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### **ENTREPRENEURIAL BEHAVIORS IN THE HOSPITALITY INDUSTRY: HUMAN RESOURCES MANAGEMENT PRACTICES AND LEADER MEMBER EXCHANGE ROLE**

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# Entrepreneurial Behaviors in the Hospitality Industry: Human Resources Management Practices and Leader Member Exchange Role

Lutfi SURUCU<sup>1</sup>, Harun SESEN<sup>2</sup>

## Abstract

The entrepreneurial behavior of the employees in the hospitality industry plays an important role in ensuring “customer satisfaction” by affecting the quality of service provided to customers. In this sense, the promotion of entrepreneurial behaviors is a very important issue in order to maintain the sustainable competitive structure of the hospitality industry. The main purpose of our research is to contribute to the literature of hospitality industry by providing a better understanding of the factors affecting entrepreneurial behavior and to provide practical suggestions to sector managers. In this context, a conceptual model has been developed that includes the relationship between leader member interaction and human resource management practices and entrepreneurial behaviors. Structural equation modeling was used to test the model experimentally. Data were collected from 5-star hotel staff in Cyprus and 302 survey answers were analyzed. The results of the analysis show that human resources management practices positively affect entrepreneurial behaviors and the leading member interaction has an mediating role in this relationship. The uniqueness of our research is that it examines the impact of human resources management practices on entrepreneurial behaviors separately and provides valuable contributions to the literature by testing the mediating model.

*Keywords:* entrepreneurial behavior, human resource management, leader member exchange, hospitality industry, social exchange theory.

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## Introduction

In today's competitive environment, reasons like the rapid increase in the number of new competitors, the development of technology and the need for new structuring increase the importance of entrepreneurship. In this context, entrepreneurship researches have been a subject of interest to academics, businessmen and governments around the world (McDougall & Oviatt, 2000). Although entrepreneurship researches have been increasing day by day, researches appear to have predominantly been directed towards the manufacturing sector, and there has been little interest in researches for the hospitality industry like hotels (Garg & Dhar, 2017; Hernandez-Perlines, 2016; Nieves, Quintana, & Osorio, 2014). In fact, this is an important shortcoming because the hospitality industry (Garg & Dhar, 2017), which is a large part of the modern economy, is one of the fastest-growing (10% per annum) sectors worldwide contributing to the economic development and wealth of countries (Solvoll, Alsos, & Bulanova, 2015).

As a result of the growth and development in the hospitality industry, new competitors have emerged in the sector, and the competitive environment has increased (Nieves & Quintana, 2018). Today's hotel managers, who feel the competitive pressure on them, try to identify different strategies according to their competitors to attract customers' attention and achieve competitive advantage (Hernandez-Perlines, 2016). In these strategies, although Verma and Chandra (2018) stressed the importance of a low-price strategy and noted that price is the most dominant feature, today's customers, as Chen (2011) said, prefer hotels that can offer 'newer' and more 'unique' experiences than ever. This situation compels hotels to better adapt to the individual needs of their customers and adopt an innovative strategy (Nicolau & Santa-María, 2013).

The hotels adopting an innovative strategy trust their employees and promote their entrepreneurial behaviors (Bos-Nehles, Renkema, & Janssen, 2017). However, the nature of the hospitality industry lets the entrepreneurial behaviors to be noticed and imitated by competitors easily and thus lose their competitive advantage (Hjalager, 2010). Therefore, the sustainability of entrepreneurial behaviors is the only way to prevent their imitation by the competitors (Ottenbacher & Harrington, 2007). The entrepreneurial behaviors (EB) of the hotel employees provide significant contributions to meet the changing product and service expectations of customers from all over the world to ensure customer satisfaction and thus maintain the competitive advantage of hotels (Nicolau & Santa-María, 2013). In spite of its importance, being unable to disseminate entrepreneurial behaviors is a serious problem of the hospitality industry (Kallmuenzer & Peters, 2018; Nicolau & Santa-María, 2013; Slatten & Mehmetoglu, 2015). For that reason, understanding what affects the entrepreneurial behaviors within the hospitality industry remains a very important research question that still needs to be investigated (Afsar, Badir, Saeed, & Hafeez, 2017; Kallmuenzer & Peters, 2018).

