| НЗ         | Hotel employee cognitive trust in managers has a positive effect on employee continuance commitment.             | Supported              |
| H4         | Hotel employee affective trust in managers has a positive effect on employee normative commitment.               | Supported              |
| H5         | Hotel employee affective trust in managers has a positive effect on employee affective commitment.               | Supported              |
| H6         | Employee cognitive trust mediates between manager transactional leadership and employee continuance commitment.  | Not Supported          |
| H7         | Employee cognitive trust mediates between manager transformation leadership and employee continuance commitment. | Supported              |
| Н8         | Employee affective trust mediates between manager transformational leadership and employee normative commitment. | Partially<br>Supported |
| Н9         | Employee affective trust mediates between manager transformational leadership and employee affective commitment. | Partially<br>Supported |

Table 7: Results of Hypotheses.

#### **Conclusion and Suggestions**

### Conclusion

This study once again tests the research framework for leadership, trust, and organizational commitment. Transformational leadership positively affects cognitive and affective trust, the greater displays of transformational leadership by Taiwanese hotel managers will produce more employee cognitive and affective trust in management. Transactional leadership negatively affects cognitive trust; this result may be due to the influence of suppression by transformational leadership, possibly because of employees perceive more frequent use of expedient punishment, but not expedient rewards by managers exercising transactional leadership. Thus, managers cannot effectively increase employee cognitive trust in them. At the same time, this study verified that trust can be divided into two dimensions: cognitive and affective. These two types of trust will affect different types of organizational commitment. Cognitive trust positively affects continuance commitment, while affective trust positively influences normative and affective commitment.

This study verified that cognitive trust is a full mediator between transformational leadership and continuance commitment, so greater displays of transformational leadership by managers will create more employee cognitive trust in their direct supervisors and subsequently more continuance commitment to the hotel. However, affective trust has a partial mediator effect between transformational leadership and normative and affective commitment, which means that transformational leadership, can directly or indirectly affect employee normative and affective commitment in the hotel, thus proving the importance of transformational leadership.

This study recommends that hotel management behave as transformational leaders, describing long-term visions, acting as

role models, facilitating cooperation, holding high expectations, providing individual support, and stimulating innovation. However, transformational leadership must also be used in conjunction with transactional leadership to more effectively increase trust and organizational commitment towards the management and the hotel.

#### Theoretical contributions and practical implications

The theoretical contributions of this study first include the verification of the cause and effect relationships among leadership, trust, and organizational commitment. Transformational leadership positively influences cognitive and affective trust with cognitive trust positively affecting continuance commitment, and affective trust positively influencing normative and affective commitment. Transformational leadership directly or indirectly affects continuance, normative, and affective commitment. However, the effects of transformational leadership on trust and organizational commitment are stronger than those of transactional leadership. In addition, this study verified that Taiwanese hotel employee trust in management can be divided into the two dimensions of cognitive and affective trust. Thus, the value of this study is in its proposed research framework, and in verifying the cause and effect relationships among transformational leadership, transactional leadership, the two dimensions of trust, and the three dimensions of organizational commitment.

This study verifies the need for transformational leadership in Taiwanese hotels to increase employee trust and organizational commitment. However, transformational and transactional leadership should not be viewed as mutually contradictory, but as complementary. This does not mean that they are of equal importance. As transformational leadership is established upon transactional leadership, and creates performance beyond that of only transactional leadership, the best leaders should have both transactional and transformational qualities. This study will now provide nine recommendations for hotel managers:

- 1. Managers should create a blueprint for the future, and a beautiful vision to encourage subordinates to work hard. Managers should help employees understand the plans of the organization and promotion within the organization.
- 2. Managers should act as good role models for employees.
- Managers should be able to stimulate, encourage, and inspire employees to make them exert greater effort to fulfill team objectives.
- Managers should convey their expectations for high performance and declare important goals using simple and powerful methods.
- Managers should talk to employees individually on an irregular basis to understand the career plans and needs of each employee and to suggest various methods for employee study and self-improvement.
- 6. Managers should not only assist employees in resolving problems or providing answers, but should teach employees problem-solving skills, instead of directly giving them the answers. When teaching employees how to deal with problems, consensus must be reached with employees.
- 7. When applying transformational leadership, transactional leadership must also be used. Transformational leadership has long-term effects. If a manager creates a vision, acts as a role-model, facilitates cooperation, provides individual

- support, and stimulates innovation, employees will be more willing to continue working inside the organization. However, transactional leadership is a short-term management technique that can help employees clearly understand their own work roles and the work objectives established by managers.
- 8. Managers should provide suitable instruction for employees who perform poorly.
- Managers should have superior professional skills in relevant fields of expertise to gain employee acknowledgement and respect.

# Research limitations and suggestions for future research

Whether the results of this study on Taiwanese hotel industry workers can be generalized to other food and beverage industries, or hotel industries with Western cultural backgrounds, requires more study. We recommend that future studies use the Path Goal Theory developed by House [54], which divides leadership into four types: directive leadership, supportive leadership, participative leadership, and achievement-oriented leadership. Research should focus on how employees trust and organizational commitment can be increased using other leadership styles.

Second, justice is an antecedent factor affecting trust [7,8]. Justice is also further divided into distributive justice and procedural justice [3]. Thus, we recommend that future research include these two variables and explore the effects of justice on the impact of leadership on trust, organizational commitment, work performance, or other relevant variables.

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