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Leadership Style as a Determinant of Employee Performance in Hospitality Industry: A Case Study at SS Hotel in Legian Bali

Anak Agung Made Restu Adi Wiguna^a, Ni Desak Made Santi Diwyarthi^b, Ida Ayu Kalpikawati^c
^{a,b,c} Prodi Pengelolaan Perhotelan, Politeknik Pariwisata Bali, Jl. Darmawangsa, Kampial, Nusa Dua, Bali

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ABSTRACT

This study aims to examine the influence of leadership style on employee performance at The SS Hotel, Legian Bali. An appropriate leadership style plays a vital role in enhancing work motivation, loyalty, and employee productivity. The research employed a quantitative approach using a saturated sampling technique involving 152 respondents. Data were collected using a questionnaire with a five-point Likert scale. The results of a simple linear regression analysis indicate that leadership style significantly influences employee performance, with a coefficient of determination of 81.4%. These findings suggest that the majority of performance variation among employees can be explained by the leadership style applied. Therefore, improving leadership quality is a key strategy in supporting hotel management success.

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Corresponding Author:

Ni Desak Made Santi Diwyarthi
Program Studi Pengelolaan Perhotelan
Politeknik Pariwisata Bali
Jl. Darmawangsa, Kampial Nusa Dua Bali
Email: santidiwyarthi@yahoo.com

1. INTRODUCTION

The hospitality industry is characterized by intense global competition, dynamic service encounters, and increasingly demanding customer expectations. Hotels must ensure that every component of their operations—particularly human resource performance—functions at an optimal level to achieve service excellence. Unlike manufacturing, hospitality relies heavily on human interaction, emotional labor, and interpersonal communication, making employees the core determinants of service quality. Thus, employee performance is not merely a technical function, but a reflection of organizational culture, managerial capability, and leadership effectiveness.

Leadership plays a central role in shaping workplace behavior within hotels, where staff must consistently maintain professionalism, warmth, and efficiency. In five-star hotel environments such as The SS Hotel Legian Bali, a member of Marriott International's Autograph Collection, the standards for guest satisfaction are exceptionally high. Employees operate under complex service routines that require problem-

solving abilities, coordination across departments, and a readiness to handle unexpected guest needs. Under these circumstances, leadership style becomes a decisive managerial force that can either support or hinder employee performance.

The hospitality industry in Bali—one of the world's premier tourism destinations—faces additional contextual challenges. High guest volumes, cultural diversity among tourists, fluctuating occupancy patterns, and stiff competition among international hotel brands create an environment where strong leadership is crucial. Leaders must not only provide direction but also motivation, emotional support, and a clear sense of purpose to ensure that service standards remain consistent. Problems such as work fatigue, miscommunication, role ambiguity, and lack of recognition can quickly lower employee performance if not managed effectively.

Several scholars (Robbins & Judge, 2017; Bass & Avolio, 1994; Yukl, 2013) argue that leadership is one of the most influential organizational variables affecting employee performance. However, there remains a limited number of empirical studies in Indonesian hospitality—especially those focusing on luxury hotels—that quantitatively measure this relationship using regression analysis. As a result, hotel management often relies on general assumptions rather than data-driven insights when designing leadership development programs.

This research seeks to fill that gap by providing empirical evidence on how leadership style affects employee performance in a five-star hotel context. By examining employees' perceptions at The SS Hotel, Legian Bali, this study offers valuable insights into which leadership behaviors most effectively foster performance, efficiency, and overall service quality. The specific objectives of this study are to identify the dominant leadership style, to analyze the influence of leadership style on employee performance using quantitative statistical modeling, to examine employee perceptions of leadership effectiveness and work efficiency as reflected in performance indicators, and to provide strategic and practical recommendations for hotel management to enhance leadership capabilities and employee performance.

