The Role of Transformational Leadership and Psychological Capital in the Hotel Industry: A Sustainable Approach to Reducing Turnover Intention

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Abstract: With the high level of importance placed on service delivery and the elevated turnover rate experienced in the hotel industry, this study was conducted to explore the influences of perceived transformational leadership on the cross-cultural psychological capital and turnover intentions of frontline employees working in four- and five-star hotels in Sabah, Malaysia. Data were collected from 162 frontline employees using the purposive sampling method. Partial least squares structural equation modeling (PLS-SEM) was performed to test the hypothesized relationships. The findings clearly demonstrate that transformational leadership positively affects cross-cultural psychological capital and negatively influences turnover intention. Cross-cultural psychological capital, on the other hand, has no substantial link with turnover intention and does not act as a mediator between transformative leadership and turnover intention. This study extends the hospitality literature by offering a new conceptual model representing the perceptions of frontline employees toward transformational leadership and cross-cultural psychological capital that influence the turnover intention of these employees based on the job demands–resources and conservation of resources theories. These findings have implications for the advancement of transformational leadership and cross-cultural psychological capital toward a sustainable approach to reducing employee turnover in the hotel industry.

Keywords: transformational leadership; cross-cultural psychological capital; turnover intention; frontline employees; job demands–resources theory; conservation of resources theory; hotel industry; hospitality; sustainability; Sabah; Malaysia

1. Introduction

Globally, the tourism and hospitality industry is one of the fastest growing industries, contributing significantly to the economic growth of a country. Similarly, the Malaysian tourism and hospitality industry has developed rapidly and is the third-largest contributor to the Malaysian economy [1,2]. In 2019, Malaysia welcomed 26.1 million tourists, generating MYR 86.1 billion in tourism revenue, and this was anticipated to expand further if not for the unprecedented COVID-19 crisis, which impacted all businesses worldwide. Although this study was completed prior to the pandemic crisis, it is relevant in the context of human resource management, as hotel businesses will thrive once the virus has passed, and the economy has recovered in the “new normal” environment [3].

Sabah, a state of Malaysia, achieved a record high of 4.2 million tourist arrivals in 2019, contributing MYR 9.01 billion to its gross domestic product (GDP), an increase of 8.1% from MYR 8.34 billion the previous year [4]. Popularly known as the “land below the wind,” Sabah is endowed with beautiful natural resources, culture, and heritage that
makes it attractive to tourists worldwide. The tourism and hospitality industry has been identified as the main driver of the Sabah economy and contributes to a large portion of its revenue. The escalation in the number of tourist arrivals and the establishment of new hotels have prompted the hotel industry to strengthen its performance and build its competitive advantage. Being in the service-oriented sector, the hotel industry is critically driven by human capital supported by sustainable human resources management (HRM) practices. Maintaining and sustaining an appropriate level of quality service is necessary for establishments to remain competitive, and this is even more important amidst the changes occurring in guest/consumer behavior and digitalization technology [5] following the COVID-19 crisis. Hoteliers depend heavily on employees to deliver quality service for sustainable competitive advantage. Unfortunately, the hospitality industry is recognized for having a high turnover rate, which has been shown to negatively impact financial performance, as well as contribute to a decline in service quality due to the loss of talented employees [2]. Based on the Deloitte Hospitality 2015 report, the employee turnover rate in the hospitality industry is almost double the average rate for all other sectors [6]. Past studies have shown that leaders with transformational leadership characteristics have a significant influence on employee behavior and attitude toward delivering quality service to hotel guests [7].

1.1. Sustainable Human Resources Management

Sustainable HRM practices are defined as the adoption of HRM strategies and practices that enable the attainment of long-term economic, societal, and ecological goals [8]. Therefore, the fundamental goal of sustainable HRM is to regenerate and develop human resources that contribute to firms’ sustainable competitive advantage [9]. Additionally, human resources are an important resource for the sustainability of organizations, and the development of employees contributes to the development of organizations as well as to the society [10]. HRM activities included employee training, career development, and retention as well as other employee HR practices [8]. Several studies have discovered the benefits of sustainable HRM strategies such as training that adds to employee well-being and organizational sustainable competitive advantage [10]. Chen and Wu [11] stated that one method for reducing high turnover rates in the hotel sector is to train and develop supervisors’ leadership qualities and capabilities. Based on this notion, this study views a sustainable approach in reducing turnover intention level of the frontline employees in the hotel industry by way of human resource development; that is, through adequate and continuous training and development of the supervisor’s transformational leadership behavior.

1.2. Transformational Leadership, Cross-Cultural Psychological Capital, and Turnover Intention

This research studies two resources that are important to the frontline employees in the hotel industry: perceived transformational leadership and cross-cultural PsyCap and their influences on turnover intention. Past studies have established the importance of these two vital resources on employee attitudes, behavior, and well-being [12–14]. Transformational leadership has been studied in many contexts and disciplines; however, transformational leadership traits are believed to be most valued in the hospitality industry [7,15]. Frontline employees, being the first point of contact between the hotel and the guests, face multitudes of challenges and demands in serving diverse customers; hence, transformative supervisors that can provide support, inspiration, and care will elicit positive emotions and motivations, thereby influencing them to stay in the organization. Similarly, employees with a high level of cross-cultural PsyCap are energized, cheerful, and willing to accept challenges, and less likely to have turnover intentions [16]. Several studies have associated transformational leadership with the promotion of psychological capital (PsyCap) and a reduction in the level of turnover intention [11,17–21]. In conceptualizing the research model, this study applied the job demands–resources (JD-R) and conservation of resources (COR) theories. The JD-R theory describes transformational leadership and cross-cultural
PsyCap as motivational mechanisms that incorporate job and personal resources, resulting in a low turnover intention [22]. These resources form a spiral effect to create “resource caravans” that work together, enabling frontline employees to meet job demands and challenges, thus reducing their level of turnover intention.