Human resources management practices (HRMP) are associated with the actions that increase knowledge, skills, abilities and motivations of the hotel employees which are necessary for them to perform entrepreneurial behaviors, and researches show that HRMP has important results on entrepreneurial behaviors (Bos-Nehles *et al.*, 2017; Ma Prieto & Pilar Perez-Santana, 2014). Therefore, the design and application manner of HRMP can be seen as an important component in promoting EB. In this context, we have included HRMP into our research model to better understand the factors affecting entrepreneurial behaviors. When the literature on this subject is examined, there are research studies regarding the effect of HRMP on entrepreneurial behaviors, but results show inconsistency. This suggests that HRMP does not have a direct impact on entrepreneurial behaviors, but rather, these practices may affect entrepreneurial behaviors through some organisational variables (Nieves & Quintana, 2018). Thus, we have added 'leader member exchange (LMX)' as a mediating variable to our model since focusing on the mediating variables in the relationship between HRMP and entrepreneurial behaviors will provide a more consistent picture of the relationship between HRMP and entrepreneurial behaviors.

Our research proposes a conceptual model that includes HRMP and LMX to better understand the factors affecting entrepreneurial behaviors and thus improve service quality in hotels. Our research contributes to the literature in two ways. First, we are trying to clarify which HRMP is important to promote EB in the hospitality industry. Second, we are putting emphasis on the relationship between the leader and the employees by focusing on the mediating variable (LMX) since it is quite important to understand the complex relationship between HRMP and EB (Bos-Nehles *et al.*, 2017). In addition to this, we provide practical information for hotel managers.

## **Theoretical Background and Development of Hypotheses**

### *Entrepreneurial Behaviors in the Hospitality Industry*

Entrepreneurial behaviors, an outward-looking definition of internal creativity, means that employees show 'continuous innovation' efforts to obtain useful results in their work. These are the innovative behaviors of hotel employees at the individual level (Slatten & Mehmetoglu, 2011) and contribute to the resolution of work-related problems and improvement of service quality (De Jong & Den Hartog, 2010). What lies on the basis of this contribution is that the employees who have the ability to demonstrate entrepreneurial behaviors are able to communicate successfully with customers and find new solutions to meet the individual demands of the customers. Even if customer-oriented individual solutions form the basis of customer satisfaction, entrepreneurial behaviors that provide customer satisfaction cannot be generalised to all customers because of the specific expectations and

wishes of customers from different cultures (Slatten & Mehmetoglu, 2015). Therefore, entrepreneurial behaviors must be sustainable, and each customer must be treated as a unique person. Treating each customer as a unique person is a challenging task for hotel employees; however, given the nature of the hotel sector, a customer-oriented approach is particularly important for success (Slatten & Mehmetoglu, 2015). Chen and Huang (2009) emphasise that employees must be customer-oriented and that they must act in the form of entrepreneurial behaviors to address the uncertain and complex needs of customers in the hospitality industry. Indeed, the satisfaction of the customers who have reached the satisfaction point in the hospitality industry passes through innovative services that meet customer needs rather than create new products (Hernandez-Perlines, 2016).

Considering that the hotel sector is a labour-intensive business, hotel employees with entrepreneurial behaviors form the basis for high-quality services, and the resulting high levels of customer satisfaction (Horng, Wang, Liu, Chou, & Tsai, 2016) allow hotels to achieve long-term profitability and a sustainable competitive advantage. In the literature regarding the hotel sector, Kallmuenzer and Peters (2018) stated that entrepreneurial behaviors affect financial performance positively, while Nicolau and Santa-María (2013) stated that entrepreneurial behaviors have a positive effect on the future sales of the hotel (300% per annum). These studies show that entrepreneurial behaviors provide a sustainable competitive advantage and are essential for hotels (Li & Hsu, 2016).

As a result, hotels that want to offer high-quality services to their customers and maintain a competitive edge must trust their employees and discover the factors that encourage their employees to treat customers in a manner of sustainable entrepreneurship (Bos-Nehles et. al., 2017).

### *Human Resources Practices and Entrepreneurial Behaviors*

HRMP for hotels are the main tools for shaping the attitudes and behaviors of employees in line with the organisation's objectives, and they provide an appropriate working environment for developing entrepreneurial behaviors in employees (Ma Prieto & Pilar Perez-Santana, 2014). Indeed, Truss and Gratton (1994) defined HRMP as a tool to develop employees' skills and to boost organisational culture that stimulates entrepreneurship and entrepreneurial behaviors. As it can be understood from the definition, HRM practices play an active role in increasing entrepreneurial behaviors on individuals who make up the organisation (Aryanto, Fontana, & Afiff, 2015). The underlying main HRMP lies in the development of human capital by increasing the knowledge, skills and abilities necessary to enable employees to engage in entrepreneurial behaviors (Bos-Nehles et. al., 2017; Ma Prieto & Pilar Perez-Santana, 2014).