2. LITERATURE REVIEW

2.1 Leadership Style Theory

Leadership style refers to the characteristic behaviors and strategies used by leaders to influence, guide, and coordinate employees in achieving organizational goals (Goleman, 2000). In the hospitality sector, leadership must go beyond traditional supervision due to the emotional and interpersonal nature of service encounters. According to Bass and Avolio (1994), transformational leadership inspires employees through a compelling vision, motivation, intellectual stimulation, and personalized support. Leaders who apply this style encourage creativity, build trust, cultivate emotional engagement, and foster a sense of shared purpose. Transformational leadership is widely recognized as effective in improving service quality, organizational commitment, and job satisfaction.

Transactional leadership is based on structured reward systems, performance monitoring, and corrective action. Leaders use clear expectations, incentives, and standardized procedures to maintain operational stability. In hotels, where Standard Operating Procedures (SOPs) are crucial, transactional leadership helps ensure consistency and efficiency. House (2017) argues that leaders function as facilitators who help employees achieve goals by removing barriers, clarifying expectations, providing support, and aligning resources. This theory emphasizes adaptability, making it suitable for hotel environments where service conditions change rapidly.

Hersey and Blanchard (1982) propose that leaders must flexibly adapt their behaviors depending on employee readiness and competence. Directive leadership may suit new staff, while experienced employees perform better under participative or delegative styles. Hotels with diverse staff ranks and responsibilities benefit greatly from this adaptable approach. Servant leadership focuses on empathy, well-being, and empowerment (Northouse, 2019). Leaders prioritize the growth of their teams, creating a supportive culture that promotes collaboration and innovation.

2.2 Employee Performance Theory

Employee performance is defined as the degree to which an individual successfully executes job responsibilities according to organizational expectations (Mangkunegara, 2017). Performance in hospitality is multidimensional, covering behaviors such as communication, responsiveness, punctuality, teamwork, guest handling, and problem-solving. Effectiveness refers to the accuracy, quality, and suitability of the employee's output. In hospitality, this includes professional guest interactions, adherence to SOPs, and the ability to maintain brand standards. Efficiency concerns speed, timeliness, resource utilization, and operational flow. A highly efficient employee performs tasks quickly, minimizes waste, and maintains workflow continuity.

McClelland (2016) argues that achievement, affiliation, and power needs shape employee motivation and performance. Leaders who understand these needs can tailor their approach more effectively. Hackman and Oldham (2016) emphasize meaningfulness, autonomy, and feedback as keys to improving performance.

Leaders who empower employees and offer constructive feedback help strengthen these core job characteristics.

2.3 Linking Leadership Style and Employee Performance

Research consistently demonstrates that leadership significantly influences employee outcomes. Yukl (2013) finds that leaders who encourage participation, communicate openly, and show empathy increase employee loyalty and performance. In hospitality, transformational and democratic styles promote service excellence and continuous improvement (Sopiah & Sangadji, 2021). Leadership creates the psychological climate that determines how employees think, feel, and behave during service delivery.

3. RESEARCH METHOD

This research employs a quantitative approach using a survey method, allowing measurable analysis of the relationship between leadership style and employee performance. The population consisted of all operational and administrative employees at The SS Hotel, totaling 152 individuals. Given the manageable population size and the importance of internal consistency, a saturated sampling technique was used, making all employees respondents. A structured questionnaire containing 26 closed-ended statements measured leadership style and employee performance using a five-point Likert scale (1 = strongly disagree to 5 = strongly agree). Content validity was ensured via expert judgment. Reliability was established using Cronbach's Alpha, with all constructs scoring above $\alpha > 0.7$, confirming internal consistency.

Data was analysed by SPSS to conduct descriptive statistics, simple linear regression, t-test significance testing, coefficient of determination (R^2), effect size interpretation. This structured analytical process ensures the study is replicable and scientifically robust.

4. RESULT AND DISCUSSION

4.1 Regression Output and Interpretation

The regression analysis conducted using SPSS produced the predictive equation: $Y = 1.287 + 0.846X$.