1.3. Purpose of Study

This study investigates the role of transformational leadership and cross-cultural PsyCap on hotel frontline employees’ turnover intention for the organizations’ sustainable competitive advantage. Specifically, this study aims to contribute to the extant literature in several ways. First, this study determined how frontline employees perceive the transformational leadership of their supervisors as enhancing their cross-cultural PsyCap and reducing their level of turnover intention. Despite the well-established impacts of transformative leadership on individual attitudes and behavior, research on the relationship between transformational leadership, cross-cultural PsyCap, and turnover intention is lacking [11,17–20]. Second, there have not been many research studies conducted on JD-R and COR theories, integrating job and personal resources in a single study. Past studies on JD-R and COR theories were predominantly focused on work characteristics rather than on the job and personal resources [23,24]. Therefore, this study responds to the call made by several scholars [24–26] to expand these theories by integrating transformational leadership and cross-cultural PsyCap as job and personal resources respectively into the research model. Third, many studies have investigated the relationship between PsyCap and employee attitudes, behavior, and performance [22]; however, despite the numerous studies conducted, research into PsyCap, particularly cross-cultural PsyCap, is limited [27,28]. This study investigated PsyCap in a cross-cultural setting in the hotel industry. The hotel industry is an international industry that is regarded as a melting pot of employees and guests from different cultures, ethnicities, and religions [29,30]. As the work of frontline employees demands interaction with peers, superiors, and guests of diverse backgrounds, within and outside the organization [31], it is therefore crucial that these employees be culturally competent in their cross-cultural interactions. Based on these motivations, this study investigated transformational leadership and cross-cultural PsyCap as antecedents to turnover intention in the hotel industry. These findings contribute to the hospitality literature and enhance hotel human resource management practices, leading to a sustainable approach to reducing employee turnover. Against this background, the following research questions were formulated:

1. Does perceived transformational leadership have a significant influence on frontline employees’ cross-cultural PsyCap?
2. Does perceived transformational leadership have a significant influence on frontline employees’ level of turnover intention?
3. Does cross-cultural PsyCap have a significant influence on frontline employees’ level of turnover intention?
4. Does cross-cultural PsyCap mediate the relationship between perceived transformational leadership and turnover intention?

The following section reviews the related literature, provides a brief explanation of the research methods employed, and analyzes the data and results. Discussions on the findings and the theoretical and practical implications are also presented, which is followed by the study’s limitations and recommendations for future research and finally the conclusion.

2. Theoretical Background and Hypotheses Development

This section discusses the underpinning theories of the study—the JD-R and COR theories, the three constructs—transformational leadership, cross-cultural PsyCap, turnover intention—and the four hypotheses proposed in the study.
2.1. Theoretical Framework—JD-R and COR Theories

The JD-R and the COR theories underpin the conceptual framework of this study. The JD-R theory attributes the well-being of employees to aspects of the work environment, which are classified as job demands and job resources [23,24,32]. Job demands such as customer incivility, long work hours, and abusive supervisors in the hotel industry can have negative impacts on frontline employees’ well-being and cause them to consider leaving the company. Job resources such as supportive supervisors may buffer the strain of job demands, thereby enhancing an employee’s desire to remain with the firm. Transformational leadership and PsyCap are identified as job and personal resources that can help mitigate the job demands of frontline employees working in the hotel industry. Frontline employees, dubbed the organization’s “face,” are the first point of contact between the hotel and its guests [33]. They have encountered stressful situations in a variety of different settings as a result of cross-cultural interactions (for example, language barriers, conflicts, and miscommunication) while serving customers [31].

The COR theory states that human motivation is primarily directed toward the maintenance and accumulation of resources. Resources do not exist in isolation; instead, the existence of one resource would lead to another, thus creating the ‘resource caravan’ in which they work together, leading to positive outcomes [34]. From the perspective of this study, transformational leadership induces a spiral mechanism in cross-cultural PsyCap, creating a resource caravan to enable frontline employees to meet the job demands and adversity, thereby reducing their level of turnover intention. Additionally, from the resource caravans created, frontline employees could tap on these resources and/or influence their colleagues (spill-over effect) to leverage. The existence of the resource caravan supports the frontline employees to be resilient toward experiencing high job demands for employees’ well-being and performance.

2.2. Transformational Leadership and Cross-Cultural Psychological Capital

Transformational leadership is defined as a leader’s ability to change the organizational status quo by developing the values, needs, and aspirations of followers [14,35–38]. Bass and Avolio [35] envisaged a transformative leader as one who can “broaden and elevate the interests of their employees, when they generate awareness and acceptance of the purposes and mission of the group, and when they stir their employees to look beyond their self-interest for the good of the group.” Transformational leadership is conceptualized as four dimensions described below:

(i) Idealized influence refers to a leader’s ability to elicit emotional responses from his followers and to serve as a role model for them to follow. This type of leader displays charisma and can instill a sense of belonging in their employees through the support, caring, and sharing of their vision and goals [39–41]. Through their charm, trustworthiness, and visionary qualities, these leaders gain respect, adoration, and loyalty. As a result, when employees respect, admire, and trust their leaders, they are more likely to comply with their leaders’ orders and requests [42].

(ii) Inspirational motivation is clearly demonstrated when leaders motivate employees to perform above and beyond typical expectations. This motivation arises from the leader’s ability to articulate a vision that inspires and instills confidence in employees to pursue that vision [43–45]. Hence, employees are motivated to strive for better levels of performance and development based on the compelling vision created by their transformative leaders [7,35].

(iii) Intellectual stimulation refers to the leader’s behavior of raising followers’ understanding of the importance of results and ways of achieving them for organizational success [35,46]. Transformative leaders can push subordinates and inspire them to think more creatively by challenging the status quo [29,45]. The leader’s challenge in intellectually stimulating employees to embrace the vision’s innate values inspires the employees to transcend their own self-interests for the sake of the organization.
(iv) Individualized consideration is defined as a leader’s capacity to boost the self-confidence of their followers by providing individualized support, counsel, and attention [35,45,46]. More specifically, this leader acts as a coach and mentor and encourages employees to achieve and grow to realize their full potential.