Another reason for HRMP's positive impact on entrepreneurial behaviors is that personal gains (such as promotion, reward and knowledge) acquired through HRMP increase the sense of responsibility of hotel employees. This increased sense

of responsibility means that the employee will make an extra effort for the success of the hotel. In perceived organisational support theory, it clearly states that the support provided by the organisation will establish employees to positively show extra role behaviour (such as entrepreneurial behaviour) towards the success of the organisation by creating a strong sense of responsibility in them (Eisenberger, Armeli, Rexwinkel, Lynch, & Rhoades, 2001). Employees, however, will be more willing to transform their creative ideas into behavioural outcomes when they are supported by the administration and are provided with resources (Ma Prieto & Pilar Perez-Santana, 2014). In line with the theoretical framework, HRMP, which provides psychological support and resources to employees, encourages them to create a positive attitude towards entrepreneurial behaviors for the success of the hotel by increasing their sense of responsibility (Ma Prieto & Pilar Perez-Santana, 2014). Findings on the current literature on hospitality industry show that HRMP increases entrepreneurial behaviors (Chang, Gong, Way, & Jia, 2013; Nieves & Quintana, 2018; Slatten & Mehmetoglu, 2011).

Based on the current literature and theoretical framework, we recommend the following hypothesis: *Hypothesis 1: HRMP has a positive impact on the entrepreneurial behaviors of hotel employees.*

### *Leader Member Exchange and Entrepreneurial Behaviors*

In addition to the fact that hotel employees have an appropriate working environment to develop entrepreneurial behaviors, these attitudes must be encouraged and supported by the leader (Afsar et. al., 2017; Dhar, 2016). The leader acts as a bridge between the hotel and the employees, and the relationship between the leader and the employees is an important determinant of the attitudes and behaviors of employees (Han, Wang, & Yan, 2019). Therefore, the importance of an effective leadership is widely emphasised in the literature on the hospitality industry (Dhar, 2016; Slatten & Mehmetoglu 2015). An effective leadership is ensured by the high-quality interaction between the leader and his/her employees and their strong relationship (Estiri, Amiri, Khajeheian, & Rayej, 2018).

The strong relationship and interaction between the leader and his/her employees (high-quality LMX) creates a sense of trust in employees (Jyoti & Bhau, 2015). When the nature of entrepreneurial behaviors is uncertain and risky, LMX reduces the fear of risk of employees and makes them feel safer to engage in entrepreneurial behaviors (Ma Prieto & Pilar Perez-Santana, 2014). Hotel employees with high-quality LMX know that if they succeed as a result of their entrepreneurial behaviors, they will be rewarded, and if they fail, the leader will support (and not blame) them, and they will continue their entrepreneurial behaviors (De Jong & Den Hartog, 2010). LMX also allows hotel employees and leaders to spend more time together. In this quality of time, the hotel employees can take advantage of the leaders' knowledge and specialisation, as well as having more opportunities to discuss new ideas (Afsar et. al., 2017). These achievements

increase the motivation of the hotel employee to demonstrate entrepreneurial behaviors (Afsar et. al., 2017; Atitumpong & Badir, 2018). In the face of all these gains and the interest showed by the leader, the hotel employees will also want to show extra role behaviors in response for the success of their leader.

The c, one of the most influential conceptual paradigms for understanding organisational behaviors, indicates that positive behaviors directed by leaders contribute to the establishment of high-quality exchange relations, and the employees show extra role behaviour by creating obligations for them to respond positively to this relationship based on the norm of reciprocity (Uhl-Bien & Maslyn, 2003). From the perspective of social exchange theory and norm of reciprocity, the persistence of LMX plays an important role and has a great impact in the development of extra role behaviors, such as entrepreneurial behaviors, in the hotel employees (Dhar, 2016; Garg & Dhar, 2017). Based on the current literature and theoretical framework, we recommend the following hypothesis: *Hypothesis 2: LMX has a positive impact on the entrepreneurial behaviors of hotel employees.*

### *The Mediating Role of Leader Member Exchange*

The literature stresses that leaders are vital in the implementation and application of HRMPs and depicts them as the actors who convert the intended HRMPs into real HRMPs (Cogin, Ng, & Lee, 2016). This is because the leader is in a personal relationship with the hotel employees, and he/she is responsible for implementing HRMPs, such as training, performance evaluation and career planning of the employees, and has a direct impact on final staff decisions (Ma Prieto & Pilar Perez-Santana, 2014; Sanders, Moorkamp, Torcka, Groeneveld, & Groeneveld, 2010). If managers fulfil their responsibilities for implementing HRMPs and ensure that HRMP is delivered to employees accurately, HRMP will be perceived as supportive by the hotel employees, and the impact of HRMP on employee behaviors will be greater (Sanders & Lin, 2016).