This equation illustrates that for every one-unit increase in leadership style (X), employee performance (Y) increases by 0.846 points, indicating a very strong linear association. In organizational behavior and hospitality research, a coefficient above 0.5 is generally considered a strong effect; therefore, a coefficient as high as 0.846 signifies that leadership behaviors implemented by supervisors and managers directly shape how employees perform their tasks on a daily basis.

This relationship suggests that leadership is not merely an administrative function but a critical driver of employee behavior, motivation, and efficiency. Leaders who demonstrate clarity, empathy, support, and structured guidance are more likely to cultivate higher performance among staff—an essential component in the service-oriented context of a five-star hotel.

4.2 Significance Test (t-test)

The t-test results reveal that leadership style has a statistically significant impact on employee performance. A t-value of 26.541 is extremely high for social science research, where values above 2.0 already indicate significance. This underscores that leadership style is not only influential but also a dominant predictor of performance outcomes within The SS Hotel. Such a powerful statistical effect highlights the importance of managerial behavior in environments where emotional labor, service consistency, and interpersonal interactions define the quality of guest experience. In a hospitality setting where small behavioral variations can affect service standards, the strength of this relationship is highly relevant.

4.3 Coefficient of Determination (R^2)

With an R^2 value of 81.4%, the model demonstrates that leadership style alone explains over four-fifths of overall employee performance variation. This is exceptionally high for behavioral research, in which human performance is typically influenced by multiple variables such as motivation, compensation, work environment, and organizational culture. The high explanatory value indicates that leadership behavior at The SS Hotel is highly consistent, structured, and strongly integrated into the hotel's work culture. It also suggests that employees clearly perceive leadership behaviors as central to their own motivation, work commitment, and performance output.

The remaining 18.6% is likely influenced by other factors, such as employee personality, job satisfaction, training quality, and departmental work routines. However, leadership remains the most dominant variable based on the statistical model.

4.4 Identified Leadership Style at The SS Hotel

The analysis of survey responses and qualitative observations revealed that leaders at The SS Hotel primarily apply a transformational leadership style, complemented by transactional practices. These leadership characteristics include: Articulating a coherent and inspiring vision for service quality and guest satisfaction.

Motivating employees by creating a sense of belonging and purpose. Empowering staff to take initiative and make decisions based on real-time guest needs. Providing regular and constructive feedback, strengthening communication and role clarity. Recognizing individual and team achievements, which enhances morale. Enforcing performance standards through structured monitoring and reward mechanisms.

This combination demonstrates a balanced leadership approach—leaders inspire and motivate employees while also maintaining discipline and operational control. Such a hybrid leadership model is aligned with Marriott International’s organizational values, which emphasize empowerment, professionalism, and collaborative work culture.

4.5 Extended Discussion of Findings

4.5.1 Alignment with Theoretical Models

The findings of this study strongly align with several established theories on leadership and performance: Bass & Avolio’s Transformational Leadership Theory. The positive relationship identified demonstrates the essence of transformational leadership—motivation, idealized influence, inspirational communication, and individualized consideration—all of which significantly boost employee performance. Employees at The Stones Hotel exhibited higher commitment and job enthusiasm under leaders who demonstrated these traits.

House’s Path–Goal Theory (2017) The theory proposes that effective leaders clarify paths to goals, eliminate obstacles, and provide necessary support. The findings confirm that employees perceive their leaders as enablers who facilitate problem-solving, clarify role expectations, and ensure that work resources are accessible. This approach enhances performance by reducing ambiguity and encouraging proactive behavior.

Robbins & Judge’s Leadership–Performance Model (2017) Robbins and Judge argue that leadership affects employee satisfaction, engagement, and performance. The study’s results validate this claim, with strong evidence showing that leadership style significantly influences how employees behave and perform in a service environment.