Transformational leaders are said to focus on the future and inspire followers to sacrifice self-interest for the achievement of organizational goals [29,47]. In contrast, transactional leadership emphasizes contingent reward, active and passive management by exception. This leadership applies positive reinforcement and punishment to influence subordinates and focus on the present rather than the future [29]. In contrast, transformational leadership also known as charismatic leadership internalizes the goals of the organization for members, thus changing their behaviors, values, and priorities. A charismatic leader is admired for their attractive personality and magical quality that exudes power and influence. Charisma plays a key role in this leadership style [44,48,49], which is reflected in the idealized influence dimension. In fact, charisma is at the “heart” to transformational leadership [50]. It is generally associated with long-term relationships with employees as opposed to transactional leadership, which is based on exchange relations that are temporary. Past studies found that transformational leadership influence cross-cultural PsyCap better than transactional leadership in the hotel industry [6]. One reason for this is most likely due to the contextual aspect of the hotel environment, in which personnel are required to provide service simultaneously at the same time and location. This places pressure on them to perform well, in addition to adversity in interpersonal communications with consumers from other cultures. As a result, employees need leaders to provide inspiration, support, and guidance to help them deal with such demands in the workplace. Transactional leaders, on the other hand, are more concerned with their own interests and are not interested in developing their employee’s personal growth.

PsyCap has been proven in studies to have a greater effect as a higher-order construct than on its individual components [13,17,28,51,52]. Due to its state-like and malleable characteristics, it can be adapted in the cross-cultural context [13]. According to Dollwet and Reichard [52], PsyCap's structure can help organizations improve cross-cultural interactions as dealing with individuals from many cultures can present a variety of challenges and uncertainty. For this reason, we applied the cross-cultural PsyCap structure to evaluate the positive PsyCap of the employees to capture the cross-cultural interactions considering the multicultural context of the hotel industry.

Cross-cultural PsyCap, which was based on Luthans et al.'s [53] workplace PsyCap, was proposed by Dollwet and Reichard [31,52]. Rooted in a cross-cultural setting, the construct comprises four components as described below:

(i) Cross-cultural self-efficacy: Workers with high degrees of cross-cultural self-efficacy have great confidence in their ability to communicate efficiently with people from various cultures or in different environments, leading to an ability to learn more and adapt to new situations related to various positive job outcomes [28,52,54]. Derived from Bandura’s social cognitive theory, people with high self-efficacy demonstrate a good psychological state of accomplishing demanding activities and having enough confidence to successfully address task-related issues [14,53,55,56].

(ii) Cross-cultural hope: Employees who have a high level of cross-cultural hope know how to deal with issues in cross-cultural interaction and are able to achieve targets [31,52]. Hope theory was developed by Snyder [57,58] and comprised of three components: goals (the mental targets that direct human behavior), pathways (the routes to the desired goals), and agency (the perceived ability to achieve goals through pathways). Frontline employees with a high level of hope will find it easier to work with people from different cultures and have the ability to think of many ways around cross-cultural interactions adversity.

(iii) Cross-cultural optimism: Workers who display a high amount of cross-cultural optimism may equate a strong cross-cultural relationship with their ability to communicate and negotiate effectively. Misunderstandings and miscommunications are common in cross-cultural interactions; therefore, employees with high levels of cross-cultural optimism will
stay upbeat and “expect the best when engaging with people from various cultures” [31,52]. Seligman [59] defines optimism in terms of attribution theory as one’s positive attribution regarding current and future successes.

(iv) Cross-cultural resilience: Employees who exhibit cross-cultural resilience will sustain their success amid obstacles, including language barriers and cross-cultural communication difficulties. The confusion and uncertainties that can be generated from cross-cultural interactions mean that resilience is a valuable psychological resource for employees in overcoming such adverse events [31,52]. The resilience trait was conceptualized by Luthans [13] as the “developable capacity to rebound or bounce back from adversity, conflict, and failure or even positive events, progress, and increased responsibility” [59,60].

Prior research has suggested that transformational leadership plays a crucial role in developing the PsyCap of frontline employees [14,17,37,40,61–63]. Specifically, the components of transformational leadership behavior (idealized influences, inspirational motivation, intellectual stimulation, and individualized consideration) encourage concerted efforts in followers to reach a higher cause and favorable outcomes. These components of transformational leadership can augment the self-efficacy, optimism, hope, and resilience of cross-cultural PsyCap [14,36,37,40]. By setting up a vision, transformative leaders can inspire followers to set higher targets and assess and expect positive outcomes (linked to optimism and hope). Additionally, transformative leaders have confidence in their ability to perform tasks successfully (related to self-efficacy) and demonstrate motivation and perseverance in the face of obstacles (linked to resilience) [12,53,64].

Cross-cultural PsyCap is a relatively a new construct [52]; hence, the antecedents and outcomes of cross-cultural PsyCap are not well established. However, based on the malleable characteristic of PsyCap, it is therefore expected that the positive outcomes of PsyCap would be applicable in the cross-cultural environment. To date, there have been only a handful of studies conducted measuring cross-cultural PsyCap, as compared to workplace PsyCap. This includes research by Maslakci and Sesen [17] on the influence of multicultural personality traits of frontline employees on cross-cultural PsyCap in the hospitality industry. The results reveal that multicultural personality traits have a positive relationship with cross-cultural PsyCap and service quality. The study also investigated the mediating effect of cross-cultural PsyCap, where cross-cultural PsyCap acts as a mediator between the two variables. A study conducted by Gulistan Yunlu and Clapp-Smith [65] revealed the positive effect of cross-cultural PsyCap on motivational cultural intelligence, which in turn relates to metacognitive awareness and perspective taking. This finding is corroborated by Lamont’s [66] research of expatriates, in which cross-cultural PsyCap is positively connected to cultural intelligence. In a South African study, Kotze and Massyn [28] explored the employee’s psychological well-being that includes burnout and work engagement. The findings revealed that cross-cultural PsyCap promotes employees’ work engagement and reduce burnout. This study evidently produced the same results as in workplace PsyCap on work engagement [67]. In a study by Dollwet and Reichard [52], cross-cultural PsyCap predicts cultural intelligence, openness to experience, ethnocentrism, and cross-cultural adjustment.

With regard to workplace PsyCap, studies related to transformational leadership and workplace PsyCap are many; however, studies in cross-cultural PsyCap are limited or non-existent. Past studies in leadership have demonstrated followers’ perceptions of leadership as a contextual condition that can promote workplace PsyCap [12,36–38,40,53]. In the hospitality literature, transformational leadership was found to have a positive association with workplace PsyCap. A study by Surucu and his team [38] reveal a positive outcome between leadership styles and workplace PsyCap, while a study by Gashema and Kadhafi [14] found that transformational leadership predicts workplace PsyCap and mediates the relationship between transformational leadership and innovative behavior.

