Intellectual Stimulation and Organizational Performance of 3- Star and 4- star hotels in Port Harcourt, Nigeria

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ABSTRACT
This study examined the relationship between intellectual stimulation and organizational performance of 3- star and 4- star hotels in Port Harcourt. The design of the study was cross-sectional survey. Structured questionnaire was the major instrument for data collection. The population was one thousand and eighty-five (1085) staff of 3-star and 4- star hotels in Port Harcourt. The sample size was two hundred and ninety-three (293) determined using the Taro Yamane’s formula. Cronbach Alpha coefficient test was used to measure the reliability of the questionnaire research instrument. The hypotheses were tested using the Pearson Product Moment Correlation with the aid of Statistical Package for Social Science. The study findings revealed that there is a significant relationship between intellectual stimulation and organizational performance of 4- star hotels in Port Harcourt. The study recommends that managers of hotels should prioritize intellectual stimulation of transformational leadership style by encouraging creativity and innovation in solving work related problems; stimulating critical thinking to issues before making decisions and supporting innovation through new ways of solving.

Keywords: Intellectual Stimulation, Organizational Performance, Profitability, Growth

INTRODUCTION
One of the important questions in business has been why some organizations succeeded where others have failed. Organization performance has been the most important issue for every organization be it profit or non-profit. It has been very important for mangers to know which factors influence an organization’s performance in order for them to take appropriate steps to initiate them. The concept of organizational performance is very common in literature; however, defining, and measuring
(measures are a tool to help understand, manage, and improve) performance has not been an easy task. For this reason, there isn’t a universally accepted definition of this concept. Researchers among themselves have different opinions and definitions of organisational performance, which remains to be a contentious issue among researchers Barney & Wohlin (2008). Generally, organizational performance is based upon the idea that an organization is the voluntary association of productive assets, including human, physical, and capital resources, for the purpose of achieving a shared purpose Alchian & Demsetz, (1972).

Daft& Daft (2009) opine that, organisational performance is the organisation’s ability to attain its goals by using resources in an efficient and effective manner. Quite similar to (Daft 2009), Ricardo & Wade, (2001) defined organisational performance as the ability of the organisation to achieve its goals and objectives. One of the important objectives of any organization should be continuous performance because, only through performance, are organizations able to develop and progress. Knowing the determinants of organizational performance is important especially as it enables the identification of those factors that should be treated with an increased interest in order to improve the organization’s performance. This is based on the type of leadership that drives the organization.

Leadership is the action of equipping and developing of followers, as well as providing direction on issues and deployment of resources towards an organization’s goals and objectives (Daft, 2015). The performance and sustainable success of organizations rests on the leadership. Daft mentions that there exist different types of leadership, such as visionary, charismatic, transactional, autocratic, and transformational. In transactional leadership, the leader promotes compliance by followers through various tactics such as rewards and punishment. In charismatic leadership, the leader provides guidance through charm and persuasion. For transformational leadership, the leader works with subordinates or followers to identify needed change, creates a vision to guide the change through inspiration, and executing the change in close collaboration with committed members of a team (Bell & Menu, 2012). Transformational leadership style results in progressive change in individuals and social systems.

Transformational leaders stimulate their followers' efforts "to be innovative and creative by questioning assumptions, reframing problems, and approaching old situations in new ways" (Avolio & Bass, 2002). Followers’ mistakes are not publicly criticized and creativity is openly encouraged. Transformational leaders solicit their followers' ideas and creative solutions to problems, thereby
including followers to problem solving. The intellectually stimulating leader encourages followers to try new approaches. Intellectual stimulation represents an important component of transformational leadership. Through intellectual stimulation, transformational leaders encourage followers to question their own beliefs, assumptions, and values, and, when appropriate, those of the leader, which may be outdated or inappropriate for solving current problems (Avolio & Bass, 2004; Elkins & Keller, 2003). Anjali and Anand (2015) assert that intellectual stimulation leads to the development of employee commitment to the organization. This, in turn, has implications for the ability of the organization to achieve goals based on the dedication and hard work of employees (Anjali & Anand, 2015).