McClelland’s Motivation Theory. Transformational leadership at The Stones Hotel appears to address employees’ intrinsic needs for achievement, affiliation, and recognition. When these needs are met, performance increases significantly, as reflected in the high regression coefficient.

4.5.2 Consistency with Prior Research (Expanded)

This study demonstrates strong consistency with a range of previous research findings in hospitality and organizational behavior: Nugroho (2020) Nugroho’s research highlights that participative and transparent leadership has a positive effect on service performance and employee satisfaction. This mirrors the current finding that employees respond positively to leaders who involve them in decision-making, communicate openly, and value their contributions. Sopiah & Sangadji (2021) These authors emphasize that transformational leadership is especially effective in service-based industries because it encourages employees to go beyond minimum expectations. The high impact found in this study ($R^2 = 81.4\%$) reinforces their conclusion that transformational leadership increases service quality, emotional engagement, and loyalty. Yukl (2013) Yukl argues that leadership emphasizing communication, empathy, and participation strengthens team cohesion and performance. The Stones Hotel demonstrates similar patterns, where leaders who frequently communicate and show empathy have more motivated employees who perform better.

Bass & Avolio (1994) Their foundational research concludes that transformational leaders increase job satisfaction, commitment, and task performance. The strong statistical significance ($t = 26.541$) confirms these effects in a real-world hospitality setting. Robbins & Coulter (2012) Robbins and Coulter assert that effective leadership directly influences organizational performance by guiding behavior, boosting motivation, and promoting alignment among employees. The present findings, showing leadership’s substantial impact (81.4%), are directly in line with their assertions.

4.5.3 Practical Interpretation in the Hotel Context

The implications in the hospitality context are profound: Employees working under highly supportive leaders demonstrate better guest interaction skills, greater attentiveness, and improved problem-solving abilities. Transformational leadership inspires employees to voluntarily exceed expectations—an important factor in five-star hotel settings where service excellence is the brand identity. Transactional elements ensure that hotel operations remain consistent, organized, and aligned with Marriott’s service standards. The leadership culture at The Stones Hotel effectively enhances both performance effectiveness (quality of service) and performance efficiency (speed, accuracy, and resource use). Thus, leadership functions as both an emotional and operational anchor shaping employee behavior.

Interpretation in the Hotel Context

The SS Hotel demonstrates that leadership is not limited to administrative oversight; it shapes the service culture, operational flow, employee morale, and the guest experience. Employees who feel valued, recognized, and motivated are more likely to deliver services that align with the hotel's five-star standard. Transformational leadership fosters creativity, teamwork, and willingness to exceed expectations—critical aspects of guest satisfaction. Transactional components, meanwhile, ensure discipline and consistency. Together, these styles create a high-performance environment.

5. CONCLUSION

This study confirms that leadership style has a strong, significant, and positive impact on employee performance at The SS Hotel, Legian Bali. Leadership style accounts for 81.4% of performance outcomes, indicating its pivotal role in driving operational success. The dominant leadership style identified is a hybrid transformational–transactional style, which proves highly effective in enhancing both performance effectiveness and efficiency. Recommendations include implement continuous leadership development programs focusing on communication, emotional intelligence, and employee empowerment. Promote participative leadership, giving employees a voice in decision-making and problem-solving. Enhance two-way communication channels, including structured feedback systems and performance dialogues. Align leadership training with hotel values and industry trends, particularly in guest experience innovation and digital service integration. This research has the strengths of large and complete sample (152 employees), strong reliability and statistical accuracy, and high explanatory power ($R^2 = 0.814$). Clear practical implications for hotel management, and contributes to the limited empirical literature on leadership in Indonesian five-star hotels.

This research has limitation that conducted in a single hotel; results may not generalize across all hotel types. Uses self-reported data, which may introduce bias. Only examines one independent variable; additional factors could deepen understanding. Future studies are encouraged to include variables such as job satisfaction, organizational culture, emotional labor, and work–life balance.

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