To this end, based on the discussion above, the following hypothesis is proposed:

**Hypothesis 1 (H1).** Transformational leadership is positively related to cross-cultural PsyCap.
2.3. Transformational Leadership and Turnover Intention

Employee turnover is a significant problem in the hospitality industry globally [2]. A survey conducted by Deloitte [6] revealed that turnover in the hospitality industry is almost double the average rate for all sectors, as can be seen in the U.K. and U.S., where the average employee turnover in the hospitality industry is 30% and 31%, respectively. Turnover intention is defined as an individual’s behavioral intention to leave an organization. Employees have influence over their turnover intentions, and behavioral intention is the best predictor of behavior, in this instance the actual turnover [68]. There is strong evidence to suggest that a high turnover contributes to high personnel costs, low levels of employee morale and job satisfaction, and the perception of low service quality by the customer [69]. There are many reasons why employees leave an organization. According to Whitelaw [29], job demands and stress attributed to intense pressure to deliver efficient and effective service can impact the behavior and performance of hotel frontline employees. This condition may result in a high level of turnover intention that will eventually lead to actual turnover. In another study by Yavas, Karatepe, and Babakus [70], the incivility of customers and co-workers, verbal aggression, additional workload, and pressures to achieve a work–life balance can lead to stress for frontline employees that ultimately results in turnover.

Hospitality and tourism studies have noted that leadership style, specifically transformational leadership, can influence an employee’s turnover intention [11,18,19]. This is manifested through transformative leadership qualities in idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration. Being able to commend and attract employees through their charismatic characteristics, employees would want to identify with and emulate their role model. This type of leader is able to instill a sense of belonging in employees, thereby infusing the essence of allegiance to the organization. Leaders providing support and behavior that are consistent with the values of their followers may elicit positive emotions and motivations. Transformative leaders that care about their colleagues’ well-being tend to minimize job stresses while increasing employees’ self-esteem. Additionally, when a leader pays attention to their needs and wants, frontline employees are more likely to feel supported and appreciated [21]. Conversely, leaders whose behavior is not in tandem with their followers’ values and thoughts may elicit negative behaviors and attitudes, such as the desire to leave [71]. As a result, the consideration provided by transformational leaders establishes a strong basis for the management and their employees in lowering employee turnover intention. Based on the discussion above, the following hypothesis is proposed:

Hypothesis 2 (H2). Transformational leadership is negatively related to turnover intention.

2.4. Cross-Cultural Psychological Capital and Turnover Intentions

Past studies have reported that employees with a high level of PsyCap help to reduce negative work attitudes and behaviors, such as turnover intention, deviant work behaviors, and organizational cynicism [12,63,72–74]. Therefore, it is assumed that frontline employees with a high level of cross-cultural PsyCap will be less vulnerable in demanding cross-cultural situations in their daily job and less likely to have turnover intentions. Referring to the study by Kotze and Massyn [28], cross-cultural PsyCap has a positive relationship with work engagement and a negative relationship with job burnout. Hence, this study is expected to yield a similar result: that there will be a negative relationship with turnover intention. Based on the literature described above, this leads us to the next hypothesis of the study:

Hypothesis 3 (H3). Cross-cultural PsyCap is negatively related to turnover intention.

2.5. Cross-Cultural Psychological Capital as Mediator

Past research has shown that workplace PsyCap is a process by which a variable may have a positive or negative influence on the result of an action or attitude [13]. The primary reason for the effect of PsyCap on employees’ work attitudes (for example, turnover
intention) is that the higher the PsyCap of a frontline employee, the more confident and optimistic his or her interactions with people from other cultures are, as well as the belief that he or she can overcome cross-cultural challenges such as language barriers, conflicts, and other issues. Employees will be less inclined to leave the organization if they receive support and caring from their leader. According to Newman and his team [75], there are not many studies conducted on the role of workplace PsyCap as a mediator. Furthermore, there is negligible evidence that cross-cultural PsyCap can act as a mediator between transformational leadership and turnover intention, particularly in the hotel industry [51]. Taking the cross-cultural PsyCap study by Maslakci and Sesen [9], the mediating role of cross-cultural PsyCap between multicultural personality traits of frontline employees and service quality was established. In regard to workplace PsyCap, as a mediator, it has a motivational influence on the correlation between the expectations of followers of transformative leadership and service quality [76], the leadership and creativity of employees [77], and leadership and service innovation behavior [36]. Consistent with the above discussion, the following hypothesis is proposed:

**Hypothesis 4 (H4). Cross-cultural PsyCap mediates the relationship between transformational leadership and turnover intention.**

The research model setting out all the hypothesized relationships among the study variables is shown in Figure 1.

![Figure 1. Conceptual framework.](image_url)

3. Materials and Method

This section examines the research instruments, sample, and data collection.

3.1. Instrument

A 20-item transformational leadership measurement was taken from the multifactor leadership questionnaire (MLQ) developed by Bass and Avolio [78]. In this scale, employees are required to rate their supervisor’s transformational leadership behavior according to the four (4) dimensions—idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration. Responses to the items were measured on a five-point Likert scale (1 = not at all to 5 = very frequently, if not always).

An example of a sample item is: “My immediate supervisor talks about his/her most important values and beliefs.” The MLQ has been researched and validated by the instrument authors, Bruce Avolio and Bernard Bass [79] with a Cronbach’s alpha at 70–83. Additionally, the questionnaire is the most used measure in many disciplines of studies [80].

Cross-cultural PsyCap was determined from the 20 items based on a five-point Likert scale (1 = strongly disagree to 5 = strongly agree). Dollwet and Reichard [52] developed and validated this questionnaire, which was adopted from Luthans’s [53] workplace PsyCap
to suit the cross-cultural environment. Validation of the measurement in terms of its internal factor structure and its convergent, discriminant validity, predictive, and overall construct was tested, with a Cronbach alpha score of 0.79–0.91 for all subscales and a total scale of 0.94 [53]. “At present, I am energetically pursuing my goals related to working with individuals from different cultures than me” is an example of a sample item factor. The cross-cultural PsyCap questionnaire was specifically chosen for the study due to the cross-cultural work setting of the respondents understudied.