Intellectual stimulation leaders stimulate permanent re-examination of the existent assumptions, stimulate change in the way of thinking about problems, and plead the use of analogy and metaphor (Stone, Russell & Patterson, 2003). By constantly searching for new knowledge, intellectual stimulation transformational leaders constantly teach, illustrate, but also promote and get new and creative ideas for solving problems from all organizational members (Bass & Avolio, 2004; Bass, 2006). Similarly, Bycio, Hacket and Allen (1995) found that the intellectual stimulation dimension of the transformational leadership scale had very strong positive relationships with the extra effort put in by subordinates. Avolio and Bass (2004) described an intellectually stimulating leader as one who "can discern, comprehend, conceptualize, and articulate to their associates the opportunities and threats facing their organization and its strengths, weaknesses, and comparative advantages. Furthermore, they opined that in allowing followers to seek intellectual ways to solve problems, analyse situations, critically question long held beliefs/assumptions/values, transformational leaders were actually developing their followers to seek innovative and creative ways to solve traditional problems.

Is’haq (2008) reported that intellectual stimulation leader is the one that shows the degree to which he provides encouragement to his subordinates to be creative in looking at old problems in new ways, create an environment that is tolerance of seemingly extreme positions, and nurture people to question their own values and beliefs and those of an organization. Problem solving is the core of what leaders exist to do. As leaders, the goal is to minimize problems— which mean leaders must be courageous enough to tackle them head-on before circumstances force them to. Leaders must be resilient in the quest to create and sustain momentum for the organization and consumers.
The purpose of this study was to examine the influence of intellectual stimulation on organisational performance of 4-star hotels in Port Harcourt. The specific objectives of the study include:

i. To examine the impact of intellectual stimulation on growth of 3-star and 4-star hotels in Port Harcourt.

ii. To examine the impact of intellectual stimulation on profitability of 3-star and 4-star hotels in Port Harcourt.

Based on the foregoing research objectives, the study is set to answer the following questions:

i. How does intellectual stimulation impact growth of 3-star and 4-star hotels in Port-Harcourt?

ii. How does intellectual stimulation impact profitability of 3-star and 4-star hotels in Port-Harcourt?

**Figure 1.1 Conceptual framework for the relationship between intellectual stimulation and organizational performance**

*Source: Desk Research, 2019*

**LITERATURE REVIEW**

**Intellectual Stimulation**

Intellectual stimulation is the frequency with which leaders encourage employees to be innovative in problem solving and solutions (Bass, 1985). Intellectual stimulation is the ability of the leader to
inspire followers to “think out of the box” when solving problems, thereby resulting in creativity and innovation (Bass & Avolio, 1996; 1997). Leaders kindle their followers’ effort to be innovative and creative by questioning assumptions, reframing problems and approaching old situations in new ways (Avolio & Bass, 2004). There is no public criticism of individual members’ mistakes. New ideas and creative problem solutions are solicited from followers, who are included in the process of addressing problems and finding solutions. Followers are encouraged to try new approaches, and their ideas are not criticized simply because they differ from the leaders’ ideas (Bass, 1998).

Inspiration of creativity and innovation pending old difficulties by employees becomes the extent to which employers get support, take calculated risk and ask for the notion of its employees. New technique with this style inspires the employees (Barbuto, 2005). Such leaders are concern about the employee’s success and advancement by reasoning individually for such a frontrunner worth as an event to study through exudative condition where employees figure out better methods to execute their tasks by asking questions deeply regarding things by influencing the employees to bring current ideas to the table by empowering them (Stone, Russell & Patterson, 2003).

**Organizational Performance**

Firm’s performance is the measure of standard or prescribed indicators of effectiveness, efficiency and environmental responsibilities such as cycle time, productivity, waste reduction and regulatory compliance (Noum, 2007). The organizational performance construct is probably the most widely used dependent variable, in fact, it is the ultimate dependent variable of interest for any researchers concerned with just about any area of management yet it remains vague and loosely defined (Richard et al, 2009). The construct has acquired a central role as the deemed goal of the modern industrial activity. Performance is so common in management research that its structure and definition are rarely explicitly justified; instead, its appropriateness, in no matter what form is unquestionably assumed (March & Sutton, 1997). Performance is a recurrent theme in most branches of management, including strategic management, and it is of interest to both academic scholar and practicing managers.

Although firm performance plays a key role in strategic research, there is considerable debate on appropriateness of various approaches to the concept utilization and measurement of organization performance. The complexity of performance is perhaps the major factor contributing to the debate.
Out of literature are three common approaches to organization performance measurement namely, the objective measures of performance that tend to be quantitative, the subjective measures that tend to be qualitative therefore judgemental and usually based on perception of respondent, and triangulation. Organizational performance refers to how well an organization achieves its market-oriented goals as well as its financial goals.