The literature suggests that there are differences in the implementation stage of HRMP which is designed at management level (Khilji & Wang, 2006). This difference arises from the expectations of the employees about their supervisors and the behaviors patterns of the leader to his employees (Khilji & Wang, 2006). From this point of view, the hotel employees' perception towards HRMP and its impact on their behaviors seems to be closely related to the way in which the leader applied HRMPs and to their behaviors (Sanders et. al., 2010). In fact, in his article in which he discusses the challenges of promoting entrepreneurial behaviors in organisations, Berwick (2003) points out the importance of the leader and leader behaviour by emphasising that managerial factors must be taken into consideration along with structural factors (such as HRMP) in the organisation. Therefore, to better understand the effect of HRMPs on entrepreneurial behaviors, it is useful to investigate mediator variables such as leader behaviors (Ma Prieto & Pilar Perez-

Santana, 2014) and LMX in the relationship between them (Bos-Nehles et. al., 2017). Supporting the literature, Bos-Nehles et al. (2017) and Nieves and Quintana (2018) state that HRMP does not have a direct effect, but these practices may affect entrepreneurial behaviors through some organisational variables. However, there is a direct relationship between HRMP and entrepreneurial behaviors. Also, Seeck and Diehl (2017) who examined the last 25 years' empirical evidence of HRMP's impact on entrepreneurship think that there is 'a black box' between HRMP and entrepreneurship, and that must be investigated. When the limited number of studies on the determination of 'the black box' in the effect of HRMP on entrepreneurial behaviors is examined, Jiang, Wang, and Zhao (2012) indicate that the creativity of employees fully mediates with the relationship between HRMP and innovation. Chang et al. (2013) report that absorptive capacity fully mediates with the relationship between HRMP and innovation, while Ma Prieto and Pilar Perez-Santana (2014) report that management support fully mediates with the relationship between HRMP and entrepreneurial behaviors. Moreover, Chen and Huang (2009) indicate that senior executives fully mediate with the relationship between HRMP and entrepreneurial behaviors, and Nieves and Quintana (2018) state that human capital mediates the relationship between HRMP and entrepreneurial behaviors in their research on hotels. These pieces of evidence suggest that LMX may be the mediator variable in the impact of HRMP on entrepreneurial behaviors.

Based on current theories and studies, we recommend the following hypothesis:  
*Hypothesis 3: LMX has an intermediary role in the HRMP's impact of hotel entrepreneurs on entrepreneurial behaviors.*

## **Method**

### *Research Framework and Methodology*

A conceptual model that examines the structural relationships between HRMP, considered as the precursors of entrepreneurial behaviors, and LMX was developed in the research (*Figure 1*).

The model proposed in the research explains the effects of human resource management practices (rewarding, remuneration system, training, performance evaluation, communication, career system) and LMX on entrepreneurial behaviors. Additionally, the mediating role of LMX was also investigated in the research. This way, our model will help us to better understand the factors affecting the entrepreneurial behaviors needed to improve the service quality in the hotel sector.



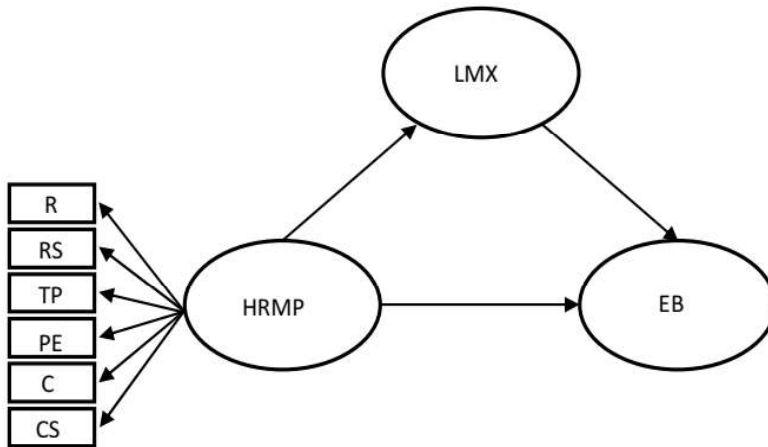


Figure 1. Research framework

*Sample and Procedure*

Li and Hsu (2016), and Orfila-Sintes and Mattsson (2009) state that large hotels, which are members of the hotel chain, have a professional management understanding and broad resources, and therefore, hotel employees tend to show entrepreneurial behaviors. In this context, Turkey-based five-star hotels operating in Cyprus were preferred as suitable population for the research. After obtaining the necessary permissions from HR managers of the hotels, the employees were informed that the data will only be used in the research, and their names will be kept confidential. To increase the response rate and to reduce concerns of the employees, questionnaires were delivered in the closed envelopes and the questionnaires were requested to be thrown into the specially prepared survey boxes in the closed envelopes. There were 550 questionnaires distributed in the closed envelope, and 355 were returned (64% response rate). Among the 355 questionnaires that were examined, 53 were incorrect, incomplete questionnaires were excluded from the scope of the research, and the research was completed with over 302 questionnaire data.