An eight-item scale of turnover intention was adapted from Olusegun [81]. The Cronbach’s alpha coefficient found in the scale is 0.86 [41]. Responses to the items were measured on a five-point Likert scale (1 = strongly disagree to 5 = strongly agree). A sample item is: “I would quit my present job for a similar position with better pay in another organization at the least opportunity.”

Before the questionnaire was distributed, a pretest was conducted to address the potential issues that might arise from the data collection [82]. Additionally, although Malay is the national language of the country, most four- and five-star hotels emphasize English communication in the working environment. Nevertheless, this study adopts a dual language for its questionnaire for better understanding by the respondents.

3.2. Sample and Data Collection

A total of 7 out of 21 four- and five-star hotels consented to participate in the survey. From the seven hotels, one hotel opted to participate online, using the SurveyMonkey platform. The rest of the hotels preferred to have the forms distributed at their premise through the hotel’s human resource department (paper-based survey). Purposive sampling was employed to select the frontline employees that fulfilled the study’s criteria. The study’s selection criteria included respondents who were working in the hotel reception, in the food and beverage department, or in a position that had direct interaction with guests, and that had been employed for at least three months in any of these departments.

The total number of valid questionnaires collected was 162. The response rate is considered adequate, at 36% [83,84]. Using the G*Power 3.1.9.2 software calculation [85], the minimum number of samples required for the study was 85 in order to achieve a statistical power of 80% and a 0.15 effect size (with a 5% probability of error). The statistical power of 80% is considered as the minimum appropriate power for most social science research [86]. In this regard, the sample used (n = 162) was more than the minimum sample size required and consistent with the other general rules [87].

3.3. Common Method Variance

To reduce the common method variance (CMV), the assurance of anonymity and confidentiality of their responses was emphasized in the cover letter of all the survey questionnaire [88,89]. The respondents were further assured that only the research crew would have access to the information, and the data will be analyzed in combination with other participants’ responses. Additionally, the respondents are required to seal their completed questionnaire using the self-sealed envelope provided together and return it to the hotel coordinator. Additionally, Harman’s single-factor test was performed to assess the CMV. The analysis identified all items, and the largest proportion of variance explained by one factor was only 27.17%, indicating that common method variance is not a concern.

4. Data Analysis and Research Results

Partial least squares structural equation modeling (PLS-SEM) was applied to examine the hypothesized reflective model. This method of analysis was selected as the most appropriate for this study due to its ability to facilitate the prediction of dependent variables [90]. In analyzing the data, the two-stage approach by Anderson and Gerbing [91,92] was used. The first stage was focused on the measurement models to assess the internal consistency reliability, convergent validity (CV), and discriminant validity (DV), while the second stage was focused on the structural model (considering the $R^2$, $f^2$, and $Q^2$) [87,93,94].
A bootstrapping method was used to test the significance of the path coefficients and the loadings [94].

4.1. Respondents’ Characteristics

The survey yielded a sample of 162 employees after the deletion of incomplete and suspicious response patterns. Suspicious patterns of response, also known as straight-line or inconsistent responses, are when the respondent gives the same response to most of the questions in the sample [87]. The distribution of male and female participants was almost equal at 50.6% and 49.4%, respectively. Most respondents were under 30 years of age (57.4%), followed by those aged 31–40 years (29.6%), 41–50 years (8%), and 51–60 years (4.9%). In terms of education, most of the respondents had completed secondary education and below (57.4%), which was followed by diploma/certificate holders (31.5%) and degree holders (11.1%). Table 1 depicts the demographic information of the respondents.

**Table 1.** Respondent demographics (n = 162).

| Category                        | Frequency | Percentage |
|--------------------------------|-----------|------------|
| Gender                         |           |            |
| Male                           | 82        | 50.6       |
| Female                         | 80        | 49.4       |
| Age                            |           |            |
| Less than 30 years old         | 93        | 57.4       |
| 31–40 years old                | 48        | 29.6       |
| 41–50 years old                | 13        | 8.0        |
| 51–60 years old                | 8         | 5.0        |
| Marital Status                 |           |            |
| Single                         | 91        | 56.2       |
| Married                        | 70        | 43.2       |
| Divorced/widow/widower         | 1         | 0.6        |
| Education                      |           |            |
| Secondary school and below     | 93        | 57.4       |
| Diploma/certificate            | 51        | 31.5       |
| Degree                         | 18        | 11.1       |

4.2. Measurement Model Assessment

Reflective measurement. The internal consistency reliability, convergent validity, and discriminant validity of the study’s three constructs were tested. As presented in Table 2, the results of the composite reliability (CR) ranged from 0.84 to 0.91, which exceeded the 0.7 CR threshold value, suggesting an adequate internal consistency reliability [95]. The standardized factor loadings of all of the items measured were higher than 0.6 and significant, which provides evidence of the convergent validity of the measurement model [87]. Furthermore, the average variance extracted (AVE) of the constructs ranged from 0.55 to 0.82, which exceeded the 0.5 AVE threshold value for an acceptable level of convergent validity. This study applied cross-loading and the Fornell–Larcker [96] criterion to determine the discriminant validity. The cross-loading of all of the indicators’ loading on their associated latent construct was higher than all of the remaining constructs after removing the indicators with low loadings. As presented in Table 3, the squared root of AVE for the turnover intention construct was higher than the correlation for each construct. From the results, both the cross-loading and the Fornell–Larcker criterion indicate the discriminant validity of the constructs.

Assessment of the higher-order constructs. As recommended by Sarstedt et al. [97], all dimensions of transformational leadership and cross-cultural PsyCap were checked for collinearity issues and the significance and relevance of outer weights. As presented in Table 4, the results showed that the values of the variance inflation factor (VIF) for all constructs were less than the threshold of 5.0 [87], indicating that collinearity was not present in the data. Additionally, to compute the outer weights and significance of the
dimensions, bootstrapping was performed with a recommended re-sampling of 5000. All dimensions of the two constructs were statistically significant at $p < 0.05$ and $p < 0.01$, except for the two indicators of cross-cultural PsyCap (efficacy and optimism). However, the two indicators were retained, considering their theoretical relevance [87,98]. Prior research on the literature of PsyCap showed the adequate theoretical significance of the respective indicators to be best represented as higher-order constructs [31,53].