**Measures of Organizational Performance**

**Organizational Growth**

Every organization must expand from one stage to another for such organization to be categorized as one that is performing well. There is no organization in the world that is created to be static in nature; there must be growth or expansion. Therefore, a performing organization is one that her profit is improving, her market share is improving, and sales are increasing and improve customer satisfaction (Salamon & Robinson, 2008). There must be returns on the money and time invested by the different shareholders. Many researchers see growth as major component of organizational financial performance. Venkatraman and Ramanujam, (1986) in their studies, opines that sales growth rate was a generally-accepted performance indicator. They found that sales growth is positively and robustly associated with other measures of firm financial performance. Castrogiovanni (1991) argued that in benevolent environments, a firm’s ability to exploit product market opportunities is measured by its sales growth rate. Following Castrogiovanni, a firm’s ability to maintain or increase its sales level and market share in hostile environments, where there is increasing competition from both domestic and foreign firms, is a generally accepted performance indicator of short-term survival adjustment. Profitability is the primary goal of all business ventures, without which the business will not survive in the end. It is measured with income and expenses and normally divided into gross profit and net profit. Gross profit as a marketing metric refers to the profit generated by a firm. It is calculated as the total sales minus the cost of those sales (Buzzell, 2004).

**Profitability**

Profitability is the primary goal of all business ventures. Without profitability the business will not survive in the long run. So measuring current and past profitability and projecting future profitability is very important. Profitability refers to the potential of a venture to be financially successful. This may be assessed before entering into a business or it may be used to analyse a venture that is currently operating. Although it may be found that one set of factors is not likely to be successful or
has not been successful, it may not be necessary to abandon the venture. It may instead be feasible to change operational factors such as pricing or costs, (Chambers & Johnston, 2001). Profitability is the overriding goal for the success and growth of any business, and is generally defined as a ratio between revenue and cost (i.e. profit/assets). However, profitability as a performance measure mainly addresses shareholders as the interest group and many researchers therefore claim that using monetary ratios as productivity measures will result in several shortcomings, for instance, induce short-termism and discourage the customer perspective. Profitability can change for reasons that have little to do with productivity, such as inflation and other external conditions that may bear no relationship to the efficient use of resources. Miller argue that productivity is a more suitable measure to monitor manufacturing excellence in the long run rather than profitability, since profits are influenced by many factors in a short-term perspective, (Mille, 1994).

There are three basic situations that can describe a business’ financial situation. It can be profitable, it can break even, or it can operate at a loss. In most cases, an organization’s goal is to make a profit. When there is constant or abundant cash flow, it can be difficult to determine profitability. It is easy for a person to make the mistake of linking numerous incoming and outgoing transactions with profit. Spending and receiving money, however, does not mean a business is in a healthy financial state. To determine profitability, it is necessary to access the price of the goods or services being offered. There are several things that need to be considered when prices are established. This includes variable costs such as fuel, labor, and inventory, and it also includes fixed costs such as mortgage, repairs, and taxes (Jackson, 2000).

Intellectual Stimulation and Organizational Performance

Intellectual stimulation represents an important component of transformational leadership. Through intellectual stimulation, transformational leaders encourage followers to question their own beliefs, assumptions, and values, and, when appropriate, those of the leader, which may be outdated or inappropriate for solving current problems (Bass & Avolio, 2004; Elkins & Keller, 2013; Sundi, 2013). Anjali and Anand (2015) assert that intellectual stimulation leads to the development of employee commitment to the organization. This, in turn, has implications for the ability of the organization to achieve goals based on the dedication and hard work of employees (Anjali & Anand, 2015).
Cheung and Wong (2011) reported a positive relationship between intellectual stimulation leadership styles and employees’ creativity which challenges employees and energizes them to seek novel approaches to their work (Yunus & Anuar, 2012). Leaders of successful, high-growth companies understand that innovation is what drives growth (Bhatia, 2013). They believe that innovation is achieved by employees with a shared relentless growth attitude and shared passion for problem solving. Innovation is founded on a company's ability to recognize market opportunities and as a result, build a sustainable innovation organization from this (Burton & Thakur, 2009). Intellectual stimulation leaders encourage employees to think creatively, analyze their problems from numerous angles and explore new and better solutions for problems by using technology (Schepers, Wetzels & Ruyter 2005). Earlier, research on intellectual stimulation leadership has established a significant relationship between intellectual stimulation leadership and employee’s performance and commitment (Masi & Cooke, 2000) found that intellectual stimulation leadership style practiced by managers led to employees being more committed and less stressed. Thus, intellectual stimulation transformational leadership was found to be related to increased organizational performance (Boerner, Eisenbeiss & Griesser, 2007); increased employee motivation (Bono & Judge, 2003); and greater employee commitment, loyalty and satisfaction (Bass & Riggio, 2006).