To determine whether there was any bias in the nonparticipants (36%), we used the method proposed by Rogelberg and Stanton (2007). With the help of HR managers, we analysed the demographic characteristics of the participants. We found no significant difference between the two groups in our analysis, so there was no bias.

### *Measures*

All scales used in the scope of the research were scored on a 5-point Likert scale, ranging from 1 ('totally disagree') to 5 ('totally agree').

*Entrepreneurial Behaviors:* A 22-item scale developed by Lumpkin and Dess (1996) and adapted to Turkish by Sesen (2010) was used to measure sustainable entrepreneurship behaviors. Sample questions were as follows: 'I endeavour to do something new with my work', 'I can assume any kind of risk if I believe in the success of the task', and 'I prefer to work alone on any task'. The Cronbach's alpha reliability coefficient was calculated as 0.83.

*Human Resource Management Practices:* By examining the scales in the related literature, a scale with six dimensions (rewarding, remuneration, training, performance evaluation, communication and career) and 22 items developed by Gurbuz and Bekmezci (2012) were used. Sample questions included the following: 'Those who show superior success in our company are additionally rewarded', 'The employees are provided with adequate education when necessary', and 'The promotion system in our business is a fair process for everyone'. The Cronbach's alpha reliability of the scale is 0.90, and the Cronbach's alpha reliability coefficient of the subscales is above 0.78.

*Leader Member Exchange:* In this research, the 'Multidimensional Leader Member Exchange-12' (LMX-MDM-12) scale, which was developed by Liden and Maslyn (1998), was used. The reliability of the relevant scale in Turkey was also tested by Turker, Keskin, and Mert (2010), and it was confirmed that the scale was reliable. Sample questions were as follows: 'I like my supervisor', 'I am willing to apply extraordinary efforts', and 'I admire my supervisor's professional skills'. The Cronbach's alpha reliability coefficient was 0.81.

### *Statistical Analysis*

Statistical analyses were conducted using IBM SPSS Statistics 23.0 and AMOS 18. The mean, standard deviation and reliability values were determined in descriptive statistics, and Pearson correlation coefficient was used to determine the relationship between variables. In the study, gender, age and work experience are controlled because they are endogenous variables. We used the structural equation model (SEM) and regression analysis to test our hypotheses.

### *Confirmatory Factor Analysis (CFA)*

To test the construct validity of the research variables, CFA was conducted using AMOS software. In the test, the maximum likelihood estimation of the covariance matrix was used. On the LMX scale, we tested a first order one factor model and found the model significant ( $\chi^2 = 21.11, p < .01; df = 12$ , goodness of fit = .90, comparative fit index = .91, root mean square error of approximation

= .04, incremental fit index = .90). Because the HRMP and EB scales were multidimensional, we tested three different models (first order multifactorial, second order one factor and independent factors) for CFA. On the HRMP scale, the first order multifactorial model yielded the best fit ( $\chi^2 = 166.42$ ,  $p < 0.01$ ;  $df = 54$ ,  $GFI = 0.90$ ,  $CFI = 0.88$ ,  $RMSEA = 0.05$ ,  $IFI = 0.91$ ), while on the EB scale, the second order one factor solution fitted the data best ( $\chi^2 = 128.32$ ,  $p < 0.01$ ;  $df = 48$ ,  $GFI = 0.90$ ,  $CFI = 0.89$ ,  $RMSEA = 0.05$ ,  $IFI = 0.90$ ).

## Results

### Participants

Of the participants in the research, 60.3% of them were male and 39.7% were female. The number of employees under the age of 30 (76%) is the most dominant age range. Other age ranges are as follows: the age group of 31–40 is 20%, and the age group of 41 and over is 4%. As for the working period of hotel employees, those with work experience of less than five years are 74% of the total participants, those with 6–10 years of work experience are 20%, and those with 11 years and more of work experience are 6%. When the demographic variables are analysed, it shows that the number of young employees with work experience of less than five years is high.