Table 2. Outer loading, composite reliability, and AVE.

| Item                  | Outer Loadings | Composite Reliability (CR) | Average Variance Extracted (AVE) |
|-----------------------|----------------|----------------------------|----------------------------------|
| **Transformational Leadership** |                |                            |                                  |
| TLI4                  | 0.801          | 0.914                      | 0.726                            |
| TLI5                  | 0.836          |                            |                                  |
| TLI6                  | 0.870          |                            |                                  |
| TLI8                  | 0.899          |                            |                                  |
| TLM3                  | 0.885          | 0.899                      | 0.816                            |
| TLM4                  | 0.921          |                            |                                  |
| TLM8                  | 0.914          |                            |                                  |
| TLM2                  | 0.884          | 0.894                      | 0.808                            |
| TLM1                  | 0.774          | 0.839                      | 0.724                            |
| TLC4                  | 0.921          |                            |                                  |
| **Cross-cultural PsyCap** |                |                            |                                  |
| Eff2                  | 0.728          | 0.890                      | 0.578                            |
| Eff3                  | 0.666          |                            |                                  |
| Eff4                  | 0.658          |                            |                                  |
| Eff5                  | 0.853          |                            |                                  |
| Eff6                  | 0.832          |                            |                                  |
| Eff7                  | 0.799          |                            |                                  |
| Hop1                  | 0.820          | 0.846                      | 0.58                             |
| Hop2                  | 0.716          |                            |                                  |
| Hop3                  | 0.812          |                            |                                  |
| hop4                  | 0.689          |                            |                                  |
| Opt1                  | 0.771          | 0.87                       | 0.628                            |
| Opt2                  | 0.861          |                            |                                  |
| Opt3                  | 0.831          |                            |                                  |
| Opt4                  | 0.697          |                            |                                  |
| Res1                  | 0.896          | 0.881                      | 0.714                            |
| Res2                  | 0.883          |                            |                                  |
| Res3                  | 0.750          |                            |                                  |
| **Turnover Intention** |                |                            |                                  |
| QI1                   | 0.642          | 0.894                      | 0.548                            |
| QI2                   | 0.703          |                            |                                  |
| QI3                   | 0.801          |                            |                                  |
| QI4                   | 0.757          |                            |                                  |
| QI5                   | 0.782          |                            |                                  |
| QI7                   | 0.705          |                            |                                  |
| QI8                   | 0.779          |                            |                                  |

Notes: TLI, transformational leadership (idealized influence); TLM, transformational leadership (inspirational motivation); TLS, transformational leadership (intellectual stimulation); TLC, transformational leadership (individualized consideration); Eff, efficacy; Hop, hope; Opt, optimism; Res, resilience; QI, quit intention.

Table 3. Discriminant validity—Fornell–Larker criterion.

| Construct | CCPC | TL  | TI   |
|-----------|------|-----|------|
| CCPC      | NA   |     |      |
| TL        | 0.491| NA  |      |
| TI        | −0.192| −0.371| 0.739|

Notes: CCPC, cross-cultural PsyCap; TL, transformational leadership; TI, turnover intention.
Table 4. Assessment of the higher-order constructs.

| Construct               | Subdimension | Outer Weights | t-Values | VIF |
|-------------------------|--------------|---------------|----------|-----|
| Transformational leadership | Consideration     | 0.958         | 2.587 ** | 2.187 |
|                         | Influence      | −0.104        | 0.3      | 3.828 |
|                         | Motivation     | 0.206         | 0.797    | 2.975 |
|                         | Stimulation    | −0.043        | 0.199    | 2.121 |
|                         | Efficacy       | −0.067        | 0.189    | 2.381 |
| Cross-cultural PsyCap   | Hope           | 0.496         | 2.905 ** | 1.848 |
|                         | Optimism       | 0.004         | 0.016    | 2.514 |
|                         | Resilience     | 0.713         | 3.074 ** | 1.252 |

Notes: t-value > 2.33 (p < 0.01 **); VIF, variance inflation factor.

4.3. Structural Model Assessment

The structural model assessment involved testing the hypothesized relationships between the constructs using several criteria [92]. Following the recommendations of Hair et al. [99], the criteria included reporting for the path coefficient, t-values, p-values, the standard errors, the confidence intervals, the coefficient of determinations (R²), the effect size (f²), and the predictive relevance (Q²). Before testing the hypothesis, lateral collinearity (predictor–criterion collinearity) was performed [100]. The results indicated no multicollinearity issues, as the VIF for all endogenous constructs and their corresponding exogenous constructs were within the required threshold of 5 [87]. The R² values for both cross-cultural PsyCap (0.241) and turnover intention (0.138) showed the moderate predictive accuracy of the model [98], as displayed in Table 5. The endogenous latent variables (cross-cultural PsyCap and turnover intention) achieved Q² scores larger than zero, at 0.094 and 0.063, indicating the model’s clear predictive relevance [87]. The f² values are determined to have a small, medium, or large effect size if the values were 0.02, 0.15, or 0.35, respectively [90]. In this study, the f² indicated that transformational leadership (f² = 0.318) has a medium effect on cross-cultural PsyCap and a small effect (f² = 0.117) on turnover intention, as exhibited in Table 6.