Jung, Chow, and Wu (2003), using 32 Taiwanese electronic/telecommunication companies explored how transformational leadership affects creativity at the level of the organization. They found that intellectual stimulation leadership has significant and positive relationships with both empowerment and innovation supporting organizational climate. In another study using a sample of employees and their supervisors for 46 Korean companies, Shin and Zhou (2003) reported that intellectual stimulation leadership was positively related to followers’ level of creativity. This study was done in Taiwan and only looked at the telecommunication firms only. Yasin, Nawab, Bhatti, and Nazir (2014) investigated the relationship between intellectual stimulation, innovations and SMEs performance in Pakistan. Data was collected from the 50 SMEs in Hattar (Haripur) industrial area of Pakistan. Out of 500 questionnaires 350 were returned and 348 were valid for analysis, response rate was 70%. Pearson correlation and regression analysis was used for investigation of this relationship. This study found that intellectual stimulation may be used as tool for the development of innovations and higher SMEs performance and this study also found a strong positive relationship of innovations to the SMEs performance. This study relates to transformational leadership in that intellectual stimulation is an aspect of transformational leadership. The study was done in Pakistan and not in
Kenya. Utami (2013) sought to determine whether the intellectual stimulation can influence innovation which is mediated by knowledge sharing, and whether innovation can improve a firm’s performance. The model tested on the 56 owners of small and medium enterprises (SMEs) in Tegal, Indonesia. Utilizing purposive sampling technique, with the following criteria, company has a workforce 5 to 100 people, engaged in the metal and machinery industry, not including to foreign-owned companies. Software analysis techniques PLS (Partial Least Square) are used in this research. The final results indicate that there are positive effects on intellectual stimulation, experiential sharing and explicit knowledge sharing; explicit knowledge sharing has a positive effect on product innovation and product innovation has a positive effect on business performance. While experiential sharing has a positive effect on product innovation, it is not significant. This study results link the use of transformational leadership to better firm performance. However, this study was done in Indonesia and the unit of study were the owners of the SMEs. The study also used PLS for analysis.

Elgelal and Noermijati (2015) conducted a study aimed at investigating the effect of direct transformational leadership on employee motivation, jobs satisfaction, and employee performance with focus on all employees 92 Data was collected using questionnaires with Likert scale and the analysis was carried out using Partial Least Square (PLS). The results of the analysis conclude that the employee motivation has no significant positive effect on the employees’ performance. Intellectual Stimulation was however found to be the main indicator determining transformational leadership and thus managers who encourage employees should be able to solve problems carefully, and then encourage employees to act creatively. This study used PLS Orabi (2016) in his study looked at the impact of transformational leadership on organizational performance in Jordan. A survey was sent to randomly selected sample of 249. The respondents were sent a questionnaire. Regression analysis was used to get the results. The results of this study proved that intellectual stimulation plays a most significant role in shaping employees performance hence the outcomes for the organization performance.

The foregoing argument gave rise to the following hypotheses:

**Ho1:** There is no significant relationship between intellectual stimulation and growth of 3-star and 4-star hotels in Port Harcourt.

**Ho2:** There is no significant relationship between intellectual stimulation and profitability of 3-star and 4-star hotels in Port Harcourt.
METHODOLOGY

The design of the study was cross-sectional survey. Structured questionnaire was the major instrument for data collection. The population was one thousand and eighty-five (1085) staff of 4-star 4-star hotels in Port Harcourt. The sample size was two hundred and ninety-three (293) determined using the Taro Yamane’s formula. Cronbach’s Alpha test was used to measure the reliability of the questionnaire research instrument. The hypotheses were tested using the Pearson Product Moment Correlation with the aid of Statistical Package for Social Science.

Table 1: Reliability Statistics for Instruments Variable

<table>
<thead>
<tr>
<th>Variable</th>
<th>No of item</th>
<th>Alpha value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intellectual Stimulation</td>
<td>4</td>
<td>0.908</td>
</tr>
<tr>
<td>Profitability</td>
<td>4</td>
<td>0.902</td>
</tr>
<tr>
<td>Growth</td>
<td>4</td>
<td>0.814</td>
</tr>
</tbody>
</table>

DATA ANALYSIS AND RESULTS

Bivariate Analysis

secondary data analyses from the upshots of the hypotheses were presented with test conducted using the Pearson’s Product Moment Correlation Coefficient at 99% confidence level which was accepted as a criteria for the probability for either accepting the null hypotheses at (p>O.05) or rejecting the null hypotheses formulated at (p< 0.01). In clear terms, the test covers the two hypotheses postulated for the study (i.e. \( H_{01} \) to \( H_{02} \)) which were bivariate and stated in null form.