### Descriptive Statistics and Correlations

To determine the direction and strength of the correlation among the variables used in the research, the Pearson correlation coefficient was calculated using IBM SPSS 23 program, and the results are shown in Table 1. In addition, average, standard deviation and reliability values of the variables are presented in Table 1.

Table 1: Mean, Standard Deviation, Reliability and Correlations

| Variable           | Mean | SS   | 1.    | 2.    | 3.    | 4.    | 5.    | 6.    | 7.    | 8     |
|--------------------|------|------|-------|-------|-------|-------|-------|-------|-------|-------|
| 1.Rewarding        | 3.76 | .740 | (.87) |       |       |       |       |       |       |       |
| 2.Remuneration     | 3.86 | .768 | .60** | (.88) |       |       |       |       |       |       |
| 3.Training         | 3.84 | .828 | .57** | .63** | (.79) |       |       |       |       |       |
| 4.Performance Eva. | 3.86 | .775 | .48** | .39** | .59** | (.78) |       |       |       |       |
| 5.Communication    | 3.93 | .698 | .46** | .47** | .42** | .54** | (.84) |       |       |       |
| 6.Career System    | 3.87 | .880 | .53** | .44** | .47** | .57** | .60** | (.95) |       |       |
| 7.LMX              | 3.92 | .604 | .41** | .36** | .38** | .33** | .48** | .33** | (.81) |       |
| 8. EB              | 3.87 | .528 | .39** | .37** | .47** | .43** | .47** | .45** | .42** | (.83) |

(N=302); \*\*p<0.05, Cronbach Alpha's are given in parentheses diagonal.

When *Table 1* is examined, all variables have a positive correlation with each other. Cronbach's alpha values of the scales used in the research are between 0.78 and 0.95.

### Hypotheses Testing

We used the structural equation model (SEM) to test our hypotheses. We looked at the direct effects to test the effects of HRMP and LMX on entrepreneurial behaviors. To understand the mediating role of LMX in the relationship between HRMP and entrepreneurial behaviors, we checked the indirect effects. Since demographic variables are not related to entrepreneurial behaviors, they are not included in the analysis. Test results of the model are shown in *Table 2*.

*Table 2: Test of mediation of LMX on the relationship between HRMP and EB bootstrap results.*

|   | Standardised |       |       |
|---|--------------|-------|-------|
|   | B            | SE    | P     |
| Rewarding → EB                                      | 0.016        | 0.046 | 0.801 |
| Remuneration → EB                                   | -0.013       | 0.045 | 0.845 |
| Training → EB                                       | 0.225        | 0.044 | 0.001 |
| Performance Evaluation → EB                         | 0.047        | 0.044 | 0.477 |
| Communication → EB                                  | 0.169        | 0.049 | 0.010 |
| Career System → EB                                  | 0.152        | 0.039 | 0.019 |
| LMX → EB  | 0.195        | 0.047 | 0.000 |
| Indirect effect (Rewarding → LMX → EB)              | 0.036        | 0.033 | 0.013 |
| Indirect effect (Remuneration → LMX → EB)           | 0.003        | 0.031 | 0.738 |
| Indirect effect (Training → LMX → EB)               | 0.027        | 0.040 | 0.034 |
| Indirect effect (Performance Evaluation → LMX → EB) | -0.003       | 0.043 | 0.830 |
| Indirect effect (Communication → LMX → EB)          | 0.073        | 0.044 | 0.001 |
| Indirect effect (Career System → LMX → EB)          | -0.011       | 0.042 | 0.263 |

While analysing the regression results shown in *Table 2*, we have seen that LMX can predict *training* ( $\beta=0.225$ ;  $p<0.001$ ), *communication* ( $\beta=0.169$ ;  $p<0.05$ ) and *career systems* ( $\beta=0.152$ ;  $p<0.05$ ) from HRMP as well as it can predict the sustainable entrepreneur behaviors in a meaningful way. These findings show that Hypothesis 1 and Hypothesis 2 are supported.

Hypothesis 3 has suggested that the leader member exchange will mediate the relationship between human resource management practices and entrepreneurial behaviors. In our research, HRMP was investigated in six subdimensions, and the effect of each subdimension was tested separately. *Training* ( $\beta=0.225 \times 0.195=0.027$ ,  $SE=0.040$ ,  $p<0.05$ ), *communication* ( $\beta=0.169 \times 0.195=0.073$ ,  $SE=0.044$ ,  $p<0.001$ ), and *rewarding* ( $\beta=0.016 \times 0.195 =0.036$ ,  $SE=0.033$ ,  $p<0.05$ ) from HRMP has an

indirect effect on entrepreneurial behaviors through LMX. Results show that Hypothesis 3 is supported.