Table 5. Results of R² and Q².

| Predictor Constructs | Target Construct          | R²    | Predictive Accuracy | Q²    |
|----------------------|----------------------------|-------|---------------------|-------|
| Transformational leadership | Cross-cultural PsyCap     | 0.241 | Moderate           | 0.094 |
| Transformational leadership, Cross-cultural PsyCap | Turnover intention | 0.138 | Moderate           | 0.063 |

Table 6. f² values of the path model.

| Predictor Constructs | Target Construct          | f²    | Effect Size          |
|----------------------|----------------------------|-------|----------------------|
| Transformational leadership | Cross-cultural PsyCap     | 0.318 | Medium               |
| Transformational leadership | Turnover intention        | 0.117 | Small                |

The hypothesis result of H1 shows that transformational leadership is positively related to cross-cultural PsyCap (β = 0.491, t = 4.986, p < 0.01). The confidence interval for the hypothesis did not include zero, indicating that this relationship is significant. The t-value at t = 4.986, p < 0.01 indicates a positive significant relationship. Therefore, this hypothesis is supported. As for H2, the hypothesis result shows a negative relationship between transformational leadership and turnover intention (β = −0.365, t = 3.033, p < 0.01). The confidence interval did not include zero. The relationship between transformational leadership and turnover intention is at a t-value of t = 3.033, p < 0.01, indicating a negative and significant relationship. Hence, this hypothesis is accepted. The H3 result presented non-statistical significance between cross-cultural PsyCap and turnover intention at β = −0.013, t = 0.074NS, p < 0.01. The confidence interval includes zero, and the t-value is at t = 0.074NS,
$p < 0.01$. Hence, this hypothesis is rejected. The results of the assessment of the hypotheses are presented in Table 7.

| Hypothesis | Path Relationship | Std. Beta | Std. Error | $t$-Value | Confidence Interval | Decision |
|------------|------------------|-----------|------------|-----------|---------------------|----------|
| H1         | TL–CCPC          | 0.491     | 0.099      | 4.986 *** | 0.319–0.604         | Supported|
| H2         | TL–TI            | −0.365    | 0.12       | 3.033 *** | −0.513–−0.128       | Supported|
| H3         | CCPC–TI          | −0.013    | 0.178      | 0.074 NS  | −0.301–0.299        | Not supported|

Notes: H, hypothesis; TL, transformational leadership; CCPC, cross-cultural PsyCap; TI, turnover intention. ***$p < 0.01$. NS not significant.

To test the mediating effect, this study uses the bootstrapping method of 5,000 resampling sizes to assess the effect of cross-cultural PsyCap in the relationship between transformational leadership and turnover intention. The result indicates a $t$-value at 0.392, $p = 0.695$NS indicating a non-significant relationship, as shown in Table 8. This means that cross-cultural PsyCap does not influence the direction and strength of the relationship between transformational leadership and turnover intention. The non-significant relationship also occurs in the direct relationship between the cross-cultural PsyCap and turnover intention. Hence, this hypothesis is rejected.

| Hypothesis | Beta | STDEV | $t$ Value | $p$ Value | Confidence Interval | Decision |
|------------|------|-------|-----------|-----------|---------------------|----------|
| H4: TL→CCPC→TI | −0.032 | 0.082 | 0.392    | 0.695 NS  | −0.167–0.103       | Not Supported|

Notes: H, hypothesis; TL, transformational leadership; CCPC, cross-cultural PsyCap; TI, turnover intention. NS not significant.

5. Discussion

The purpose of this study was to investigate the influence of frontline employees’ perception of transformational leadership on their level of cross-cultural PsyCap and turnover intention in the Sabah hotel industry. Due to a paucity of empirical research regarding front-line employees’ transformational leadership perceptions, cross-cultural PsyCap, and turnover intentions, this study also proposes an integrated framework that links the JD-R and COR theories to these research constructs. Furthermore, this study provides a new direction toward a sustainable approach to reducing the extremely high employee turnover rate in the hotel industry. To date, few studies have developed integrative models to investigate the effect of transformational leadership behavior and cross-cultural PsyCap on turnover intention by delving deeper into the literature on JD-R and COR theories. More importantly, the hospitality literature lacks the knowledge and evidence to assist hotel managers in improving the turnover intention of their frontline employees. Therefore, the current study adds to the hotel management literature by incorporating theories of transformational leadership, cross-cultural PsyCap, and turnover intention, all of which are linked to the JD-R and COR theories. It also seeks to improve understanding of the links between transformational leadership behavior, cross-cultural PsyCap, and turnover intention in the hotel industry.

Several significant findings emerge from this research. First, the results indicated that a supervisor’s transformational leadership behavior positively influences the cross-cultural PsyCap of the frontline employees in the Sabah hotel industry (H1). Second, the favorable perception of transformational leadership behaviors can reduce the frontline employees’ turnover intention level (H2). Third, the frontline employees’ cross-cultural PsyCap does not influence their level of turnover intention. Employees with higher levels of cross-cultural PsyCap still have an intention to leave the organization (H4). From our theoretical framework, H1 and H2 are supported but not H3 and H4.
5.1. Theoretical and Practical Implications

Based on the JD-R and COR theories, this study contributes to the theory and practice of hotel management in Sabah, particularly in terms of how hotel supervisors’ transformational leadership behavior can influence their frontline staff level of turnover intentions mediated by cross-cultural PsyCap.

5.1.1. Theoretical Contributions

We discovered that the transformational leadership traits—namely, idealized influence, inspirational motivation, intellectual stimulation, and individual consideration—influence frontline employees’ cross-cultural PsyCap (H1). The result was expected, as the motivational tendency of transformational leadership is integrated with the motivational direction of cross-cultural PsyCap [37]. The frontline employees positively perceived their supervisor’s transformational leadership qualities, thus creating favorable conditions for the development of PsyCap. This result is also in agreement with previous findings by Sesen et al. [37] and Wu and Chen [101]. Following the JD-R theory, the results manifest holistically on transformational leadership and cross-cultural PsyCap as job and personal resources [23,24], and they are in line with the COR theory in creating resource caravans [34] to combat the demands they may face in the workplace.

Meanwhile, this research revealed that the transformational leadership behavior of the supervisors influences the level of the turnover intention of the frontline employees (H2). The findings indicate that hotel managers/supervisors engaging in transformational leadership behaviors are more likely to develop good supervisor–employee exchange relationships, thus influencing employee–employer relationships further and decreasing turnover intention. This result supports the findings of Chen and Wu [26] and Waldman et al. [13]. Additionally, this finding also supports the JD-R theory, specifying how positive and negative work outcomes could be shaped through the interaction of job demands and job resources [23,24,26]. Drawing on the COR theory, the accumulation of resources would help employees meet the demands and challenges of their job, leading to a reduced turnover intention. Contrary to our third hypothesis (H3), the study reveals that cross-cultural PsyCap does not influence the level of turnover intention of frontline employees. This indicates that employees having higher levels of cross-cultural PsyCap would still have the intention to leave the organization. This result contradicts the findings of previous studies [12,33,61,75], which reported a significant negative link between workplace PsyCap and turnover intention [16,73,102]. The insignificant relationship could be attributed to several factors. First, employees with a high cross-cultural PsyCap exude self-belief and the confidence to face challenges, which may lead them to leave their organization for a better job opportunity [105]. Second, most of the study respondents belonged to the millennial generation. Given the high cross-cultural PsyCap, employees from this generation would be expected to leave the organization for a more challenging career path [104]. Finally, the hotel industry seemingly accepts employee turnover as the norm, whereby employees moving from one hotel to another is tacitly understood in the hotel fraternity [83].