Test of Hypothesis one

\( H_{01}: \) There is no significant relationship between intellectual stimulation and growth of 3-star and 4-star hotels in Port Harcourt.
Table 2: Intellectual Stimulation and Growth

<table>
<thead>
<tr>
<th></th>
<th>INSTI5</th>
<th>GROW5</th>
</tr>
</thead>
<tbody>
<tr>
<td>INSTI5</td>
<td>Pearson Correlation</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>287</td>
</tr>
<tr>
<td>GROW5</td>
<td>Pearson Correlation</td>
<td>.796**</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.000</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>287</td>
</tr>
</tbody>
</table>

**. Correlation is significant at the 0.01 level (2-tailed).

Source: Survey data, 2019

The upshot in table 2 displays that intellectual stimulation correlate with Growth (r = -0.796, p = 0.000<0.001). This signifies a very high correlation indicating normal relationship. The relationship that exists within intellectual stimulation and Growth is shown to be significant at 0.01 significant levels.

With regard to the benchmark specified by Irving (2005) for accepting either the null or alternative hypothesis, we thereby reject the null hypothesis since the computed output is greater than 0.20, that is, r-.796 is greater than 0.20. Hence the alternative hypothesis is accepted. Meaning there is positive relationship between intellectual stimulation and growth of 3-star and 4- star hotels in Port Harcourt.

Test of Hypothesis Two

H_{02}: There is no significant relationship between intellectual stimulation and profitability of 3-star and 4- star hotels in Port Harcourt.

Table 3 Intellectual Stimulation and Profitability

<table>
<thead>
<tr>
<th></th>
<th>INSTI5</th>
<th>PROF5</th>
</tr>
</thead>
<tbody>
<tr>
<td>INSTI5</td>
<td>Pearson Correlation</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>287</td>
</tr>
<tr>
<td>PROF5</td>
<td>Pearson Correlation</td>
<td>.733**</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.000</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>287</td>
</tr>
</tbody>
</table>
**Correlation is significant at the 0.01 level (2-tailed).**

Source: Survey Data, 2019

The upshot in table 3 displays that intellectual stimulation correlate with Profitability ($r = -0.733$, $p = 0.000<0.001$). This signifies a very high correlation indicating normal relationship. The relationship that exists within employee intellectual stimulation and Profitability is shown to be significant at 0.01 significant levels.

With regard to the benchmark specified by Irving (2005) for accepting either the null or alternative hypothesis, we thereby reject the null hypothesis since the computed output is greater than 0.20, that is, $r = -0.733$ is greater than 0.20. Hence the alternative hypothesis is accepted. Meaning there is positive relationship between intellectual stimulation and profitability of 3-star and 4- star hotels in Port Harcourt.

DISCUSSION OF FINDINGS

The findings resulting from the tests of hypotheses revealed that there is a significant relationship between intellectual stimulation and organizational performance of 4- star hotels in Port Harcourt. The finding of the corroborate the arguments of Anjali and Anand (2015) who asserted that intellectual stimulation leads to the development of employee commitment to the organization. This, in turn, has implications for the ability of the organization to achieve goals, growth and profit, based on the dedication and hard work of employees. It also corresponded with study of Hacket and Allen (1995) they found that the intellectual stimulation dimension of the transformational leadership scale had very strong positive relationships with the extra effort put in by subordinates. Is’haq (2008) reported that intellectual stimulation leader is the one that shows the degree to which he provides encouragement to his subordinates to be creative in looking at old problems in new ways, create an environment that is tolerance of seemingly extreme positions, and nurture people to question their own values and beliefs and those of an organization. Cheung and Wong (2011) reported a positive relationship between intellectual stimulation leadership styles and employees’ creativity which challenges employees and energizes them to seek novel approaches to their work.

CONCLUSIONS AND RECOMMENDATIONS

The study thus concludes that intellectual stimulation significantly influences profitability of 4- star hotels in Port Harcourt. Again, intellectual stimulation significantly influences growth of 4- star
hotels in Port Harcourt. The study recommends that managers of hotels should prioritize intellectual stimulation of transformational leadership style by encouraging creativity and innovation in solving work related problems; stimulating critical thinking to issues before making decisions and supporting innovation through new ways of solving.

REFERENCES