## Discussion

To better understand the factors affecting entrepreneurial behaviors in the hotel sector and to expand the literature, our research suggested and tested that (a) HRMP and LMX had an impact on entrepreneurial behaviors. Our findings are consistent with the conceptual frameworks of organisational support theory and social exchange theories. Our research results show that organisational support for hotel employees and positive behaviors directed by the leaders have improved entrepreneurial behaviors. These findings bear similarities to the results of previous empirical researches (e.g., *HRMP*: Bos-Nehles et. al., 2017; Ma Prieto & Ma Pilar Pérez-Santana, 2014, *LMX*; Atitumpong & Badir, 2018). Our research is beyond these studies because HRMP was investigated in ‘the bundle’ of these studies. The literature entertains the possibility that HRMP within ‘the bundle’ does not affect employee behaviour in a homogeneous way and that some HRMP within the ‘the bundle’ may have more effect than others (Gardner, Wright, & Moynihan, 2011). This possibility was eliminated, and each effect of HRMP was measured separately in our study and thus contributed to the HRMP literature. In addition, our research (b) suggested and tested that LMX has a mediating role in the relationship between HRMP and entrepreneurial behaviors. Our findings show that LMX has mediating role in this relationship. The main findings are as follows:

Our research findings show that training has a significant impact on entrepreneurial behaviors. This finding is very important because training programs make a significant contribution to the development of knowledge, abilities and skills of the employee. These achievements enable the hotel employees to increase their self-confidence and create an intrinsic motivation to produce new ideas and services in line with the organisation’s goals (Ma Prieto & Ma Pilar Pérez-Santana, 2014). The results also show that the trainings offered to the employees in the hotels not only expand the skills and abilities of the employees but also increase their intrinsic motivations and lead them to show extra role behaviors like EB.

The strong communication network in the hotel sector enables the rapid acquisition of different knowledge and dissemination of new knowledge. The diversity and abundance of knowledge acquired will promote creativity in employees and help them generate innovative ideas and services in the face of ambiguous problems (Nieves et. al., 2014). In this context, communication is expected to have a positive effect on entrepreneurial behaviors. Our research shows that employees are likely to have entrepreneurial behaviors in hotels with strong communication network.

The hotels with clearly defined career opportunities motivate employees by offering opportunities to increase their knowledge and skills. Employees motivated

by career goals will show entrepreneurial behaviors to do their job better by taking risks. The research results show that the career systems motivate employees to demonstrate extra role behaviors such as entrepreneurial behaviors.

Furthermore, our findings show that LMX has a mediating effect in the relationship between HRMP and entrepreneurial behaviors. The implementation of HRMP is the leader's responsibility. The literature indicates that there are differences in the implementation stage of HRMPs designed by the management, which is because the leader behaves differently against his subordinates (Khilji & Wang, 2006). Indeed, the LMX theory explicitly states that the leader develops different relationships with his/her employees for reasons such as limited resources and individual differences and that there are differences in their behaviors (Scandura & Graen, 1984). These differences affect employees' perceptions of HRMP and therefore their attitudes and behaviors. In this context, LMX is an important mediating variable for the effect of HRMP on EB. This finding confirms the statement of Bos-Nehles et al. (2017) and Nieves and Quintana (2018) that these practices may affect entrepreneurial behaviour through some organisational variables rather than a direct effect on HRMP and entrepreneurial behaviors. In addition, our research proves that LMX is important by adding a new one to the limited number of studies (see: Chen & Huang, 2009; Ma Prieto & Pilar Perez-Santana, 2014; Nieves & Quintana, 2018) that determine the 'the black box' in the impact of HRMP on entrepreneurial behaviors.

We found that the LMX has a direct effect on EB apart from its mediating effect. There are uncertainties and risks inherent in entrepreneurial behaviors, so hotel employees need a leader who will reduce the fear of risk and in whom they will trust in case of failure. The high-quality LMX represents an employee's trust in the leader and the expectation that the leader will be constructive and supportive in case of failure (Atitumpong & Badir, 2018). Moreover, thanks to LMX, hotel employees have more time to discuss innovative ideas with their leader and to take advantage of his/her knowledge. The fact that employees with high-quality LMX have extra knowledge and trust in the leader contributes positively to the creation of entrepreneurial behaviors.