The study has hypothesized the mediating effect of cross-cultural PsyCap on transformational leadership and turnover intention relationship (H4). However, based on our findings, this hypothesis is rejected. This means that cross-cultural PsyCap has no impact on the intensity or direction of the relationship between transformational leadership and turnover intention. The direct relationship between the two variables—cross-cultural PsyCap and turnover intention—also exhibits a non-significant relationship. The result indicates that employees having higher levels of cross-cultural PsyCap and transformational leadership would still have the intention to leave the organization. As previously stated, the reason for the insignificant relationship is most likely owing to the aforementioned underlying causes. Employees with a high level of cross-cultural PsyCap are confident in their cross-cultural interactions and talents and can envision prosperous career paths. As a result, they would be far more confident in leaving their current employer in quest of better opportunities. This non-significant relationship finding is unexpected, as past
research reported on a significant negative relationship between PsyCap and turnover intention [102].

In a nutshell, from the perspective of JD–R and COR theories, there is a partial support for the motivational process of the theories. On the one hand, the impact of transformational leadership support on followers’ cross-cultural PsyCap and turnover intention is consistent with prior research on transformational leadership and workplace PsyCap [11,20,64]. On the other hand, the non-significant result between cross-cultural PsyCap and turnover intention is not consistent with prior studies [16,61,73,102]. This result is unexpected, although such a non-significant finding has also been observed in recent research by Kang, Busser, and Choi [72]. One possible explanation could be the relatively small sample size of this study affecting the results, compared to empirical studies with larger sample sizes.

5.1.2. Practical Contributions

The study gathered empirical evidence that shows transformational leadership has a favorable impact on frontline employees’ cross-cultural PsyCap and turnover intention. This research supports prior findings that transformational leadership has a strong influence over followers’ behaviors and attitudes in the hospitality industry [7]. However, the non-significant mediating effect of cross-cultural PsyCap between transformational leadership and turnover intention did not support the hypothesis.

The hotel industry is faced with a high turnover rate that impact the performance of the industry. The high turnover rate and the strong desire of front-line employees to leave further add to the expense of the human resource department in recruiting and retraining new personnel in the hotel business. To address this issue, studies have demonstrated the importance of employee training and development. In other words, the employing sustainable human resource development and management practices is important to fostering employees and organizational learning. According to Katunian [10], sustainable human resource development is an important aspect of sustainable human resource management, and in the hotel industry, which has a diversified staff and consumers, attention should be placed on human resource learning and development. Through the regeneration and development of human resources, sustainable competitive advantage can be achieved [8]. Hence, the application of sustainability approach in reducing turnover intention of frontline employees in the hotel industry is through continuous training and development of supervisor’s leadership ability and skills. Supervisors who have received transformational leadership training will be able to elicit positive emotions, attitudes and behavior in their employees. Furthermore, the data supported the findings of researchers such as Schuckert et al. [36] and Sesen et al. [37] showing frontline staff who have positive perceptions of transformational leadership have higher levels of cross-cultural PsyCap.

Additionally, organizations especially in the service sector such as the hotel industry need skilled employees; therefore, effective employment recruitment and retention policies is another strategy that the hotel establishments could consider in attracting and retaining talented and experienced employees. In terms of employee retention, the research corroborates with the findings of Chen and Wu [101] and Waldman et al. [20] by indicating that employees who work with transformative leaders are less likely to leave. Although cross-cultural PsyCap has no direct and mediating effect on the relationship between transformational leadership and turnover intention, this does not mean that managers should avoid hiring employees that exhibit high PsyCap levels through fear that they will leave. This is because the research also revealed evidence to strongly support the notion that employees will still stay with the organization if they have good leaders providing them the necessary resources and support required in their job. Therefore, to move toward a sustainable approach to reducing turnover intention, the Sabah hotel industry should adopt a series of continuous transformational leadership training and development programs, and ensure employees remain inspired, and positively challenged to stay in the organization.
5.2. Limitations and Recommendations

Several limitations should be noted, despite the fact that this study covers contributions and management implications. As our data came from four- and five-star hotels in Sabah, Malaysia, the research model may be too narrow to generalize and apply to other social contexts. Future studies may include other states of Malaysia or the whole country.

The focus of the study is to examine the role of transformational leadership and cross-cultural PsyCap on turnover intention. It would be interesting to expand this study to include models on leadership such as Path–Goal (Martin Evans and Robert House) and Situational Leadership (Paul Hersey and Kenneth Blanchard) models. A comparative assessment of the leadership models and their impacts in the hospitality industry would be beneficial to be addressed in future research.

Given the hotels’ inability to provide direct access to the targeted respondents, the administration of the survey was limited to the assumption of responsibility by each coordinator at the participating hotels. Thus, it is suggested that future studies should collect data through different avenues that allow the direct distribution of the survey to the targeted respondents.

Finally, this research applied a cross-sectional study from single-source data. Therefore, future studies should consider using a longitudinal design with data obtained from a different source to evaluate causal relationships between the variables more accurately. This will further contribute to the understanding of the research, specifically in the hotel industry.

6. Conclusions

The study has significantly contributed to the development of leadership theories and as a feasible strategy toward reducing turnover intention. Particularly, the research has improved and deepened our understanding of how transformational leadership directly boosts employees’ cross-cultural PsyCap and willingness to remain in the organization. With the non-significant mediating link between transformative leadership and turnover intention, the importance of transformational leadership effect on turnover intention has been emphasized. The significance of transformational leadership and cross-cultural PsyCap in developing job and personal resources, respectively, are critical factors that organizations must leverage. This can provide a preventative perspective that benefits employee well-being and contributes to a sustainable approach to reducing turnover intentions in the hotel industry.

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