Apart from these findings, we have found out that performance evaluation and reward systems from HRMPs have no effect on entrepreneurial behaviors. There may be two important reasons for these results. First, performance evaluation and reward systems are defined in terms of short-term results and outputs, in which case employees may choose to perform defined tasks rather than take risks by showing entrepreneurial behaviors (Bos-Nehles et. al., 2017). The second reason may be the natural structure of the hospitality industry. This is because the tasks given to employees in the hospitality industry and the jobs of the employees (receptionist, cleaning staff, cook, etc.) are different from each other. This situation presents some difficulties in being objective and linking practices such as performance evaluation and reward systems to certain criteria (Sanders et. al., 2010). Ma Prieto and Pilar Pérez-Santana (2014) suggest that performance evaluation and rewarding

are almost synonymous with the idea of justice towards employees' institutions and leaders. The inability of the employee to fully perceive the decisive criteria in these systems and the lack of their perceptions of effort-reward justice can be cited as the reason why these practices do not have an impact on entrepreneurial behaviors. The difference in the perceptions of employees towards effort-reward justice is the indicator of inconsistency of the findings in the literature regarding the relationship between performance evaluation, reward systems and entrepreneurial behaviors (Bos-Nehles et. al., 2017). In addition to performance evaluation and reward systems, our research found that remuneration systems had no impact on entrepreneurial behaviors. One of the topics of discussion today is whether wages are a source of motivation. According to Herzberg, wages are a factor of hygiene rather than a source of motivation for employees. Although our research is insufficient to make generalisations, it shows that hotel employees are motivated internally, and wages are not a source of motivation for entrepreneurial behaviors.

## **Conclusion**

The changes experienced in the hospitality industry bring various opportunities and challenges to hotels. Hotels that host customers from different cultures and countries with globalisation have difficulty in providing customer satisfaction. The employees' motivation, creativity and ability to engage in entrepreneurial behaviors have become important components for customer satisfaction today. Employees with such skills will really be sought as they can quickly adapt to the changing conditions of today and tomorrow (Naipaul & Wang, 2009). Hotels that have the capacity to increase and develop these capabilities in their employees can quickly adapt to the changes and sustain their competitive advantages.

Findings obtained from the research results show that hotel managers have important duties. HR managers will help the employees to do their own work and apply internal and external training programs to improve their knowledge, skills and abilities. The certificates to be given at the end of the trainings will increase the motivation of the employees. Communication is an important premise for entrepreneurial behaviors. The fact that horizontal and vertical communication channels are open will make it easier to discover new ideas and behaviors in hotels. For this reason, public areas (e.g., coffee room, dining and resting place) within reach of everyone can be suitable places for employees and managers to increase knowledge sharing. Within these areas, hotel employees will have the opportunity to share their experiences and knowledge that can benefit the group on informal situations. Besides training and communication, career systems also motivate employees to change their attitudes and demonstrate extra role behaviors such as entrepreneurial behaviors. Therefore, HR managers must be aware of the career

development needs of their employees and provide career development programs that meet their employees' expectations.

Although the support and resources that HR managers offer to employees is significant, leaders with high LMX who promote and support entrepreneurial behaviors are also important. This is because LMX has a significant impact on the entrepreneurial behaviors of employees, and it also plays a mediating role in the impact of HRMP on EB. This result shows that line managers who have good relations with their employees can increase employees' entrepreneurial behaviors. Therefore, the implementation of institutional support and training programs to the line managers that can strengthen LMX will contribute to the increase of entrepreneurial behaviors.

The excellent services provided to the customer in the hospitality industry can be a good marketing strategy. A significant increase in the number of tourists visiting their country each year provides good business opportunities for hotels and creates revenue for many sectors that support tourism. All this should be regarded as a strong economic contribution to the state. For a sustainable economy, it is recommended that governments should work together with tourism and hotel managers to provide practical training and courses specifically for hotelkeepers and employees (Jaafar, Abdul-Aziz, Maideen, & Mohd, 2011, Paunovic, & Jovanovic, 2017).

#### *Limitations and Future Research Directions*

Our research should be evaluated according to some limitations. The cross-sectional design of the research is an obstacle to inferring about the causality of the findings. In addition, it is important not to ignore sectoral and regional differences when generalising the data obtained. Although our research findings indicate that training is important in developing entrepreneurial behaviors in the hospitality industry, it does not answer the question 'What kind of training?' Hence, it is recommended to conduct studies to determine this in future researches. Furthermore, the literature states that 'the perception of effort-reward justice' is important for the employees under the influence of LMX (Bos-Nehles et. al., 2017). Our research did not measure employees' perceptions of justice. It is considered that the researches which will be conducted by overcoming these restrictions will contribute to the literature of entrepreneurial behaviors.

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